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STRATEGIES FOR PROMOTING SOCIAL DIALOGUE IN THE WORKPLACE

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ABSTRACT

The inevitable nature of conflict in the workplace and society at large makes the need for social dialogue vary fundamental in building harmonious workplace. Social dialogue which is all types of negotiation, consultation and exchange of information between and among representatives of governments, employers and workers on issues of common interest relating to economic or social policy is critical in building a workplace governed by the principles of accountability and transparency. This paper therefore, explored the nitty-gritty of social dialogue in terms of meaning, forms, levels and usefulness. The paper also identified and practically discussed workable strategies for promoting social dialogue that can lead to workplace harmony. These strategies include: effective communication network, stakeholder relationship, capacity building, joint consultation, and culture of learning organisation. The paper concluded that the dynamic and complex business environment calls for harmonious relationship between labour and management which can be achieved by continuous dialogue.

Keywords: Communication, conflict, dialogue, stakeholders, workplace

INTRODUCTION

Dispute or conflict is inseparable part of individual's life. Some people may consider conflict as a negative situation which must be avoided at any cost while others may see it as a phenomenon which necessitates proper management (Omisore & Abiodun, 2014). To some individuals, conflict provides exciting opportunity for personal growth and workplace harmony if properly managed. Conflicts grow out of diverse values, perceptions and interests that exist within a community or organisations. It is a social phenomenon that has daily reality for everyone because individual needs and values constantly and invariably come into opposition with those of other people, be it at home or in the workplace (Akinmayowa, 2012).

Conflicts in the workplace appear unavoidable since the dominant aim of management is to maximize profit, while the concern of labour is to secure and maintain the highest level of wages with the best conditions of service for their workers (Akinmayowa, 2012). Apart from differences in the interests and goals of management and workers, the

change and rapid process of adaptation which the enterprise at times has to undergo in order to survive, affect the members of the work community in so many different ways that they also become continuous sources of conflict (Adekunle, 2019).

Some scholars have identified disagreement or conflict as an inevitable aspect of every workplace and society since people in the organisation have diverse opinions, belief, interests and perception about set goals and how to achieve them (Akinmayowa, 2012; Mbah & Ifeanyi, 2012; Fajana & Shadare, 2012; Omisore & Abiodun, 2014). At organisational level, employees may disagree with management as a result of perceived injustice in resource allocation, goal differences, authority relationship, roles and expectations, jurisdictional ambiguities, among others (Omisore & Abiodun, 2014). Failure to peacefully and harmoniously resolve disagreements in the workplace especially between employees (union) and management have a number of detrimental implications. Unresolved labour difference can result to strike action by union in which workers leave their jobs until the issue is settled. Also, the union can decide to organise picketing in which workers congregate outside the workplace to publicize their position. Boycotting is another option that can be explored by union by ensuring that workers and other consumers are urged to refrain from buying an employer's products. Whenever any of these measures are taken, both the party against which the actions are directed and the entire economy would be negatively affected. Such actions would result to economic and financial losses, loss of goodwill by the organisation as a result of inability to meet customers' demand as well as additional expenditure incurred in safeguarding organisational assets and dealing with other effects of the industrial crisis.

Against this backdrop, there is need for a harmonious workplace where workers' (union) aspirations are significantly met and employer's expectations are satisfied. This will also help in building a peaceful and prosperous nation where the yearnings of the people are achieved. This can be guaranteed when both parties dedicatedly pursue and achieve organisational goals in a harmonious manner by ensuring that workers are motivated and their sense of value are boosted. This will increase their productivity, thereby resulting to improvement in the organizational output (Osabuohien & Ogunrinola, 2007).

This paper is therefore structured into four major parts. The first section (introduction) provides a background discussion on the subject matter. Section two, discusses the concept of social dialogue in terms of definition, forms, level, usefulness and condition necessary for its application. Section three, outlines and discusses the strategies for promoting social dialogue in workplace. Lastly, Section four contains the concluding remarks.

CONCEPT OF SOCIAL DIALOGUE

Dialogue is defined as a sustained collective inquiry into the processes, assumptions and certainties that make up everyday experience (Isaacs, 1993). Schein (1993) considered dialogue as a basic process for building a common understanding in that it allowed one to see the hidden meanings of words, first by revealing those hidden meanings in our own communication. The concept of social dialogue had been defined differently by various institutions and scholars. According to the International Labour Organisation (ILO, 2013: 39) definition, "social dialogue includes all types of negotiation, consultation and exchange of information between and among representatives of governments, employers and workers on issues of common interest relating to economic or social policy". Social dialogue is a process of exchanging information and viewpoints that may ultimately facilitate harmonious

labour relations (Fajana & Shadare, 2012). Visser (2001) defines social dialogue as the first platform for common understanding or framework of reference by separating the digestion of facts, problems and possible solutions which may lead to collective bargaining where social partners engage in negotiation over their positions. Edigheji and Gostner (2000) opine that social dialogue has been traditionally defined by the tripartite institutions between government, trade unions and business that regularly act on a consultative manner on labour, social or economic policy and primarily aimed at ensuring industrial peace. Social dialogue is an engagement between social partners aimed at influencing governance (Edigheji & Gostner, 2000). Hethy (2000) describes social dialogue as a system of institutions for the reconciliation of interests on labour and economic issues by representatives of government, business and labour. Choi (2000) argues that social dialogue entails direct negotiations among the social partners.

Based on the above definitions, it can be asserted that social dialogue is a process that involves the engagement of government, employer and workers with the purpose of formulating socio-economic policies of common interest to stakeholders. Social dialogue is a process that can be strategically used to pursue economic development in any given polity and this involves consensus building on issues of national outlook and importance. Therefore, social dialogue helps to promote industrial peace by entrenching and strengthening democratic governance.

Forms of Social Dialogue

Basically, there are two forms of social dialogue. They are tripartite and bipartite. Tripartite social dialogue refers to the principles of participation of workers and employers' representatives alongside the representatives of governments on "equal footing" in decision making. In its tripartite form, dialogue involves co-operation among government, employers' organisations and workers' organisations in formulating or implementing labour, social or economic policy (ILO, 2002 cited in Fajana & Shadare, 2012). The bipartite relationship involves employers and trade unions where the government acts as a silent partner by setting the parameters for the parties' interaction (Fajana & Shadare, 2012). Bipartite social dialogue maybe seen, as a part of tripartism in which the government plays the role of provider of the legal framework, or the labour laws within which industrial relation operates. Here, the government can also serve as a conciliator or arbiter in the event that insoluble disputes may arise between parties. Bikoloni (2015) asserts that social dialogue can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organizations), with or without indirect government involvement. Fajana and Shadare (2012) assert that both forms may be purely advisory to the government or may involve negotiations leading to agreements.

Key ILO instruments for promoting social dialogue include: C11 Right of Association (Agriculture) Convention, 1921; C84 Right of Association (Non-Metropolitan Territories) Convention, 1947; C87 Freedom of Association and Protection of the Right to Organise Convention, 1948; C98 Right to Organise and Collective Bargaining Convention, 1949; C135 Workers' Organisation Convention, 1971; C141 Rural Workers' Organisation Convention, 1975; C144 and R152 Tripartite Consultation (International Labour Standards) Convention and Recommendation, 1976; C151 Labour Relations (Public Service) Convention, 1978; C154 Collective Bargaining Convention, 1981; Recommendation 133 (1960); Resolution

Concerning Social Dialogue and Tripartism, 2002; Declaration on Social Justice for a Fair Globalization, 2008; and The Global Jobs Pact, 2009 (ILO, 2011).

Levels of Social Dialogue

Reinecke, Donaghey and Hoggarth (2017) outlined four levels of social dialogue. These include, in a sequential order: information sharing mechanism, consultative mechanism, negotiation mechanism and joint-decision making. These levels are diagrammatically represented and discussed as follows:

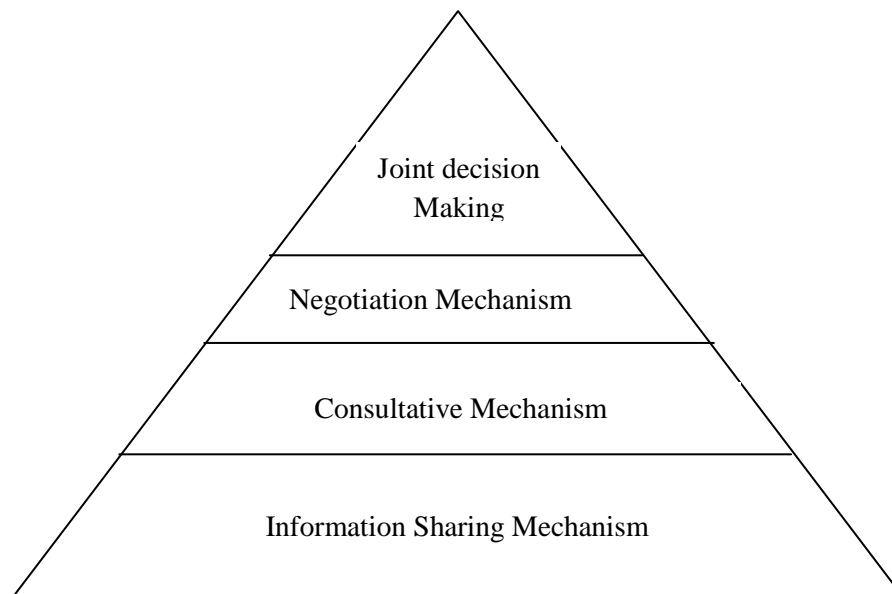


Figure 1: The Pyramid of dialogue adapted from Reinecke et al. (2017)

Information sharing mechanism: Information sharing as defined by Karakütük (2011) is the process of sharing emotions, thoughts and information between two or several parties. The interaction between parties enables the sharing and circulation of expertise, skills, knowledge and overall competencies between the parties (Miles, 2003). Parties share information and provide updates on changes that are valuable in building trust and developing a collective understanding of critical issues within the group, as well as promoting transparency (Reinecke et al., 2017).

Consultative mechanism: There is need for consultation among parties involved to come up with workable solutions to problems. Consultation will create awareness among parties involved to give room for effective dialogue and consensus on proposals (Reinecke et al., 2017).

Negotiation mechanism: Negotiation is an act of strategic conduct through which two or more individuals/parties, who are in a situation of interdependence, attempt to reach agreement or common ground in relation to an issue, position or subject over which they differ or feel that they differ (Iyayi, 2006). Negotiation mechanism involves building on previous arrangement to enhance the contribution from the other party with the aim of finding lasting solutions to the problem.

Joint decision making: This stage integrates all the other stages (information sharing mechanism, consultative mechanism, and negotiation mechanism) to give room for formal decision-making platform. The aim at this stage according to Reinecke et al. (2017) is to create lasting and binding change or solution to an identified problem.

Usefulness of Social Dialogue

The adoption of social dialogue offers a number of benefits. Social dialogue serves as a tool for promoting stable democratic values, dealing with labour related conflicts, empowering those who lack power over others as well as themselves, creating harmony, fostering communication, helping groups to face crises and generating solutions to problems and qualitatively improve the lives of people (Bikoloni, 2015; Thamarajakshi, 2001).

Grimshaw, Koukiadaki and Tavora (2017) identified the potential benefits of social dialogue to include: raising of productivity through effective utilisation of labour, promotes inclusive transitions from unprotected to protected forms of employment, strengthening worker participation and effective voice, promoting workers entitlements to social protection and wages that support decent standard of living, better information flows, among others. ILO (2011) outlines the usefulness of social dialogue to include consensus building and democratic involvement among the main stakeholders in the world of work; creation of ownership among parties over economic, social and environmental issues; reducing conflicts and advancing industrial peace by ensuring better labour protection; providing parties an opportunity to contribute to the process of providing decent working conditions; increasing the possibility of the acceptance of outcomes by a wider spectrum of societal representatives; and minimizing the possibilities of conflicts, among others. Mariani (2013) categorized the usefulness of social dialogue into three parts namely: national level, business level and workers level. At national level, social dialogue helps to reduce inequalities while at business level, it helps to increase productivity and reduce disruption. At workers level, social dialogue helps workers to express their concerns, participate in decision making and enhance employee engagement.

SOCIAL DIALOGUE AS A TOOL FOR BUILDING HARMONIOUS WORKPLACE

Can two walk together, unless they are agreed? (Amos 3:3; New King James Version). This scriptural injunction underscores the important of engaging in dialogue and building consensus in achieving set goals that will lead to national development. Due to the dynamic nature of workplace and the business environment, there is need for strategic partnership among stakeholders in dialoguing and building consensus that will guarantee good quality labour-management relationship (Adekunle, 2019; Mbah & Ifeanyi, 2012). In advancing harmonious relationship in the workplace, the following strategies have been identified to promote social dialogue in the workplace. These strategies include: effective communication network, stakeholder relationship, capacity building, joint consultation, and culture of learning organisation.

Effective communication network: Communication is a process of transmitting information and common understanding from one person to another (Lunenburg, 2010). Communication is considered to be effective when intended message is successfully delivered, received and understood by the parties involved. Unarguably, organizations need result-oriented communication; whether downward, upward or horizontal. For this to be achieved, barriers to effective communication must be addressed. For instance, overcoming language barriers requires the sender of the message to use the most specific and accurate words possible. For cultural barriers to be dealt with, the sender of the message should avoid projection of his own culture while trying to understand the background of others (Okhakhu & Adekunle, 2013). In the same manner, individual barrier could be reduced if the parties to communication are open-minded and showing interest in what is being said.

Ofuani and Ofuani (2010) observed that description, equality, openness, problem-orientation, positive intent and empathy are communication-encouraging behaviours that both boss and subordinates should embrace and practice for effective interpersonal relationship in the workplace. Fajana and Shadare (2012) found that managements sometimes feel reluctant to release information to the unions because information (especially accounting reports) may be misused. Unions on the other hand often claim they are entitled to know their employers' general and human resource management policies. Therefore, workers often express the desire to know what is happening, and the extent to which their jobs are affected. To promote harmonious relationship between labour and management, there is need for continual dissemination of labour policy by management to avoid tension and the spread of unnecessary gossip.

Different platforms are available and new ones are evolving for serving social dialogue in the workplace as means of employers' support for promoting effective interactions with workers, whether unionised or not. Some of these platforms include maintenance of industrial intranet connectivity, publication of organisation-based journals and magazines, adoption of an open-door policy in which individuals and groups can contribute their ideas in the management of the organisation, use of suggestion box, involving community and contract employees in the management of business enterprise, among others (Ofuani & Ofuani, 2010; Fajana & Shadare, 2012; Okhakhu & Adekunle, 2013).

Stakeholder Relationship: A stakeholder is a person or group of persons who have committed something to the business enterprise and therefore has expectations from it (Inegbenebor & Eheduru, 1999). They are all the groups in the environment of an organisation who can affect or are affected by the organisation's decisions and policies. There are different stakeholders involved in social dialogue and consensus building. These include government, employers or their representatives, workers/union, social partners, civil society activists, among others.

Which stakeholder interest claim priority attention of the organisation is a function of power, legitimacy and urgency. Power in this context, is a function of the dependence of the organisation on the stakeholders. The greater the dependence, the more power and influence it can exert on the organisation decision making. Legitimacy is the extent the stakeholders have legitimate claim on the organisation's resources. For instance, community has a legitimate claim for the attention of the organisation because it owns the land on which the organisation is sited. Urgency refers to the time pressure exerted by stakeholders on the organisation to act on their concern to avoid some negative consequences. For instance, trade union may threaten to embark on a full scale strike, this creates a sense of urgency to attend to the demands of the union.

A common stakeholder management tool is the stakeholder analysis grid. This involves plotting stakeholders on a graph in terms of their influence over a project and their interest in the project. This can be used to identify the kind of action to be taken in addressing stakeholders' interests and claims.

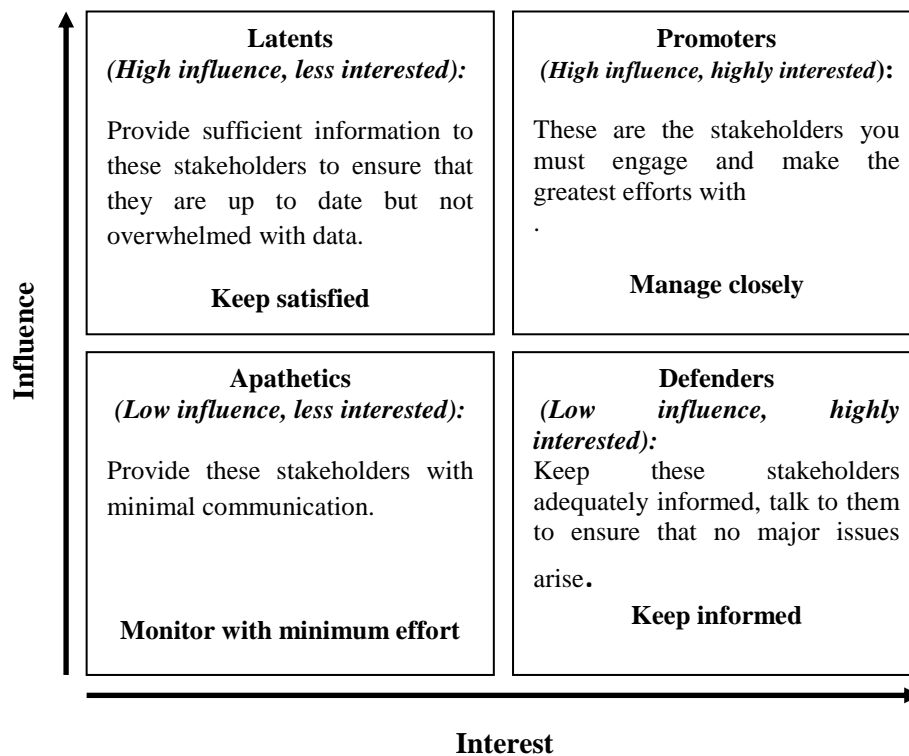


Figure 2: Stakeholders analysis grid adapted from Imperial College London Online Resources.

Capacity building: Dada (2004) described capacity as people, institutions and practices that enable countries to achieve their developmental goals. World Bank (1996) defined capacity building as the ability to identify and analyse problems, make rational choices, formulate solutions, and implement actions designed to achieve set objectives. Ani (1997) defined capacity building as the ability to formulate plans, identify and select viable options, execute, monitor and evaluate implementation of plans.

Muhtar (1997) identifies the objective of capacity building as the ability to create the framework for the identification and analysis of problems and the formulation and implementation of solutions to enhance sustainable human development. The essence of capacity building is to help in changing stakeholders' orientation to be result-oriented; acquire new knowledge and skills as well as having attitudinal change.

Capacity of workers and trade unionists can be enhanced by regular training, workshops, conferences and seminars to increase their knowledge, skills and competence. Other measures include participation in planning, delegation of authority and involvement in creative thinking, among others.

Joint consultation: Fajana and Shadare (2012) described joint consultation as a two-way communication process employed for resolving conflict arising from issues of mutual interest. According to Armstrong (2003), joint consultation enables managers and employee representatives to meet on a regular basis in order to exchange views and utilize member's knowledge and expertise in dealing with matters of common interests that are not the subject of collective bargaining. Joint consultation goes beyond informing, it entails deliberate effort by management to seek the views of workers on management's plans for

the introduction of changes. Management must believe in employees and involve them in decision making. The unions must also believe in participation as a genuine means of giving them voice and advancing the interests of their members, instead of using it as a way of getting more power (Okpu & Jaja, 2014).

According to Fajana and Shadare (2012), joint consultation performs the following functions: it gives employees the prospect of improving policies through their submissions; it offers labour and management the opportunity to identify with and have a high opinion of each other's views and perceptions; it create forum for management and labour to share opinions and ideas on all matters touching their joint and several interests in the workplace before or after decisions have been made; it provides a workable method of associating employees with the running of the business; it helps in fostering co-operation between management and employees; and improves the quality of decisions by using the knowledge and experience of those most affected by those judgements.

Promoting the culture of learning organisation: The concept of the learning organisation revolves around the practices of organisational routines that support and encourage a continuous increase in knowledge at individual, group/team and organisation levels (Marquardt & Banks, 2010). The place of individual and team learning cannot be overemphasised in promoting social dialogue and consensus building in an enterprise. Learning at the individual level occurs when organisations allow people to discuss mistakes openly in order to learn from them. It identifies skills needed for future work tasks, helps each other learn, view problems in their work as an opportunity to learn, gets money and other resources to support their learning as well as provides them time to support learning. More so, learning at the individual level increases when such organisations reward people for learning and allowing them give open and honest feedback to one another, encourage them to ask “why” regardless of rank. Learning at the individual level increases when individual employees are allowed to take calculated risks, experiment and engage in dialogue and inquiry. According to Watkins and Marsick (2003), when individuals increased their capacity to learn, they could (collectively) enhance the overall capacity of the organisation to learn as long as it was receptive to their efforts to use their learning and put in place appropriate mechanisms to enable, support and reward the use of what was learned.

Team learning offers a broader perspective than individual learning because it is linked with sharing of knowledge, insight and vision (Marsick & Watkins, 1999). It involves social base relationships in the discovery of reality. Team learning fosters collective thinking, collective actions and open dialogue which facilitate the capturing of tacit knowledge within the organisation (Watkins & Marsick, 1996). Team learning is developed when an organisation provides freedom for or allows teams/groups to adapt their goals as needed and use the recommendations, discussions and information emanating from the team to develop a culture of team reward for their achievements.

CONCLUDING REMARKS

Harmonious workplace devoid of ‘unmanageable’ industrial crises can be created through result-oriented dialogue. Dialogue entails acceptable way of interacting in the workplace in taking decisions over issues of mutual and divergent interests. The dynamic and complex business environment calls for harmonious relationship between labour and management which can be achieved by continuous dialogue. To fully harness the potentials

inherent in social dialogue, this paper identifies effective communication network, stakeholder relationship, capacity building, joint consultation, and culture of learning organisation as strategies that can be adopted at enterprise level to build and sustain a harmonious work environment.

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INCOME DIVERSIFICATION AND PERFORMANCE OF QUOTED DEPOSIT MONEY BANKS IN SELECTED SUB-SAHARA AFRICAN COUNTRIES

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ABSTRACT

This paper sought to empirically investigate the influence of income diversification on performance of quoted deposit money banks in selected Sub-Sahara African countries. By way of judgmental sampling and availability of data we selected Botswana, Ghana, Kenya, Malawi, Mauritius, Namibia, Nigeria, South Africa, Uganda, Zimbabwe and Zambia. The nature of the study necessitated the use of secondary data which was collected from quoted deposit money banks annual audited financial statements over the period 2007-2017. The technique adopted include: panel unit root analysis, co-integration test and the system- GMM. In achieving the objective, using dependent variables (Returns on Asset and Tobin Q), explanatory variable of income diversification then foreign diversification, subsidiary diversification, bank's size and bank's age respectively were used as control variables. The findings reveal that income diversifications exert positive and significant effect on all the performance indicators (ROA and TOBIN Q) respectively. On account of the major findings, we recommend, amongst others, that banks should consider income diversification as a long run strategy for promoting growth and other forms of expansions. This can be achieved by promoting more non interest earning income businesses and regional banking integration within the sub-region. This outcome calls for policy options that are capable of facilitating entry and establishment within economies in the regional blocs, because diversification in this direction has the tendency to involve less institutional obstacles.

Keywords: Income diversification, system-GMM, bank performance, co-integration

INTRODUCTION

The fundamental purpose of financial intermediation of funds transfer from the surplus unit of the economy to the deficit unit still revolves and resides in the banking sector of every economy all over the globe. Lending of funds to the deficit unit of the economy remains the highest earning asset of deposit money banks in sub-Sahara Africa and other climes around the world. The era of banking sector deregulation in most economies

changed the face of traditional banking, which solely main source of income was lending. The observation of Gurbuz, Yanik and Ayturk (2013) revealed that the conventional profit channel of banks is interest income, they have involved intensively in non-interest income spawning activities mainly in advanced nations after the commencement of financial deregulation period. Deposit money banks extended their operations to other segments of the economy just to expand their sources of income. The operations cut across different segments like – Real estate, Agriculture, Oil and gas, Logistics and Insurance etc. The essence is to diversify their income means and not to rely mainly on lending.

There are different variants and shades of corporate diversification. Corporate diversification can take the form of product, geographical, operational, subsidiary, income, foreign, sectorial and industrial. Multiple motives prompt firms to invest in different assets and incomes activities. The paramount set of motivation compasses what are conventionally characterized as “push factors” which include risk reduction, feedback to diminishing factors returns in any given reaction to crises or liquidity squeeze, amplified transaction costs that induce firms to self-provision in several goods and services. The second set of motivation embraces “pull factors” recognition of strategic complementary activities according to proportional benefit accorded by superior know-hows, abilities or talents (Davis & Pearce, 2001).

Firm’s performance stimulation has always been germane in private as well as in public sectors, because of its direct association with the value creation of entity. Firms (Deposit Money Banks inclusive) are persistently motivated for superior results, influence and competitive advantage (Arasa, 2014). Brealey, Myers and Marcus (2009) view firm’s performance as a gauge of how well an organization transforms its assets from its central processes and generates revenues over a given period of time. Profitability is the main measure of a bank performance and just like any other business; profitability is measured conventionally as (Returns on Asset and Returns on Equity) are used in performance determination of deposit money banks in different countries all over the globe. Hence, the frequently used measure of performance in extant literatures are returns on asset (ROA), returns on equity (ROE), returns on investment (ROI) and net interest margin (NIM). These aforementioned are largely accounting measures of performance. Another measure of firms’ performance that is appealing to researchers (Chen & Ho, 2000; Lang & Stulz, 2004; Doaei & Shavazipour, 2013; Berg, 2016; Manyuru, Wachira & Amata, 2017.) of late is Tobin Q which is market measure of performance. It is expressed as the ratio between the summation of market value of equities and book value of liabilities to book value of total assets. This study will deviate from the norm by using both accounting base measure of performance (ROA) and market base measure of performance (Tobin Q). The use of these varying performance measures would in no doubt give clearer and robust results and provides strong basis for comparative analysis between the various measures, which will greatly improve on past studies.

It is in the light of the above that the paper sought to examine the effect of income diversification on the performance of quoted deposit money banks in selected countries in Sub-Sahara Africa. The rest of the paper is thus sub-divided into: section 2, which presents the review of extant literature and followed by section 3, which presents the methodology and model specification, thereafter section 4 discusses empirical results and lastly section 5 presents the concluding remarks and recommendations.

LITERATURE REVIEW

Income diversification denotes the deliberate proliferation of sources of income available to firms with deposit money banks inclusive. Income diversification is broadly assumed to be a means of self-insurance, and it seems not to be an ephemeral occurrence or one just associated with survival and competitive advantage as noted by Barret, Reardon and Webb (2001). Organizations offering financial services in modern times have progressively been making revenue (income) from “off-balance sheet” business and fee income. The position of Uzhegova (2010) is that the deficiency or reduction in interest margins, made most (compelled) deposit money banks to discover other income channels, giving rise to diversification operations, other services and non-traditional financial activities. Income diversification idea is in line with the concept of portfolio theory which is of the view that firms and organizations can decrease firm-unique risk by spreading their portfolios.

Organizational performance is likewise a portion of organizational effectiveness that incorporates three regions of performance which incorporate financial, market performance and shareholder value. Kirkendall (2013) attests that there are several diverse measures for organizational performance valuation. One of these measures incorporates the utilization of financial measures, for example, profitability of the organization. Under this measure the result to input proportion is resolved utilizing ratio, for example, the Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI) and Tobin's Q.

Returns on Assets (ROA) measures the overall efficiency with which banks resources are used to churn out net income from diverse activities (Oladutire, 2011). It is ratio of profit after tax to total assets, that it is the generally accepted measurement of ROA. It shows the management's efficiency and effectiveness in ordering capital, (Oladutire, 2014). In literature, ROA is probably one of the absolute gauge of operational performance. It links the results of activities with the means applied to produce such results (Orji, 2011). In all, it is moderately easy to interpret.

The Tobin Q is a market base performance measurement. First of all, Tobin Q, which is measured as the ratio of market capitalization plus total liabilities minus net cash flow to total assets. Berg (2016) posits that it is a revolutionary gauge that delivers sufficient evidence about an organization's performance which reflects investors' estimations of assets either tangible or intangible. Tobin's Q is a healthy measurement when equating different businesses because the ratio symbolizes the net present value of future cash flows divided by the replacement costs of tangible assets (Lien & Li, 2013).

The study carried out in the US by Oweis (2012) on the influence of corporate diversification on financial profitability of Banks in United States of America, Pre and Post the Financial Services Modernization Act of 1999. Data covering 1990 – 2011 was used while GMM technique was employed to analyze the data. The outcome reveals a strong association between income diversification and profitability was positive which connotes profitability premium, rather than discount.

Brighi and Venturelli (2013) examine the effect of revenue and geographic diversification on performance of banks in Italy for a period of 2006-2011. The analysis of the data was carried out via a panel regression econometric technique. The central results from the study reflect that revenue and geographical diversification have played a positive

role in determining bank performance within the period of study. Lukmawijawa and Kim (2010) investigate Banks corporate diversification effects on performance and risk profile of banks using Indonesia bank data for the period of 2009-2013. The study used Tobin Q to capture bank performance and the result showed that bank non-interest income diversification has a positive influence on its franchise value however there is no strong evidence that diversification can reduce bank's risk profile. Ismail, Hanif, Choudhary and Ahmad (2015) in their study carried out in Pakistan to examine Income-diversification in the banking sector of Pakistan: a 'Blessing' or 'Curse'? The study covered a period of 2006-2013 and panel data of fourteen banks from Pakistan were used for the study. Pooled Ordinary Least Squares estimation technique was used to examine the relationship between income diversification and performance of banks operating in Pakistan. The study revealed an affirmative influence of income diversification on profitability of commercial banks in Pakistan.

Focused and diversified business models of foreign banks in Luxembourg from 1995 to 2009 were carried out by Curi, Lozano-Vivas and Zelenyuk (2015). The paper examines measurements of bank diversification (assets, funding, and income) and measured efficiency using Data Envelopment Analysis (DEA). The outcome of the paper reveals that income diversification amongst other diversification variables impacted negatively on bank efficiency. Mulwa, Tarus and Kosgei (2015) in their study examine commercial bank diversification, they concluded that the prevalent methods by which deposit money banks advance corporate diversification are income diversification, assets diversification, credit diversification, geographical diversification and international diversification because of their tendencies to impact on performance of corporate firms.

Muneer, Jahanzeb and Suwandi (2016) in their paper examine income diversification and performance, within the scope of 2007-2013. The study used a total of 25 banks (20 commercial banks and 5 Islamic banks) in Pakistan and the study was estimated via simple regression model. The findings show that the impact of income diversification on performance of commercial banks and that of Islamic banks was neither a premium nor discount. Using an ex post facto explanatory design, Mulwa and Kosgei (2016), investigate whether bank diversification affects financial performance and whether this effect is moderated by solvency and credit risk based on panel data from 34 deposit money banks in Kenya for nine years. The researchers found that income and asset diversification negatively and significantly affect commercial bank returns on asset while geographical diversification significantly – positively affect both returns on asset and returns on equity. They also find a significant positive moderation effect of credit risk on relationship between income diversification and returns on asset but a significant negative effect on relationship between asset diversification and geographical diversification with both returns on asset and returns on equity. On solvency risk a significant positive moderate effect exist on relationship between geographical diversification and returns on equity.

Ekanayake and Wanamalie (2017) in their study investigate income diversification and bank risk-returns trade-off, considered eleven banks for the period of 2002-2015 in Sri Lanka. The study employed simple regression model and the findings reveal that interest income has a significant negative relationship with risk-adjusted returns on equity which is an indication that increase in interest income is associated with worsening the risk returns tradeoff for investors. In Malaysia, Brahmana, Kontesa, and Gilbert (2018) examine income diversification and bank performance, using data covering a period of 2005-2015. Using a

fixed effects panel regression analysis technique, the findings show that income diversification increases bank's performance confirming risk reduction hypothesis and resource-based view theory. Nisar, Peng, Wang and Ashraf (2018) applied the difference and system-GMM to ascertain the influence of income (revenue) diversification on bank profitability and stability amongst South Asian banks. The scope of the study was fifteen years (2000-2014) and the sample of two hundred commercial banks was analyzed in the data set. The findings of the study revealed that earnings diversification into non-interest income impacted positively on the performance and stability of South Asian commercial banks. They observe that diverse variants of non-interest revenue-earning activities have different influences on bank performance and strength.

Theoretical Considerations

The theoretical considerations underpinning this paper is modern portfolio theory (MPT) propounded by Markowitz (1952). The theory is founded on the premise on how risk adverse investors can build their collection of assets or investment in order to maximize their expected returns and minimize risk by diversifying their numerous investments. The deposit money banks relying on this theory will invest in order areas outside the core banking business to increase their income and reduce the risk profile of the organization. This theory is of great relevance to this study because deposit money banks are faced with different unsystematic risk elements. The beauty of this modern portfolio theory is that it recommends diversification in reducing unique risk within organizations. Thus, MPT is viewed as a form of diversification theory which explains the method of finding the best possible diversification strategy. In fact, diversification is the core concept of modern portfolio theory and directly relies on the conventional wisdom of "never putting all your eggs in one basket" (Fabozzi, Gupta & Markowitz, 2002; Veneeya, 2006; McClure, 2010). Hence, this theory is apt for this study.

It is expected that income diversification, foreign diversification and subsidiary diversification are expected to have positive impact on firm performance. Again, from theory firm age is expected to have a positive relationship with performance output of firms. Theory of structural inertia it is expected that as firms grow larger complacency and resistance to change which can lead to decrease in performance.

METHODOLOGY

The nature of this study necessitates secondary data sourced from the various audited financial statements of sampled deposit money banks in the selected countries and Bloomberg over the period 2007 – 2017. A total of fifty (50) deposit money banks across eleven (11) Sub-Sahara African countries were used in this study.(see appendix one). The choice of the eleven countries is based on their vibrant stock exchanges and compliant to voluntary sustainability report guidelines of the selected bourses.

This study adopts panel unit root analysis, co-integration test and the system- GMM to ascertain the stationarity and normality of the data in the variables in the specified model. Justification for the test of stationarity is to ensure that the data are reliable for the system-GMM application. The system Generalized Method of Moments became necessary to resolve the drawbacks of endogeneity of independent variables with dependent variable, omitted variables, measurement biases and heterogeneity problems associated with cross-country data.

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Model Specification

The two models were anchored on the theoretical framework of modern portfolio theory (MPT) as earlier stated. In order to examine the impact of income diversification on performance of quoted deposit money banks in selected sub-Sahara African countries, the model was adapted from Olarewaju, Migiro and Sibanda(2017) by incorporating a market base performance measure (Tobin Q).

The functional form of the models are stated below;

$$ROA_{it} = f[IND, FD, SD, BSIZE, BAGE] \dots \dots \dots (1)$$

$$TOBINQ_{it} = f[IND, FD, SD, BSIZE, BAGE] \dots \dots \dots (2)$$

The econometric form of the models are stated below as;

$$ROA_{it} = \beta_0 + \beta_1 IND_{it} + \beta_2 FD_{it} + \beta_3 SD_{it} + \beta_4 BSIZE_{it} + \beta_5 BAGE_{it} + U_t \dots \dots \dots (3)$$

$$TOBINQ_{it} = \beta_0 + \beta_1 IND_{it} + \beta_2 FD_{it} + \beta_3 SD_{it} + \beta_4 BSIZE_{it} + \beta_5 BAGE_{it} + U_t \dots \dots \dots (4)$$

Where:

IND = Income diversification is measured as the ratio of net interest income minus other operating income to total operating income deducted from one (1)

FD = Foreign diversification measured as Ln [1 + number of foreign subsidiaries]

SD = Subsidiary diversification measured as Ln [1 + number of foreign subsidiaries + domestic subsidiaries]

BSIZE = Size of the Bank measured as Log (market value). Where market value is share price x number of shares outstanding

BAGE = Age of the Bank is measured as the number of years from the day the firm was established till 2017

ROA = Return on Asset is measured as a ratio of profit after tax to total asset

TobinQ = Tobin Q is measured as the summation of market capitalization and total liabilities minus the net cash flow to total asset

Where i represent countries in all sample and t represents the scope or period of study.

$\beta_0 - \beta_5$ are parameters to be estimated and U_t is the error term.

ANALYSIS OF RESULT

Table 1: Panel Unit root test result

Variables	Homogeneous Unit Root Process				Heterogeneous Unit Root Process			
	Level		1 st Diff		Level		1 st Diff	
	LLC	Breitung	LLC	Breitung	IPS	ADF-Fisher	IPS	ADF-Fisher

<i>ROA</i>	-5.84**	-1.36	15.5**	-3.4**	-2.45**	144.6**	-7.07**	234.9**
<i>Tobin_Q</i>	-2.39**	-0.94	13.96**	-4.32**	-2.39**	148.3**	-7.84**	247.3**
<i>IND</i>	-6.75**	-1.08	-15.4**	-3.22**	-2.42**	151.2**	-7.56**	247.9**
<i>FD</i>	-13.8**	-1.13	-7.49**	-5.01**	-2.18**	51.1**	59.9**	97.9**
<i>SD</i>	-0.99	-0.51	-7.95**	-4.18**	1.75	51.7	-3.27**	109.6**
<i>SIZE</i>	-8.11**	-1.02	-6.48**	-3.00**	-0.89	117.5	-2.96**	166.6**

Note: * and ** indicate significance at 5 and 1 percent respectively.

From Table1 above, the levels variables (except SD-subsidiary diversification) are all significant in terms of the test statistics at either the 1 percent levels based on the LLC, IPS and ADF-Fisher tests. Only the Breitung test reports non-significant tests values for all the variables in levels. This shows that for all the variables (except SD) the null hypothesis of the stationarity cannot be rejected in levels, suggesting that the variables among the firms do not follow a defined pattern of movement over any given period. The variables are apparently not time dependent. However, the result also shows that for the first difference variables, all the test statistics are significant, thereby leading to the rejection of the null hypothesis of no unit roots in the first differences. These outcomes intensely show that most of the variables are stationary both in level and at first differences. This outcome is reinforced by both the homogenous and heterogeneous panel unit root tests. Subsequently the variables are also stationary after first difference hence the need to establish their long run relationship became imperative.

Cointegration Test Results

Table2below shows the outcomes of Pedroni's and Kao panel cointegration tests on the series that is between the dependent variable and the explanatory variables for the two models specified for the analysis. The columns labeled within-dimension contain the computed value of the statistics based on estimators that pool the autoregressive coefficient across different countries for the unit root tests on the estimated residuals. The columns labeled between-dimension report the computed value of the statistics based on estimators that average individually calculated coefficients for each country. The result shows that there is no cointegration among the variables.

Table 2: Cointegration Test Results

Pedroni Residual Cointegration Test					Kao Residual Test
	Statistic	Weighted Statistics		Statistics	
ROA equation					
Panel v	-13.64**	-16.37**	Group rho	10.72**	-2.67**
Panel rho	21.71**	17.78**	Group PP	-12.90**	
Panel PP	-3.12**	-11.41**	Group ADF	-2.46**	
Panel ADF	-1.91**	-4.50**			
Panel ADF	-4.38**	-5.34**			
Tobin Q Equation					
Panel v	5.12**	-9.01**	Group rho	12.06**	-3.07**

Panel rho	2.62**	7.34**	Group PP	-11.52**	
Panel PP	-8.37**	-9.21**	Group ADF	-0.57**	
Panel ADF	3.55**	-3.19**			

Note: * and ** indicate significance at 5 and 1 percent respectively.

From the tests results, all variables indicate significance at the 1% level for both the grouped and ungrouped tests. All test processes, including rho, PP and ADF are significant for both the within and between tests (at the 1 percent level). Thus, the null hypothesis of no co-integration is rejected for the combination of the variables.

Table 3: Sys-GMM Results for ROA

Variable	1	2	3	4	5
<i>ROA(-1)</i>	-0.038** (0.001)	-0.312** (0.000)	-0.271** (0.000)	-0.061** (0.003)	-0.048** (0.002)
<i>Income diversification</i>	0.814** (0.000)	-	-	0.808** (0.000)	0.830** (0.000)
<i>Foreign diversification</i>	-	2.047** (0.000)	-	0.968** (0.000)	0.863** (0.000)
<i>Subsidiary diversification</i>	-	-	1.015** (0.000)	-0.985** (0.000)	-1.144** (0.003)
<i>SIZE</i>	0.091* (0.041)	-2.447** (0.000)	-1.896** (0.000)	-	0.406** (0.002)
<i>BAGE</i>	0.008** (0.004)	0.062** (0.004)	0.083** (0.003)	-	-0.005 (0.102)
<i>Overidentifying restriction (Hansen J-prob)</i>	0.302	0.231	0.453	0.305	0.192
<i>Arrelano-Bond AR(1)</i>	-1.98*	-2.01*	-1.97*	-1.92*	-1.99*
<i>Arrelano-Bond AR(2)</i>	-1.51	-1.22	-1.36	-0.98	-1.44
<i>No. of observations</i>	540	540	540	540	540

Note: * and ** indicate significance at 5 and 1% respectively. T-probabilities in parentheses below each coefficient

The appropriate application of the results of the estimates to empirical tests and policy directions are based on the outcomes of the estimated coefficients of the explanatory variables especially in terms of signs and significance. From the results in above table, the coefficients of the lagged dependent variable are all significant at the 1% level, confirming the presence of a dynamic structure of the relationship between ROA and the explanatory variables. The coefficients of the ROA_{t-1} variable are however all negative for each of the estimates in the results. This reflects long run instability in the estimated equations and shows that any short term variation in the performance indicator will likely lead to further self-reinforcing disequilibrium in the system.

For the explanatory variables, the result shows that income diversification have unambiguous positive coefficient which is robust across each of the estimation structure.

These coefficients are all significant at the 1% level. This implies that income diversification exhibit strong positive impacts on ROA among the banks, irrespective of the factors that are controlled in the model. Indeed, the values of the coefficients are similar in each of the estimation. Also, the coefficient of foreign diversification is significant in each estimation and indicates that foreign diversification improves banks' ROA unambiguously across the countries. The coefficient of foreign diversification is smaller when other diversification variables are controlled for in the estimation. This indicates that foreign diversification has stronger impacts on firm performance when other diversification aspects are not taken into cognizance. Apparently, banks that focus only on foreign diversification tend to have higher ROA reports than those that are involved in all the forms of diversification. This could be as a result of efficiency losses that may result from running foreign subsidiary in combination with domestic expansion. Apparently (in terms of growing the ROA), it pays to decouple foreign aspects of diversification from the domestic diversification dimension.

Similar results are manifested by the results of the coefficient of subsidiary diversification. Although all the coefficients of the variable are significant at the 1% level for each of the estimation output, only the coefficient of the estimate without other diversification aspects is positive. When other diversification are included in the estimates, the coefficient becomes negative, even though the size and age are controlled for. The results suggest that subsidiary diversification only improves ROA (internal efficiency) when other diversification aspects are not involved in the banks. Indeed, with involvement with other diversification among banks, subsidiary diversification begins to exert negative effects on ROA among the banks.

While bank age has positive and largely significant impacts on ROA, bank size only has positive effects on ROA under certain conditions. From the results, larger banks are more likely to improve ROA when income is taken into cognizance. Thus, the size of the bank will only exert significant positive impact on ROA for banks with more income diversification. On the other hand older banks are shown in the result show have significant positive impacts on ROA among the countries.

Table 4: Sys-GMM Results for Tobin's Q

<i>Variable</i>	1	2	3	4	5
<i>TOBIN_Q_{t-1}</i>	-0.031** (0.000)	-0.014** (0.000)	-0.066** (0.000)	-0.095** (0.000)	-0.055** (0.000)
<i>Income diversification</i>	-0.044** (0.002)			-0.424** (0.000)	0.447** (0.000)
<i>Foreign diversification</i>		-0.808** (0.000)		1.031** (0.000)	-2.325** (0.000)
<i>Subsidiary diversification</i>			-0.941** (0.000)	-0.675** (0.002)	-9.423** (0.002)
<i>SIZE</i>	1.667** (0.001)	2.169** (0.003)	2.205** (0.001)		2.418** (0.001)
<i>BAGE</i>	-0.156** (0.000)	-0.194** (0.000)	-0.189** (0.000)		-2.028** (0.004)
<i>Overidentifying restriction</i>	0.387	0.461	0.424	0.491	0.302

(Hansen J-prob)

<i>Arrelano-Bond AR(1)</i>	-2.03*	-1.94*	-2.00*	-1.83	-1.91*
<i>Arrelano-Bond AR(2)</i>	0.73	-0.74	-0.80	0.92	-0.77
<i>No. of observations</i>	540	540	540	540	540

Note: * and ** indicate significance at 5 and 1% respectively. T-probabilities in parentheses below each coefficient

The measure of bank performance in the analysis using Tobin's Q relates to the performance in terms of the stock market. The diagnostic tests in the results are also impressive based on the Hansen J-test and the Arrelano-Bond AR tests. The coefficient of the over-identifying restriction test statistic for the GMM estimates possess the expected values (i.e. greater than 0.1), indicating that the instruments used in the estimation are valid. The Arrelano and Bonds first and second order serial correlation tests also possess the expected outcomes. The tests show that the first order statistic is statistically significant and has the expected negative sign. The second order statistic is not significant (in line with *a priori* expectation), suggesting that the model error terms are serial uncorrelated in levels. This provides additional support for the instruments validity test indicated by the Hansen J-statistic.

From the result, income diversification has a unique pattern of effects on firm performance in terms of Tobin Q. On its own, the effect is negative but with other diversifications, the effect is positive (with no control for size and age) and positive (with control for size and age). This implies that income diversification will only have positive impact on Tobin Q when the banks also have foreign and subsidiary diversification and for older and larger banks. Since income diversification tends to improve the performance of the banks in the stock market through expanding financial capacities of the banks, other forms of expansion are likely to make these effects more realistic. The coefficient of foreign diversification is essentially negative for the results with control or without control for other diversification factors. This implies that foreign diversification actually leads to reduction of the banks' Tobin Q value across the countries under reference. This result is actually surprising since increased foreign participation in the foreign sector should boost investors' confidence among the banks. What the results reveal however is that with increased foreign participation, banks tend loose competitive advantage in terms of improving market value. The coefficient of bank size was significant in each of the estimates, suggesting that larger banks have better higher market value than smaller banks. On the other hand, older banks do not have higher market value than younger counterparts as demonstrated by the negative coefficients of the BAGE variable.

On this note, using system GMM model, income diversification positively and significantly impact on performance of deposit money banks in among Sub-Sahara African countries as measured by ROA and Tobin Q. This is an indication that an increase in income diversification will also lead to a positive and significant increase in deposit money banks performance in the region. This implies that deposit money banks in the Sub-Sahara region can improve their performance from different income earning ventures they involve in by value creation and risk reduction for the stakeholders. This outcome is in line with Nisaret *al* (2018), Nguyen (2018), Ismail *et al* (2015) and Sufian and Chong (2008) who both find a

positive and significant effect of income diversification on performance of firms in their various studies.

CONCLUDING REMARKS AND RECOMMENDATIONS

This study examines the effect of income diversification on performance of quoted deposit money banks in selected Sub-Sahara African (SSA) countries. With continuous financial development in the SSA region, more and more participants are being brought into the financial markets leading to creation of more financial instruments, expansion in banks and operational activities. The focus has been on improvements and enlargements of technology application in the banking sector, especially with the goal of increasing the share of banks in the region within more globalised markets. From the study, it is evident that income diversification has a significant impact on performance of quoted deposit money banks in selected Sub Sahara African countries. The effects were found to be unambiguous, irrespective of the performance measure adopted and the factors that are controlled in the model used in the study. The results also reflect long run instability in both ROA and Tobin Q as performance measures among the banks, showing that any short term variation in the performance indicator will likely lead to further self-reinforcing disequilibrium in the system, especially when the banks engage in diversification.

Income diversification of deposit money banks has been embraced by most banks and has taken the center stage of most economies in the world. This is so because it helps in building a virile, efficient and robust banking system which can spark the performance of the individual banks and lead to the overall growth of the various national economies. In order to gain extensively from the gains of corporate diversification, regulatory authorities of SSA countries should put in place different institutional reforms that will help in carrying out banking activities within the SSA regions with little or no stringent rules that can help deposit money banks to operate in the different financial markets.

This study therefore recommends amongst others that because there is a long run relationship exists between income diversification and bank performance among the banks in SSA region. Thus, banks need to consider diversification as a long run strategy for promoting growth and other forms of expansions. This can be achieved by promoting more regional banking integration within the sub-region. Given that formalities are already on the ground to facilitate entry and establishment within economies in the regional blocs.

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INSTITUTIONAL ENVIRONMENT AND SMALL AND MEDIUM ENTERPRISES (SMEs) DEVELOPMENT IN NIGERIA

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ABSTRACT

This study examines the possible influence institutional environment has over small and medium enterprises development in Nigeria. Five variables are identified as proxies for institutional environment in the study, namely: normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNIEV). They all serve as regressors, as they are regressed against small and medium enterprises development (SMEDEV), the dependent variable through the use of the ordinary least squares technique. Prior to the OLS estimation, diagnostic tests are conducted using Augmented Dick Fuller Unit Root Test, Error Correction Model and Co-integration. The nature of data collection is in time series, all sourced from United Nations Development Program (UNDP), Global Entrepreneurship Monitor Data base, Institutional Governance Indicators data base in World Bank and Corporate Affairs Commission, (CAC) Abuja Nigeria. The study concludes that except regulatory and legal institutions in Nigeria, other dimensions of institutional environment have not effectively stimulated SMEs development in Nigeria rather have retarded the formation of SMEs in Nigeria. The study recommends that policy makers should effectively channel their effort towards enhancing the quality of legal environment, and the quality of regulatory environment. The negative effect of weak quality of political institutional environment in Nigeria can be mitigated if government of Nigeria intensifies efforts in building strong and stable political environment. Government of Nigeria should reform the cognitive institutions through revamping of educational system (primary, secondary, and tertiary education) as center of innovation where people can gain valuable knowledge and skills to engage themselves in entrepreneurial ventures. Government of Nigeria should be sincere and committed in promoting moral, ethical and positive cultural norm in the country to mitigate the negative effect of weak normative institutional environment on SMEs development in Nigeria.

INTRODUCTION

The importance of Small and medium enterprises (SMEs) to the economic development of a country is easily noticeable in employment generation, wealth creation, bridging income disparity gap, harnessing local resources and stimulating forward integration with large-scale industries among others. SMEs occupy a central place as catalysts that stimulate indigenous entrepreneurship and local technology needed to accelerate economic growth and harness their contribution to Gross Domestic Product (GDP) of a country. A vibrant SMEs sector creates veritable platform for entrepreneurial competitiveness, creativity, industrialization and diversification which are necessary for achieving inclusive economic growth. Through SMEs development, large firms do not only have access to extensive local resources with resultant effects on tax revenue but also can develop new customer base that may not be accessible to their traditional distribution networks (Adesanya, 2015).

Despite the above strategic importance of SMEs to the economic development of the country, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN 2016), documented that many SMEs in Nigeria lack the capacity to create quality jobs though they make up the largest business sector in Nigeria like every other world economy. They reported that the future of most SMEs in Nigeria remains uncertain and bleak with high failure rate which is attributed to high production costs and low productivity occasioned by inadequate entrepreneurial skills, manpower development, frequent power outages, poor transport system, poor finances, road infrastructure, tax administration, and corruption. These challenges facing SMEs tend to be mainly the products of broadened institutional environments (Babatope & Akintunde, 2010).

Institutional Environment is the set of fundamental, political, regulatory, social and legal ground rules that establish the basis for production, trade, exchange, distribution and human interaction (North, 1990). The theory of institutional environment developed by North (1990) indicates that rules derived from formal institutions like Courts and regulatory agencies and informal codes of conduct, cultural practices, belief, values and conventions, set market rules, structure interactions among economic actors. Therefore, compliance to the rules may serve not only to protect firms or individuals (SMEs) from formal economic penalties, but also to create legitimacy which serves to advance the firms current and future performances. These rules direct the behavior of organizations because the rules determine the choices that individuals and organizations make which in turn shape performance of societies, businesses and economies over time. Extending the theory, the new institutional theory identified five key dimensions of institutional environment: regulatory, cognitive, normative, legal and political which the actions or behavior of organizations are embedded in (Busenitz, Gomez Spencer, 2000).

While these initiatives serve as mechanisms through which business environment is developed, structured and strengthened, evidence has shown that the business environment in Nigeria remain hostile, weak, and unfriendly (SMEDAN, 2016). This is reflected in the fact that SMEs in Nigeria generate less than 20% to Gross Domestic Product (GDP) and 30% of total employment, thus indicating that percentage of those gainfully employed in the SMEs sector is quite low when compared with those in developed countries, which accounted for over 80% of the total industrial labor force in Japan, 95% in Germany and 79% in United States of America (USA), 87% in Sweden and 65% of global

employment. SMEDAN, (2016) documents that many SMEs in Nigeria lack the capacity to create quality jobs though they make up the largest business sector in Nigeria like every other world economy. They reported that the future of most SMEs in Nigeria remains uncertain and bleak as over 30% of SMEs surveyed have completely closed, 20% have temporarily halted operations, 40% were ailing or not viable and only 10% were operating at a sustainable level. They attributed the high failure rate of SMEs to high production costs and low productivity occasioned by inadequate entrepreneurial skills, manpower development, frequent power outages, poor transport system, poor finances, road infrastructure, tax administration, and corruption. There is therefore the need to ascertain the impact of institutional environment on the development of Small and Medium Enterprises in Nigeria and this study fills this gap.

This paper seeks to fill the gap in existing literature by specifically investigating the relationship between the institutional environment and small and medium size enterprises development in Nigeria. The paper is structured into five broad sections. Section one is the introduction. Section two focuses on conceptual and empirical literature review while section three discusses the methodology. Section four presents the empirical analyses and section five concludes with recommendations based on the findings.

LITERATURE REVIEW

Small and Medium Scale Enterprises (SMEs)

Small and Medium Enterprises (SMEs) have been defined using qualitative approach. The qualitative approach posits SMEs as business enterprises in which “unity of the leadership and capital” of the business also refer to as “manager and the owner” are the same (Foghani, Mahadi & Omar, 2017). With this definition, it has been suggested that agency problems are usually limited in SMEs unlike in the large organizations whose management is usually contracted out. In addition, the structure of SMEs is usually organic, lack standardized and formal working relation and based on a flat company structure with limited employees training and development when compared to large organizations that are characterized with bureaucratic, large number of employees, massive investment in employees training and development, vertical structure, and formal working relations.

Institutional environment also labeled as institution has historically been defined by several economic and sociological institutional theorists. Though its definition still lack unanimity, the earlier prominent definitions of institution saw it as habits of thought of the generality of men (Veblen, 1914); organized systems of cultural beliefs, norms and values common to most individuals in a society which give rise to socially structured interests, which organize incentives for and constrain the strategic choices of individuals (Veblen, 1919).

Spencer (2016) examined the relationship between national institutional structures and domestic entrepreneurial activity in Europe, U.S.A, and Japan. It tested the relationship between regulatory, cognitive, and normative dimensions of a country's institutional environment and domestic entrepreneurial activity within 11 European countries, the U.S.A. and Japan. The study measures three types of entrepreneurship, ranging from basic self-employment activities, to more complex activities required for small business development, to advanced activities reflected in the listing of new firms on a country's stock exchange. The data collected through the administrations of questionnaire (survey method) was tested with regression statistics and suggest four primary results. First, the normative dimension,

reflecting a society's level of admiration of entrepreneurs, predicted more basic entrepreneurial activities such as self-employment rates, but did not predict more advanced types of entrepreneurship. Second, the cognitive dimension, reflecting residents' knowledge and skill base, predicted the prevalence of small firms. Third, the regulatory dimension, reflecting government policies toward entrepreneurship, was negatively associated with more basic self-employment activities, but marginally associated with advanced entrepreneurship. Finally, per capita GDP predicted more basic forms of entrepreneurship, with poorer countries showing higher rates of self-employment and small business development, but did not associate with advanced entrepreneurship.

Using corrections and estimation of marginal means statistics, Wood and Bylund (2016) found that when pricing power was nominal (i.e. low), entrepreneurs' average rating for attractiveness of the opportunity was 3.87 and when it was significantly high the average rating of attractiveness of opportunity was 4.75. This indicates that as pricing power increases, entrepreneurs rate the opportunity as significantly more attractive. The study further revealed that when use fees were low, entrepreneurs rated the attractiveness of the opportunity at an average of 4.82 and when they were high the average rating dropped to 3.86. This also showed a negative and significant relationship between levels of reporting requirements and opportunity attractiveness. Eunni (2016) empirically validated an instrument developed by Busenitz, Gomez, and Spencer (2000) in the context of western industrialized countries for measuring country institutional profiles for the promotion of entrepreneurship in two leading emerging economies in Latin America: Brazil and Mexico. The study applied the instrument to assess which national context is more favorable for entrepreneurship. Confirmatory factor analysis was performed on the country institutional profile measure, revealed high reliability, internal consistency, and construct validity of the instrument. They employed structural equations modeling and found significant differences in two of the three dimensions of the institutional profiles between these two emerging economies as Mexico ranks higher than Brazil both in regulatory and cognitive dimensions as well as in the overall institutional profile. This reflects their idiosyncratic cultural norms and values, traditions, and institutional heritage in promoting entrepreneurship.

Eunni and Manolova (2016) compared the impact of institutional context on entrepreneurship among nine emerging economies across three global regions: Central and Eastern Europe (Bulgaria, Hungary, Latvia, and Russia), Asia (China, India, and the Republic of Korea), and Latin America (Brazil and Mexico). The study followed instrument developed by Busenitz et al. (2000) for industrialized countries but validated in the context of emerging markets by Manolova et al. (2008) to examined the influence of institutional environments (the regulatory, cognitive, and normative dimensions of the institutional environment) on new venture creation in Nine (9) countries. The study sampled 918 university students (155 from Brazil, 80 from Mexico, 136 from Bulgaria, 64 from Hungary, 54 from Latvia, 143 from Russia, 62 from China, 130 from India, and 94 from South Korea). Using analysis of variance (ANOVA) across the three regional samples, they found significant differences across the three regions in their overall institutional profiles, as well as along the three underlying dimensions: regulatory, cognitive, and normative.

The study specifically found that institutional environment in Asia was most favorable for the promotion of entrepreneurship, followed by CEE and Latin America. Asia also leads the remaining two regions in all three individual dimensions of the institutional environment

(regulatory dimension, cognitive dimension and normative dimension. The study further investigates the differences in student's perceptions within each of the three global regions and found that institutional environment for the development of entrepreneurship and the three dimensions of institutional environment in Mexico were perceived as more favorable compared to Brazil as there were no significant differences in the perceived favorability of the normative pillar of the institutional environment between the two countries. The study however found that in Central and Eastern Europe, there is a significant difference across the four CEE countries in terms of the entrepreneurship, overall institutional environment, the regulatory, the cognitive dimensions except in normative pillar of institutional environment. Interestingly, the study found that Latvia emerged as the country with the most conducive institutional environment for the promotion of entrepreneurship overall, while Hungary was ranked the highest along the regulatory dimension, and Russia was placed at the top along the cognitive dimension. Furthermore, the study observed significant differences across the Asian three economies in the perceptions of the overall institutional environment for entrepreneurship, cognitive institutional environment, normative except perceived favorability of the regulatory environment. The study rank China as the Asian country with the most favorable institutional environment for entrepreneurship overall as well as the country with the most conducive cognitive environment. India emerged at the top along the regulatory and normative dimensions. The institutional environment for entrepreneurship in South Korea was consistently ranked as the least favorable for entrepreneurship among the three Asian economies.

Van-Dut (2015) examined the effects of local business environments on SMEs' performance in the Mekong Delta (MD), Vietnam between the observations periods of 2011–2012. The study measured SME's performance with the ratio of the SME's profit to revenue in percentage using subjective scale. Local business environments were gauged with favourable treatment of SMEs, promotion policy for SMEs, quality of local labour force and bribery (money pay to government officials to obtain business contracts with the government, to obtain permissions from the government more easily, or to lower the legal costs paid to the government such as tariff costs and other fees). Using fixed-effects model-least squares dummy variable approach to test the data collected from managers of 63 SMEs out of 150 SMEs in provinces/cities of the Mekong Delta through interviews and questionnaires, the study revealed that favorable treatment of state-owned companies negatively associated with SMEs' firm performance, and private firm promotion policy is positively associated with SMEs' performance. There is a positive and significant relationship between labour availability and SMEs' performance, and bribery has a positive significant effect on SMEs' performance.

METHODOLOGY

Research Design

This study adopts longitudinal research design. This is based on the premise that the variables under consideration have already occurred or are historical in nature and are therefore inherently non-manipulable. In this regard, secondary data covering the period of 1996 to 2016 were analysed to explain the empirical relationships between institutional environments and the development of SMEs in Nigeria. We have chosen this period because the data on the dimensions of institutional environments were readily available at this period. The data for were sourced from reports and documentations of the United Nations

Development Programme (UNDP), Enterprise Survey unit of the World Bank and Corporate Affairs Commission, Abuja.

Population of the Study

The study adopts aggregate data on the institutional environments and the development of SMEs in Nigeria. The total aggregate number of the registered SMEs in Nigeria between 1996 to 2016 represents the population of the study. This is justified as the data used are aggregate of the parameters of SMEs and institutional environment peculiar to Nigeria. The period is long enough to cater for the loss of degree of freedom.

Model Specification

The model specified in this study followed the theoretical and empirical reviews provided in chapter two. It specifically modified the model of Zmuda (2016) who stated that SMEs development evolves from a vector of institutional environments (regulatory institution, rule of law, political stability, control of corruptions, accountability and government effectiveness). Though Zmuda (2016) proxy SMEs development with invention activity gauged by application of patent right, this study will proxy SMEs development with the number of yearly established SMEs in Nigeria. In this regard, this will have two models with general form of the model specified as:

$$SMEDEV_t = \beta_0 + \beta_1 \sum_{t=1}^n \Delta NORMINEV_{t-1} + \beta_2 \sum_{t=1}^n \Delta POLINEV_{t-1} + \beta_3 \sum_{t=1}^n \Delta REGUINEV_{t-1} + \beta_4 \sum_{t=1}^n \Delta LEGALINEV_{t-1} + \beta_5 \sum_{t=1}^n \Delta COGNINEV_{t-1} + U_t$$

SMEDEV= Small and Mediums Enterprises Development proxy by number of yearly established SMEs in Nigeria.

LEGALINEV = legal institutional environment

NORMINEV = normative institutional environment

REGUINEV = regulatory institutional environment

POLINEV = political institutional environment

COGNINEV = cognitive institutional environment

U_t = represents Stochastic Disturbance or error term

β₀ = represents the general intercept of the equation

β₁ – β₅ = the parameter estimates or coefficients of variables to be estimated.

t respective variables at time

Ecm(–1) = error correction term

Our apriori expectations in both models are that **β₁, β₂, β₃, β₄, β₅ > 0**. This means that SMEDEV which is the dependent variable of this study as decomposed into number of yearly established SMEs will positively be related to LEGALINEV, NORMINEV, REGUINEV, POLINEV, and COGNINEV. The coefficients **β₀, β₁, β₂, β₃, β₄, & β₅** are the parameters of the model. They describe the directions and strengths of the relationship between SMEDEV (number of yearly established SMEs and the explanatory variables, while the **U_t** represents stochastic error term or random residual term which captures other factors that may cause variations in the dependent variable (SMEDEV) but not included in the model.

Data Presentation, Analyses and Interpretation

The section details on the preliminary analyses which include: Augmented Dickey-Fuller (ADF) Unit Roots Test. The second section captures the testing of formulated hypotheses using econometrics statistical tools - E-Views 8.0. It specifically employed Ordinary Least Squares (OLS) and Error Correction Modeling tests to establish the relationship between the institutional environment and SMEs Development (SMEDEV) in Nigeria. The last section concludes with the discussion of findings and their policy implications.

Preliminary Analyses of Data

Unit Roots Test of the Variables

Augmented Dickey-Fuller (ADF) was employed in testing the unit root of the time series properties of the data on SMEs Development (SMEDEV), normative institutional environment (NORMIEV), political institutional environment (POLINEV), and regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNNIEV). The unit root test was evaluated using the Augmented Dickey-Fuller (ADF) at one percent level of significance enables us to check or detect the stationary of the time series data at a level, first order difference and second order differences. The data is said to be stationary or have unit root when the result of the test statistics (Augmented Dickey-Fuller (ADF) is greater than the critical value, and if it is the reverse, it is non stationary. The results of the unit root test at a level, first, and second order differences are presented in Table 1 below.

Table 1: Unit root test results

Augmented Dickey-Fuller(ADF) Test				
Variable	ADF Test Statistics	Test of Critical Values at 1%	Order	Remark
SMEDEV	-1.087126	-3.808546	Level (1[0])	Not Stationary
	-4.065167*	-3.831511	1 st Diff (1[1])	Stationary
	-5.855400*	-3.857386	2 nd Diff (1[2])	Stationary
NORMIEV	-3.160220	-4.616209	Level (1[0])	Not Stationary
	-8.960969*	-4.532598-4.616209	1 st Diff (1[1])	Stationary
	-5.076783*		2 nd Diff (1[2])	Stationary
POLINEV	-0.165032	-4.667883	Level (1[0])	Not Stationary
	-6.318773*	-4.667883	1 st Diff (1[1])	Stationary
	-8.494091*	-4.616209	2 nd Diff (1[2])	Stationary
REGUINEV	-6.230101*	-4.498307	Level (1[0])	Stationary
	-14.35246*	-4.532598	1 st Diff (1[1])	Stationary
	-7.543960*	-4.616209	2 nd Diff (1[2])	Stationary
LEGALIEV	-3.601434	-4.667883	Level (1[0])	Not Stationary

	-13.95757*	-4.532598	1 st Diff (1[1])	Stationary
	-18.37511*	-4.571559	2 nd Diff (1[2])	Stationary
COGNNIEV	-1.822906	-4.498307	Level (1[0])	Not Stationary
	-5.129583*	-4.532598	1 st Diff (1[1])	Stationary
	-4.743115*	-4.616209	2 nd Diff (1[2])	Stationary

NB: * represents significance at 1%.

Source: Extracted from E-view 8.0 Output (Author's Computation, 2018)

At a level, the ADF test statistics for SMEs Development (SMEDEV) is -1.087126 with critical value of 3.808546. At first order differencing, the ADF test is -4.065167 with critical value of -3.831511 while at the second order differencing the ADF test is -5.855400 with critical value of 3.857386. These results showed that ADF test-statistics for SMEs Development (SMEDEV) at a level is less than its critical values while ADF at first order and second order differencing are greater their respective critical values. These showed that data on SMEs Development (SMEDEV) are stationary at first (1(1)) and second order 1(2) differencing at 1% significance level. The results indicate absence of a unit root in the variable at first (1(1)) and second order 1(2) differencing.

Normative institutional environment (NORMIEV) has an ADF statistics of -3.160220, 8.960969 and -5.076783 at level (1[0]), first order (1(1)) and second order (1(2)) differencing respectively. The ADF test-statistics on NORMIEV at first (1[1]) and second order (1[2])) differencing are higher than their critical value of 4.532598 and 4.616209 respectively while the ADF test-statistics on NORMIEV is lower than its critical value of -4.616209 at 1% level of significance. These results imply that data on NORMIEV are stationary or integrated at first Level (1[1]) and second order (1(2)) differencing at 1% level of significance. They indicated absence of a unit root in the variable at first Level (1(1)) and second order (1(2)) differencing at 1% level of significance.

For political institutional environment, ADF statistics are -0.165032, -6.318773 and -8.494091 at level (1[0]), first order (1(1)) and second order (1(2)) differencing respectively with critical values of -4.667883, -4.667883 and -4.616209 respectively. These results showed that ADF tests at first (1(1)) and second order 1(2) differencing are greater than their critical values of 4.667883 and -4.616209 respectively, suggesting that data on POLINEV are stationary at first (1(1)) and second order 1(2) differencing but not stationary at levels at 1% significance. They indicate absence of a unit root in the variable at first Level (1(1)) and second order (1(2)) differencing at 1% level of significance.

Table 1 also showed ADF test and their critical values for regulatory institutional environment (REGUINEV). It showed that regulatory institutional environment (REGUINEV) has an ADF statistics of -6.230101, -14.35246 and -7.543960 at level (1(0)), first order (1(1)) and second order (1(2)) differencing respectively. These ADF test-statistics at the three levels are all greater than their critical value of -4.498307, -4.532598, and -4.616209 respectively at 1% level of significance. The results imply that data on NORMIEV are stationary or integrated at a level (1(0)), first level (1(1)), and second order (1(2)) differencing at 1% level of significance. They indicate absence of a unit root in the variable at the three levels.

At a level, the ADF test for legal institutional environment (LEGALIEV) is -3.601434 with critical value of -4.667883. At first order differencing, the ADF test is -13.95757 with critical value of -4.532598 while at the second order difference the ADF test is -18.37511 with critical value of -4.571559. These results showed that ADF test-statistics at a level is lesser than its critical values while ADF at first order and second order differencing are greater their respective critical values. These showed that data on (LEGALIEV) are stationary at first (1(1) and second order 1(2) differencing at 1% significance level. The results indicate absence of a unit root in the variable at first (1(1) and second order 1(2) differencing.

ADF test for cognitive institutional environment (COGNNIEV) at a level is -1.822906 which is lesser than its critical value of -4.498307. At first and second order differencing the ADF tests are -5.129583 and -4.743115, which are greater than their respective critical values of -4.532598 and -4.616209. These results signify that data on institutional environment (COGNNIEV) are stationary at first (1(1) and second order 1(2) differencing at 1% significance level. The results indicate absence of a unit root in the variable at first (1(1)) and second order 1(2) differencing. Since all the data on both the dependent and explanatory variables are stationary and integrated at first order differences, that is I (1), we therefore stick to these ADF test statistics in conducting and testing our formulated hypotheses using ECM and OLS.

Co-integration Results

Table 2: Engle and Granger Co-integration test

Variable	t-Statistic	Critical Values at 1%	Order	Remark
RESID (ECM)	-3.345261	-3.808546	Level (1[0])	Not Stationary
	-6.545441	-3.857386	1 st Diff (1[1])	Stationary
	-10.03119	-3.886751	2 nd Diff (1[2])	Stationary
*stationary at 1% level of significance				

Source: Extracted from E-view 8.0 Output (Author's Computation, 2018)

The Engle and Granger (1987) two stage co-integration techniques result in Table 2, depicts that the residuals from the regression result are stationary at 1% level of significance at first and second orders but not significant at a level. This means that all the explanatory variables are co-integrated with SMEs development in Nigeria at first and second order differencing but not integrated to SMEs development at a level over the periods under consideration. In order words, there exists a long run stable relationship between the dependent and independent variables when the sample size was adjusted. This finding also reveals that any short run deviation in their relationships would return to equilibrium in the long run after the sample size has been adjusted.

Ordinary least square (OLS) regression results

Ordinary least square (OLS) was performed to explore the long run equilibrium properties and aggregate relationships between the dimensions of institutional environments and SMEs development in Nigeria. It was also conducted to test the long run relationship that exists between SMEs Development (SMEDEV) and normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and

cognitive institutional environment (COGNNIEV). Ordinary least squares (OLS) was also used to test our hypotheses and verify the results of ECM test. The results are shown in Tables 3.

Table 3

Dependent Variable: SMEDEV

Method: Least Squares

Date: 02/06/18 Time: 12:28

Sample: 1 21

Included observations: 21

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.386032	0.282906	11.96877	0.0000
NORMIEV	-0.008927	0.003844	-2.322308	0.0347
POLINEV	-0.006794	0.002773	-2.449758	0.0271
REGUINEV	0.007179	0.002864	2.506372	0.0242
LEGALIEV	0.006062	0.005096	1.189565	0.2527
COGNNIEV	-3.472766	0.515755	-6.733364	0.0000
R-squared	0.876782	Mean dependent var	1.380952	
Adjusted R-squared	0.835709	S.D. dependent var	0.128915	
S.E. of regression	0.052253	Akaike info criterion	-2.830490	
Sum squared resid	0.040955	Schwarz criterion	-2.532055	
Log likelihood	35.72015	Hannan-Quinn criter.	-2.765722	
F-statistic	21.34709	Durbin-Watson stat	1.596647	
Prob(F-statistic)	0.000002			

The OLS test result shows that when the independent variables: normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNNIEV) were regressed on SMEs Development (SMEDEV), a coefficient of determination (R^2) value of 0.876782 was obtained. The R^2 value of 0.876782 obtained in the OLS is the strength of the model. It suggests that the independent variables, which include: normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNNIEV) jointly explain 88% of the variation in the dependent variable (SMEs Development (SMEDEV)) while other factors or elements not included in this regression model, but taken care of by the error terms accounted for 12% explanation of SMEs Development (SMEDEV). After the model has been adjusted for the degree of freedom, The R-squared value of 0.835709 was obtained. This value indicates the dimensions of institutional environment which together explained approximately 83% of systematic variations in SMEs Development (SMEDEV) after the elements in the model have been adjusted to a degree of freedom.

The OLS test also show that the dimensions of institutional environment: Normative institutional environment (NORMIEV), Political institutional environment (POLINEV), Regulatory institutional environment (REGUINEV), Legal institutional environment (LEGALIEV), and Cognitive institutional environment (COGNNIEV) when grouped together has F-statistic of 21.34709 at Prob (F-statistic) value of 0.000002 which is less than 1%, 5% and 10% level of significance respectively. In a nutshell, this means that there exists a significant linear relationship between institutional environment and SMEs Development in Nigeria at 1%, 5% and 10% level of significance.

The OLS results also confirm the significant relationship between individual dimensions of institutional environment and SMEs Development in Nigeria. The results showed that the dimensions of institutional environment except Legal institutional environment (LEGALIEV) had P-Values of less than 5% level of significance. The test results show that cognitive institutional environment (COGNNIEV) has t-statistics of -6.733364 at p-value (sig) of 0.0000 which is less than 5% level of significance. The result also showed that political institutional environment (POLINEV) had t-statistics of -2.449758 at p-value (sig) of 0.0271, normative institutional environment (NORMIEV) had t-statistics of -2.322308 at p-value (sig) 0.0347, and regulatory institutional environment (REGUINEV) had t-statistics of 2.506372 at p-value (sig) of 0.0242 that are all less than 5% level of significance. However, legal institutional environment (LEGALIEV) had t-statistics of 1.189565 at p-value (sig) of 0.2527 which is greater than 5% level of significance.

From these long run OLS results, the null hypothesis which stated that there is no significant relationship between normative institutional environment (NORMIEV) and SMEs Development in Nigeria is rejected at 5% level of significance. The findings of OLS long run results also signify that the null hypothesis which stated that there is no significant relationship between political institutional environment (POLINEV) and SMEs development in Nigeria is rejected. Similarly, the OLS long run result also suggests that the null hypothesis which stated that there is no significant relationship between regulatory institutional environment (REGUINEV) and SMEs development in Nigeria is rejected. The results also imply that null hypothesis which stated that there is no significant relationship between cognitive institutional environment (COGNNIEV) and SMEs development is rejected. However, the OLS long run results indicate that null hypotheses which stated that there is no significant relationship between legal institutional environment (LEGALIEV) and SMEs development in Nigeria is accepted. These results mean that, at the long run, normative institutional environment (NORMIEV), regulatory institutional environment (REGUINEV), political institutional environment (POLINEV), cognitive institutional environment (COGNNIEV) have a significant impact on SMEs Development in Nigeria while legal institutional environment (POLINEV) does not.

With respect to the direction of the relationship between each of the individual dimensions of institutional environment and SMEs Development in Nigeria, the OLS long run results confirm a negative relationship between SMEs development, and normative institutional environment (NORMIEV), political institutional environment (POLINEV), cognitive institutional environment (COGNNIEV). They however also confirm a positive relationship between SMEs development, and the regulatory institutional environment (REGUINEV) and legal institutional environment (LEGALIEV) in Nigeria. These results suggest the normative, political and cognitive institutional environments developed in Nigeria have not been friendly and conducive for development of SMEs in the country both at short and long run. Rather, they have discouraged and hindered development of SMEs in Nigeria both in the short and long run. However, the regulatory institutional environment (REGUINEV) and legal institutional environment (LEGALIEV) tend to have facilitated, encouraged or enhanced the development of SMEs in Nigeria both in short and long run during period under review. The Durbin-Watson statistic of 1.596647, which is higher than 1.5 criterions, reveals the absence of first-order serial correlation which further confirms no presence of multicollinearity in the model as shown by the correlation coefficients in Table 3. Hence, the model has a goodness of fit and can be used for policy making with re-specification.

Error Correction Model (ECM) Results

ECM test was conducted to examine short-run dynamics and aggregate relationship between the dimension of institutional environments and SME development in Nigeria. It was used to test the formulated hypotheses in order determine the relationship that exist in the short run when normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNNIEV) were regressed on SMEs Development (SMEDEV). The decision rule for accepting the hypothesis formulated to establish the relationship between the independent variables and dependent variables in the short run is that if the t-value is less than 2 or calculated p-values (sig) are greater than 0.05 (5%) level of significance, we accept the null hypotheses (H_0) stated in chapter one. But if the p-values (sig) are less than 0.05 (5%) level of significance the hypotheses will be reject. The results are shown in Tables 4.

Table 4.

Dependent Variable: D(SMEDEV,2)

Method: Least Squares

Date: 02/15/18 Time: 22:45

Sample (adjusted): 3 21

Included observations: 19 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.001177	0.013054	-0.090130	0.9297
D(NORMIEV,2)	-0.001368	0.004305	-0.317815	0.7561
D(POLINEV,2)	-0.009445	0.002269	-4.162973	0.0013
D(REGUINEV,2)	0.006294	0.001891	3.329044	0.0060
D(LEGALIEV,2)	0.005566	0.002477	2.247651	0.0442
D(COGNNIEV,2)	-0.951942	1.146146	-0.830559	0.4224
D (ECM (-1))	-1.237273	0.250483	-4.939542	0.0003
R-squared	0.824253	Mean dependent var	1.34E-17	
Adjusted R-squared	0.736380	S.D. dependent var	0.110554	
S.E. of regression	0.056763	Akaike info criterion	-2.622558	
Sum squared resid	0.038664	Schwarz criterion	-2.274606	
Log likelihood	31.91430	Hannan-Quinn criter.	-2.563670	
F-statistic	9.379998	Durbin-Watson stat	1.753936	
Prob(F-statistic)	0.000596			

The ECM test result shows that when the independent variables: normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), cognitive institutional environment (COGNNIEV) and their residual (ECM) were regressed on SMEs Development (SMEDEV), a coefficient of determination (R^2) value of 0.824253 was obtained. The R-squared value of 0.824253 observed in ECM results indicated the strength of the model. It suggests that the independent variables, which include: normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNNIEV) jointly explain 82.4% of the variation in the dependent variable (SMEs Development (SMEDEV) while other factors or elements not included in this regression model, but taken care of by the error terms accounted for 18.6% explanation of SMEs Development (SMEDEV). After the model has

been adjusted for the degree of freedom, the R-squared value of 0.736380 was obtained. This value indicates the dimensions of institutional environment all together explain approximately 74% systematic variations in SMEs Development (SMEDEV) after the elements in the model have been adjusted to a degree of freedom.

The test also shows that the dimensions of institutional environment: normative institutional environment (NORMIEV), political institutional environment (POLINEV), regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV), and cognitive institutional environment (COGNNIEV) when grouped together has F-statistic of 9.379998 at Prob (F-statistic) value of 0.000596 which is less than 1%, 5% and 10% level of significance. This means that overall there exist a significant linear relationship between institutional environment and SMEs Development in Nigeria at 1%, 5% and 10% level of significance.

Equally important is the results of the model which confirm the significant relationship between individual dimensions of institutional environment and SMEs Development in Nigeria. The results showed that the dimensions of institutional environment except normative institutional environment (NORMIEV) and cognitive institutional environment (COGNNIEV) had P-Values of less than 5% level of significance. The test results show that political institutional environment (POLINEV) has t-statistics of -4.162973 at p-value (sig) of 0.00013 which is less than 5% level of significance. The result also showed that legal institutional environment (LEGALIEV) had t-statistics of 2.24765 at p-value (sig) of 0.044 which is less than 5% level of significance. It shows that regulatory institutional environment (REGUINEV) had t-statistics of 3.329044 at p-value (sig) of 0.0060 which is less than 5% level of significance. The results also confirm that the ECM has t-statistics of -4.939542 at p-value (sig) of 0.0003 which is less than 5% level of significance. This further confirms that the relationship runs from institutional environment elements to SMEs development. However, the short run results show that cognitive institutional environment (COGNNIEV) has t-statistics of -0.317815 at p-value (sig) of 0.7561 which is greater than 5% level of significance. It also shows that normative institutional environment (NORMIEV) had t-statistics of -0.317815 at p-value (sig) of 0.7561 which is greater than 5% level of significance. Judging from the t-statistics of each explanatory variables, political institutional environment (POLINEV) tend to have the greatest impact followed by the regulatory institutional environment (REGUINEV) and legal institutional environment (LEGALIEV) in that order.

From the short run results, we reject the null hypothesis which stated that there is no significant relationship between political institutional environment (POLINEV) and SMEs development in Nigeria. The null hypothesis which stated that there is no significant relationship between regulatory institutional environment (REGUINEV) and SMEs development in Nigeria is also rejected. In the same vain, the null hypothesis which stated that there is no significant relationship between legal institutional environment (LEGALIEV) and SMEs development in Nigeria is rejected. However, the null hypothesis which stated that there is no significant relationship between normative institutional environment (NORMIEV) and SMEs Development in Nigeria is accepted. We also accept the null hypothesis which stated that there is no significant relationship between cognitive institutional environment (COGNNIEV) and SMEs development. These findings indicate that regulatory institutional environment (REGUINEV), legal institutional environment (LEGALIEV) and political institutional environment (POLINEV) significantly and negatively impact SMEs

Development in Nigeria while normative institutional environment (NORMIEV) and cognitive institutional environment (COGNNIEV) have a positively significant impact on SMEs development in Nigeria at a short run.

The results also revealed the direction of the relationship between each of the individual dimensions of institutional environment and SMEs Development in Nigeria. It was shown that while normative institutional environment (NORMIEV), political institutional environment (POLINEV), and cognitive institutional environment (COGNNIEV) have a negative relationship with SMEs development in Nigeria. The regulatory institutional environment (REGUINEV) and legal institutional environment (LEGALIEV) have a positive relationship with SMEs development in Nigeria in the short run. This indicates the normative, political and cognitive institutional environments developed in Nigeria have not been friendly and conducive for development of SMEs in the country. Rather, they have discouraged and hindered development of SMEs in Nigeria. However, the regulatory institutional environment (REGUINEV) and legal institutional environment (LEGALIEV) tend to have facilitated, encouraged or enhanced the development of SMEs in Nigeria. The Durbin-Watson statistic of 1.753936 reveals the absence of first-order serial correlation which further confirms no presence of multicollinearity in the model as shown by the correlation coefficients in Table 3. Hence, the model has a goodness of fit and can be used for policy making with re-specification.

CONCLUSION

The conceptual model developed and tested for this study found support for the theoretical framework as it uncovered strong links between institutional environment and SMEs development in Nigeria. In this regard, the study concludes that SMEs development in Nigeria is strongly conditioned by the institutional environment of the country. It specifically concluded that most indicators of institutional environment considered in this study were found not only weak, poor and low but have also discouraged individual engaging on venture creation, and the development of SMEs in Nigeria. The study concludes that except regulatory and legal institutions in Nigeria, other dimensions of institutional environment have not effectively stimulated SMEs development in Nigeria rather have retarded the formation of SMEs in Nigeria.

Recommendations

Based on the findings from the empirical analysis, the following recommendations are made:

1. The study recommends that policy makers should effectively channel their effort towards enhancing the quality of legal environment. This can be done by creating economic courts across the state of the federation to protect business from theft, violence, contractual breaches and other acts of predation that may discourage entrepreneurs. The legal environment of business can also be enhanced by ensuring that justice is accessible in the country, and the process by which justice is delivered and laws enacted, administered and enforced is fair and efficient.
2. The Government of Nigeria should enhance the quality of regulatory environment by directing regulatory bodies like Corporate Affairs Commission (CAC) to further reduce the cost of obtaining permits and registering small scale businesses. The regulatory environment can also be improved upon by directing regulatory agencies to reduce the

procedures (stages) and time (days) of obtaining permits, licenses, verifications, and other notifications to start business operations. It can also improve by reducing the cost and process of enforcing contracts, obtaining Certificates of Occupancy (CofO) and dealing with construction permits. Equally important, the regulatory institutional environment can be enhanced by directing FIRS and other related bodies to give tax holidays and exemptions of newly registered SMEs from stringent and rigid regulatory permits and procedures. Central Bank of Nigeria should also drive credit schemes for SMEs across sectors which should be flexible, supportive, fast and easy to access.

3. The negative effect of weak quality of political institutional environment in Nigeria can be mitigated if government of Nigeria intensifies efforts in building strong and stable political environment. This can be done by formulating and implementing bills that would further strengthen the process of selecting and electing officers into power, making government to accountable to the people, and strengthening the security apparatus in the police, Military and other law enforcement agencies to fight crime and secure the nation. The security should architecture should be empowered to intensify effort in making the country free from politically motivated violence, internal conflicts, religious tensions, terrorism, kidnappings, incessant robberies, activities of militants in the Niger Delta and other issues or actions threatening the unity, stability and security of the people and business in the country.
4. Government of Nigeria should reform the cognitive institutions through revamping of educational system (primary, secondary, and tertiary education) as center of innovation where people can gain valuable knowledge and skills to engage themselves in entrepreneurial ventures. The government should ensure the educational system is structured towards problem-solving, idea generations and creativity to mitigate the negative effect of cognitive institutions on SMEs development.
5. Government of Nigeria should be sincere and committed in promoting moral, ethical and positive cultural norm in the country to mitigate the negative effect of weak normative institutional environment on SMEs development in Nigeria. This can be done by eliminating all forms of bribery and corruption in every sector of economy through devoting special court to corrupt cases to speed up trials, strengthening EFCC and ICPC capacity operate independently in checking the incidences of corruption in the country and teaching of moral values in our educational system.

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CAPITAL ALLOWANCE INCENTIVE AND FINANCIAL PERFORMANCE OF QUOTED AGRIBUSINESSES IN NIGERIA

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ABSTRACT

This research examined the impact of capital allowance on financial performance of quoted agribusinesses in Nigeria from 2005 – 2018 using five companies. The study adopted the longitudinal survey design. The study proxied capital allowance using initial allowance, annual allowance and investment allowance, while financial performance was measured using profit before tax (PBT) of the selected companies. The Ordinary Least Square (OLS) regression technique was used to analyze the behaviour of the variables. Our findings suggest a positive but non-significant relationship between initial allowance, annual allowance and financial performance of quoted agribusinesses in Nigeria. However, investment allowance has a positive and significant relationship with financial performance of quoted agribusinesses in Nigeria. The study therefore recommends that quoted agribusiness in Nigeria should be conducted and managed in compliance with applicable laws and regulations, supervisory requirements, internal policies and procedures, which are necessary for its survival and qualification for initial allowance; since many companies have experienced losses irrespective of the availability of tax incentives because it was not properly handled, qualified accountants must be engaged by agribusinesses to assist in the area of computation of all necessary capital allowances, especially annual allowance; agribusinesses should take great advantage of investment allowances as it encourages the acquisition and utilisation of machinery, equipment, and other qualifying non-current assets in productive activities among others; finally a unified reporting standard and guidelines be adopted in sustainability reporting of agribusinesses as this will help to enhance uniformity in reporting and comparison.

Keywords: Capital allowance, agribusiness, initial allowance, annual allowance, investment allowance

INTRODUCTION

Agribusinesses are established companies with activities in the business of large-scale farming and livestock production. They acquire relevant equipment for processing, packaging and storing food and beverages to generate revenue and improve per capital food intake (Oni, 2013). Agribusinesses are important in stimulating agricultural development, raising the degree of self-reliance of developing nations, and accelerating their economic growth and sustained progress towards elimination of disparities.

Agriculture was the mainstay of the Nigeria economy as it provides food for the teeming masses, create job opportunities, and generate foreign exchange for the nation until the black gold called petroleum was discovered in 1956. With the discovery of petroleum, agriculture is relegated to the background. Today the petroleum sector which was just a moderate contributor to the economy became very important from 1970s. CBN (2011) submits that petroleum accounts for approximately 95% of the country's foreign exchange earnings and 65% of the national budget revenues. In spite of its large size, diversified structure and roles, there is growing concern about the low level of performance of agribusinesses in Nigeria. Their dismal performance has been partly attributed also to deficient pricing policies, inappropriate investment decisions, capacity underutilization, inability to generate adequate working capital and maintain existing investments, and high level of indebtedness (Ukpabi, 2015). These have led to the collapse of many agribusinesses with its antecedent implications on the food security in Nigeria. Over the past couple of decades, the Nigerian nation has been facing rapid growth in population of about 3% with declining food per capita over the years (Olatudun 2008). From the submission of Nwanyanwu (2018), one of the factors causing food insecurity in Nigeria is the massive post-harvest losses of agribusinesses, which have been estimated to be as high as 20 percent and the poor state of the sector in the country.

It is therefore imperative to reverse this alarming trend, and make agricultural sector of the Nigeria economy come back its lost glory. In achieving this laudable goal, scholars, policy makers, researchers and many others identified tax incentive as a veritable weapon. From the submission of Oriakhi and Osemwengie (2013) tax incentive is a concession given to the tax payer to reduce tax liability, such as capital allowance, investment allowance, tax holiday, etc. It is designed to encourage investment in certain preferred sectors of the economy and sometimes it is geared towards attracting in-flow of foreign exchange to compliment domestic supplies for rapid economic growth and development. Generally, these incentives are in the areas of manufacturing, export, agriculture and solid mineral, among others. These incentives include: personal allowance, capital allowance, investment allowance, loss relief, roll over relief, annual allowance, pioneer relief, tax free dividend, export processing zones relief, research and development and tax free holiday. It is good to note that the incentives are to ease off the burden of tax on tax payers (Oriakhi & Osemwengie, 2013).

Capital allowance is a type of tax incentive which is offered to tax payers that incur qualifying capital expenditure. Capital expenditures are used to generate revenue for the business and since depreciation is a non-allowable expense, an alternative measure in the form of capital allowance has been put in place as an incentive to the tax payer to boost their financial performance. Capital allowance is the repayment of the cost of an asset by the relevant tax authority to a trader or businessman over a considerable period of time in

order to encourage automation in the industry. But empirical evidence on the extent to which capital allowance enhance the financial performance of agribusiness in Nigeria seems to be inadequate. It is upon this premise that this study is consummated to investigate the impact of capital allowance on financial performance of agribusiness in Nigeria. For the purpose of this study, capital allowance is operationalized as initial allowance, annual allowance and investment allowance.

Hence, the specific objectives are to:

- i. determine the effect of initial allowance on financial performance of quoted agribusiness in Nigeria,
- ii. determine the relationship between annual allowance and financial performance of quoted agribusiness in Nigeria, and
- iii. investigate the extent to which investment allowance influence financial performance of quoted agribusiness in Nigeria.

In view of the above objectives, the following propositions stated in the null form are made:

Ho₁: Initial allowance has no significant effect on financial performance of quoted agribusiness in Nigeria.

Ho₂: There is no significant relationship between annual allowance and financial performance of quoted agribusiness in Nigeria.

Ho₃: Investment allowance has no significant influence on financial performance of quoted agribusiness in Nigeria.

LITERATURE REVIEW

Concept of Capital Allowance

In the course of running a business, firms acquire assets which are used in generating income for the business. As a result of usage and overtime, these assets reduce in value. For accounting purpose, companies and businesses recognize such reduction through the concept of depreciation, which increases operating expenses and decreases operating income. The cost of using these assets which benefit the business over a period of one year is written off to the statement of income by the process called depreciation. Depreciation is a capital expense charged in the statement of income to represent the use or reduction in the value of an asset used in the business. Because businesses use various methods of depreciation, tax authorities do not allow it as chargeable expenditure for the purpose of ascertaining income. In place of depreciation, the Companies Income Tax Act (CITA) allows capital allowance claimable at various rates in respect of qualifying capital expenditures. Capital allowance is the repayment of the cost of an asset by the relevant tax authority to a trader or businessman over a considerable period of time in order to encourage automation in the industry. It is granted in the view if depreciation of assets in use in the business for tax purposes. Schedule II of the Companies Income Tax Act (CITA) (1990) lists assets on which capital expenditure can be incurred to include building (non-industrial), industrial buildings, mining expenditures, plants (excluding furniture & fittings), manufacturing industrial plant, construction plant, public transport motor vehicles, ranching and plantation expenditures, research and development expenditures, motor vehicles, agricultural plants, housing estate,

and furniture and fittings. These assets as qualifying capital expenditure and the rates are determined by government (Akenbor & Nwaiwu, 2016).

For capital allowances to be granted on qualifying capital expenditure, the following conditions must be satisfied: the qualifying capital expenditure must not be hired but owned by the tax payer claiming the allowance; the qualifying capital expenditure must be used for the purpose of the business or trade of the tax payer; the qualifying capital expenditure must be in use in the trade, business, profession or vocation at the end of the basis period in respect of which a claim is made; the company or person must make a claim for capital allowances to the relevant tax authority; where applicable, an 'acceptance certificate' for the asset issued by the Factory Inspectorate Division of the Federal Ministry of Labour must be produced. It is worthy of note that the value of capital expenditure requiring certificate was N20,000 before 1995. With effect from 1995 tax year this has been increased to N 500,000; for a building that is acquired on second - hand basis and previously used for business or trade, no initial allowance can be claimed; and the qualifying capital expenditure must be acquired in arms-length transaction and not transaction with related parties (Ukpabi, 2015).

Initial Allowance

This is the very first allowance granted to any qualifying capital expenditure by the tax authority in the first basis period which the asset was put to use for the purpose of the business. Kiabel (2012) goes further to explain that it is an allowance granted to a business which has incurred qualifying capital expenditure in the year of assessment in which the asset representing such expenditure was first put to use for the purpose of the business. The amount of the initial allowance is arrived at by applying the relevant percentage on the cost of the asset. This amount of allowance is not prorated in relation to the length of the basis period of the year of assessment. It is also not reduced because the asset was acquired at any date during the basis period. Therefore, initial allowance is claimable in full irrespective of the length of the basis period during which the asset was first put into use, as it is once and for all allowance. One situation where initial allowance can be apportioned is where there is an element of private use of the asset. More so it can be reduced by the tax authority if it is of the opinion that the seller or buyer has control over each other or both are controlled by another person. Here, the tax authority may determine what amount is reasonable and just for initial allowance.

Annual Allowance

CITA (1990) provides that, where in the basis period for a year of assessment, the owner of an asset has incurred in respect thereof of qualifying expenditure wholly, exclusively, necessarily and reasonably for the trade or business carried on by it whether or not an initial allowance has been made to it in respect of that qualifying expenditure, there shall be made to that individual for each year assessment in basis period for which that asset was used for the purposes of the trade or business an allowance (hereinafter called an annual allowances) at the specified rate in respect thereof for deducting initial allowance where applicable. Provided that an amount of N10 shall be retained in the accounts for tax purposes until the asset is disposed. With effect from 1985, annual allowance is computed on straight line basis. That is, the qualifying capital expenditure less initial allowance and residue value is spread evenly over the life of the asset. When the period covered is less than one year, it shall be proportionately reduced (Barineka, 2007).

Investment Allowance

Investment allowance is used as a strategy by the Nigerian tax system to encourage investment in some preferred sector of the economy. From the submission of Ojo (2003), investment allowance in Nigeria has the following key features: it is usually granted once in the "life" of a qualifying capital expenditure and in the first year when the qualifying capital expenditure is first put into use; it is an additional allowance and hence cannot be considered in the process of computing the tax written down value of the qualifying capital expenditure; where the investment allowance in any particular tax year but there is either no profit or the profit available is not enough to cover the investment allowance, then the investment allowance unutilized cannot be carried forward unlike both initial and annual allowance.

The investment allowances that are currently available under the Nigerian tax regime are:

- a) 25% investment allowance is granted where an asset in respect of which a company has incurred qualifying expenditure is damaged in any part of Nigeria at any time during the period of the Nigerian civil war commencing 16th July, 1967 and ending 16th January, 1970 as a result of any military operations, and the company incurs expenditure after 1st April, 1969 in acquiring a new asset in replacement of the damaged one.
- b) 10% investment allowance is available on production machinery in use by manufacturing concerns
- c) 10% investment allowance on plant and machinery of business in the agricultural sector of the economy
- d) 15% investment allowance on plant and machinery acquired in the replacement for obsolete ones
- e) 25% investment tax credit on the assets of companies engaged in the local fabrication of small tools and machine
- f) 15% investment allowance can be claimed by a tax payer who uses the locally fabricated small tools and machine
- g) Rural investment allowance from 1992. This is granted to tax payers who are located in a place which is at least 20km away from normal facilities. The investment allowance is granted at the following rate:
 - i. No Electricity - 50% of QCE in the first year only
 - ii. No Water - 30% of QCE in the first year only
 - iii. No Tarred Road - 15% of QCE in the first year only
 - iv. No Telephone - 5% of QCE in the first year only (Ojo, 2003).

Theoretical Framework

This study is anchored on normative theory, which states that development of the institutional structure of government creates a set of incentives as well as constraints within which governments and other actors operate. These incentives shape the path of development, and different governments may evolve in different ways, not all of which are efficient. Tax policy-making and tax administrative reform therefore evolve simultaneously

and symbiotically. The institutional theory developed here provides a generalizable framework that we believe can be used to better understand the development of tax policy and administration across time and cultures. It offers an attractive model for description, explanation and prediction (Tresch, 2014). This theory also covers all the objectives since it gives an overview of actions taken by players in an administration due to incentives provided by that administration. In the case of this study the theory suggests that influx of agribusiness is anchored on tax incentives provided other than the need to add value to the economy.

In line with this theory, it has been argued that every incentive has advantages and disadvantages, and it is therefore extremely difficult to determine one set of incentives which work for very for different economies with different challenges and circumstances. Broadway and Shah (1994) argue that any benefit such as an incentive allocated by public servants or politicians is potentially open to abuse and corruption. There is therefore a strong argument that incentives should be automatically available to all investors who meet a set of open and transparent criteria. However, an alternative argument is that firms should receive just enough incentive to induce them to invest, and no more.

Empirical Review

Nwanyanwu (2018) conducted a study titled "capital allowance and net profit margin of quoted agro-allied companies in Nigeria". The study examined the association between investment allowance, rural investment allowance and net profit margin. The result of the analysis indicates that the items of investment allowance all have substantial mean values indicating significant levels of affirmation to the indicators and manifestations of investment allowance in the quoted agro-allied companies in Nigeria. More so, the result shows that the indicators of rural investment allowance all have a mean value (\bar{x}) > 2.50 substantial mean values indicating significant levels of affirmation to the indicators and manifestations of rural investment allowance in the selected organizations of the study.

Kuria, Omboi and Achoki (2017) investigated the effect of capital allowance incentive on the performance of export processing zones (EPZ) firms in Kenya. The result of their findings shows that capital allowance tax incentives have significant relationship with the performance of EPZ firms in Kenya.

Adamu (2014) conducted a study titled "tax incentive as a real modifier for industrial growth and development in Nigeria." The study investigated tax incentive as a modifier for industrial growth and development in Nigeria. The study was primarily undertaken to evaluate the effectiveness of tax incentives in the development of the Nigerian economy and the extent to which individuals and companies have been responding to the incentive scheme, and how these incentives have been stimulating and motivating these bodies on employment opportunities. This empirical study used a well- structured questionnaire to assess the relationship that exists between tax incentives, industrial development and economic growth among the four different incorporated industries and firms selected in Jos, Plateau State. It was discovered that the tax incentives granted were not sufficient enough to sustain the desired development for which it was granted.

Agundu and Ohaka (2013) critically examined the extent to which capital allowance served as veritable investment incentive to stakeholders in the Nigerian manufacturing sector. The corporate financial performance measures considered for the study were profit

after tax (PAT), return on total assets (ROTA), and return on shareholders' equity (ROSE). Statistical results proved the efficacy of capital allowance as it had significant association with PAT, ROTA and ROSE.

Chukwumerije and Akinyomi (2011) conducted a study on “the impact of the tax incentives on the overall performance of registered small scale industries in Rivers State”. Eleven, out of the twenty two registered small scale food and beverages manufacturing industries in Rivers State were selected randomly for the study. By means of questionnaires, responses were gathered from 260 persons. The researchers used percentages and chi-square in the analysis of data and hypotheses testing respectively. The research findings showed that tax incentives have a positive and significant effect on the profitability, staff strength, growth, and development of small scale industries.

METHODOLOGY

This study adopted the longitudinal survey design. A longitudinal survey design studies a phenomenon, event or group over a period of time. Thus data are collected about the same phenomenon or groups at different points in time without any attempt on the part of the researcher to influence the situation (Agbonifoh & Yomere, 1999).

The population of this study consists of five (5) agribusiness quoted on the floor of the Nigerian Stock Exchange, and the time scope covers the period of 14 years (i.e 2005 to 2018). The data relating to these variables were extracted from the company's published annual reports and accounts.

The data generated for this study were analyzed with both the descriptive analysis and inferential analysis. While the mean as a form of descriptive analysis was used in describing the data, the ordinary least squares (OLS) regression technique was used in testing the stated hypotheses. These were computed with the aid of the Statistical Package for Social Sciences (SPSS) version 22.

Operationalization and Measurement of Variables

For the purpose of this study, financial performance was measured by profit before tax (PBT), while the dimensions for capital allowance are initial allowance, annual allowance and investment allowance.

S/N	Variable	Measurement
1.	Financial Performance	Profit before tax, obtained from the statement of profit and loss
2.	Initial Allowance	Approved rate for the particular asset
3.	Annual Allowance	Cost of the asset – initial allowance ÷ 100 ÷ annual allowance rate of the asset
4.	Investment Allowance	Approved rate for the particular asset

Model Specification and Estimation

The following functions are stated for this study:

$$PBT = f (IA) \dots\dots\dots (1)$$

$$PBT = f (AA) \dots\dots\dots (2)$$

$$PBT = f (INA) \dots\dots\dots (3)$$

$$PBT = f (IA, AA, INA) \dots\dots\dots (4)$$

From the above functions, the following testable model is derived:

$$PBT = \beta_0 + \beta_1 IA + \beta_2 AA + \beta_3 INA + \mu \dots\dots\dots (5)$$

Where:

PBT = Profit Before Tax

IA = Initial Allowance

AA = Annual Allowance

INA = Investment Allowance.

μ = Error Term

β = Beta Coefficient.

Descriptive Analysis

The data generated for this study were analysed descriptively in this section, and the results obtained were presented in table 1 below.

Table 1: Result of Descriptive Statistics

	PBT	IA	INA	AA
	N'000	N'000	N'000	N'000
Mean	1551139.	423226.5	67833.93	409317.3
Median	841138.0	188811.5	66012.00	425798.0
Maximum	7301383.	1488003.	119274.0	619034.0
Minimum	109570.0	52581.00	7038.000	161220.0
Std. Dev.	2009610.	481187.2	32259.19	129902.7
Skewness	1.904860	1.365038	-0.125103	-0.273035
Kurtosis	5.834801	3.480730	2.250516	2.649173
Observations	14	14	14	14

The descriptive statistics in Table 1 above shows that the mean values of PBT (profit before tax), IA (initial allowance), INA (investment allowance) and AA (annual allowance) of quoted agribusinesses in Nigeria are **N1551139**, **N 423226.5**, **N 67833.93** and **N 409317.3** respectively. The skewness of profit before tax (PBT) and initial allowance (IA) are above zero indicating a positive skewness. However the skewness of investment allowance (INA) and annual allowance (AA) are less than zero, thus, indicating a negative skewness. Thus, there is a right long-tailed distribution for profit before tax (PBT) and initial allowance (IA). On the other hand, investments allowance (INA) and annual allowance (AA) are moderately skewed to the left. The Kurtosis of a normal distribution is 3. Table 1 shows that the kurtosis of PBT and IA are greater than 3 which implies that the distributions are leptokurtic. INA and AA each have a Kurtosis of less than three (3), indicating that the distributions are platykurtic.

Test of Hypotheses

In an attempt to test the three hypotheses stated in this research work, the variables were tested using multiple regression to determine the extent to which the independent variables influences the dependent variable in the study, that is, to determine the predictive power of the effect of capital allowances on financial performance.

Ho₁: Initial allowance has no significant effect on the financial performance of quoted agribusiness in Nigeria.

To test this hypothesis, data generated on initial allowance and net profit before tax of the selected agribusinesses were regressed, and the result obtained is presented in the table below.

Table 2: Effect of initial allowance on financial performance of quoted agribusiness

Model	R	R Sq.	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df 1	df2	Sig. Change	F
1	.316	.100	.025	1984366.27	.100	1.333	1	12	.271	

Table 2 above indicates a correlation coefficient of 0.316 which shows that there is a weak positive relationship between initial allowance and financial performance of quoted agribusiness in Nigeria. The coefficient of determination (R-square) of 0.100 shows that 10% of the variations in the financial performance is explained by initial allowance. The 90% variance in financial performance of quoted agribusiness in Nigeria is explained by other determining factors not captured in the model. The adjusted R-square showed that initial allowance accounts for 2.5% of the variance in the profit before tax of quoted agribusiness in Nigeria. The F-ratio (1.333) and the P-value (0.271) suggest that there is a positive but insignificant relationship between initial allowance and financial performance of quoted agribusiness in Nigeria at 5% level of significance.

Ho₂: There is no significant relationship between annual allowance and the financial performance of quoted agribusiness in Nigeria.

To test this hypothesis, data generated on annual allowance and net profit before tax of the selected agribusinesses were regressed, and the result obtained is presented in the table below.

Table 3: Relationship between annual allowance and financial performance of quoted agribusiness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df1	df2	Sig. Change	F
1	.208	.043	-.036	2045782.0	.043	.544	1	12	.475	

Table 3 above indicates a correlation coefficient of 0.208 which shows that there is a weak positive relationship between annual allowance and financial performance of quoted agribusiness in Nigeria. The coefficient of determination (R-square) of 0.043 shows that 4.3% of the variations in financial performance is explained by annual allowance. The 95.7%

variance in financial performance of quoted agribusiness in Nigeria is explained by other determining factors not captured in the model. The Adjusted R-square showed that annual allowance accounts for 3.6% of the variance in the profit before tax of quoted agribusiness in Nigeria. The F-ratio (0.544) and the P-value (0.475) suggest that there is a positive but insignificant relationship between annual allowance and the profit before tax of quoted agribusiness in Nigeria at 5% level of significance.

Ho₃: Investment allowance has no significant influence on financial performance of quoted agribusiness in Nigeria.

To test this hypothesis, data generated on annual allowance and net profit before tax of the selected agribusinesses were regressed, and the result obtained is presented in the table below.

Table 4: Effect of Investment Allowance on Financial Performance

Model		R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df2	Sig. Change
1	.637	.405	.356	1612926.4	.405	8.181	1	12	.014

Table 4 above indicates a correlation coefficient of 0.637 which shows that there is a high positive relationship between investment allowance and performance of quoted agribusiness in Nigeria. The coefficient of determination (R-square) of 0.405 shows that 40.5% of the variations in financial performance is explained by investment allowance. The 59.5% variance in profit before tax of quoted agribusiness in Nigeria is explained by other determining factors not captured in the model. The Adjusted R-square showed that investment allowance accounts for 35.6% of the variance in financial performance of quoted agribusiness in Nigeria. The F-ratio (8.181) and the P-value (0.014) suggests that investment allowance has a positive and significant effect on financial performance of quoted agribusiness in Nigeria at 5% level of significance.

DISCUSSION OF FINDINGS

In assessing the relationship between capital allowance and the financial performance of quoted agribusiness in Nigeria, three explanatory variables were taken into account: initial allowance, annual allowance and investment allowance.

The results of our study showed that there is a positive but insignificant relationship between initial allowance, annual allowance and the profit before tax of quoted agribusiness in Nigeria. However, Investment Allowance was found to have a positive and significant relationship with profit before tax of quoted agribusiness in Nigeria. The findings of our study however corroborate the results of Nwanyanwu (2018), Agundu and Ohaka (2013) and Chukwumerije and Akinyomi (2011) which states that there is a positive and significant association between capital incentives and profitability of quoted agribusiness in Nigeria. The findings of our study is also consistent with the results of Kuria, Omboi & Achoki (2017) which states that capital allowance tax incentives have significant relationship with the performance of EPZ firms in Kenya.

CONCLUSION AND RECOMMENDATIONS

This study investigated the relationship between capital allowance and the financial performance of quoted agribusiness in Nigeria using panel data of five companies from 2005–2018. Based on the findings of the study, it is concluded that a positive but non significant relationship exist between initial allowance and financial performance of quoted agribusinesses in Nigeria. The study also came to the conclusion that annual allowance has a positive but non significant relationship with financial performance of quoted agribusiness in Nigeria. However, the study gathered that a positive and significant relationship exists between investment allowance and financial performance of quoted agribusiness in Nigeria.

In conclusion the government should keep giving tax incentives to agribusiness and other preferred sectors of the economy since investment allowance has a positive and significant relationship with profitability to continue encouraging investment in the preferred sectors of the economy in Nigeria. This is because if adequate tax incentives are granted to the preferred sectors, the activities of these sectors can boost the economy of Nigeria by contributing significantly to the Gross Domestic Product (GDP).

The study therefore recommends as follows:

1. Quoted agribusiness in Nigeria should be conducted and managed in compliance with applicable laws and regulations, supervisory requirements, internal policies and procedures, which are necessary for its survival and qualification for initial allowance.
2. Many companies have experienced losses irrespective of the availability of tax incentives because it was not properly handled. Therefore qualified accountants must be engaged to assist in the area of computation of all necessary capital allowance, especially annual allowance.
3. Quoted agribusiness should take great advantage of investment allowance as it encourages the acquisition and utilisation of machinery, equipment, and other qualifying non-current assets in productive activities.
4. A unified reporting standard and guidelines be adopted in sustainability reporting of agribusinesses as this will help to enhance uniformity in reporting and comparison.

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APPENDIX

Average values of capital allowance and PBT of quoted agribusiness in Nigeria.

YEARS	PBT N'000	IA N'000	INA N'000	AA N'000
2005	187,689	642,377	31,998	206,304
2006	290,695	66,901	7,038	161,220
2007	109,570	1,389,396	51,826	478,828
2008	515,996	52,581	65,867	497,205
2009	216,403	77,797	66,157	454,943
2010	325,394	752,107	33,132	619,034
2011	1,422,920	199,797	83,607	332,915
2012	1,566,644	156,714	46,346	371,076
2013	1,014,875	177,826	84,335	404,315
2014	1,001,961	284,354	87,801	304,897
2015	680,315	1,488,003	98,813	420,364
2016	7,301,383	132,399	119,274	443,973
2017	3,908,867	79,854	112,997	431,232
2018	3,173,233	425,065	60,484	604,136

Source: Annual Published Financial Statements of Quoted Agribusinesses



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EFFECT OF VALUE CO-CREATION ON CUSTOMERS' LOYALTY IN SOUTH-SOUTH, NIGERIA

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ABSTRACT

The general objective of the study is to ascertain the effects of value co-creation on customers' loyalty with particular reference to Fashion-design enterprises in Warri Metropolis of Delta State, South-South, Nigeria. A cross-sectional survey research approach was adopted for the study with self-administered questionnaire used in collecting primary data from a sample size of 215 fashion-design enterprises. The study which is anchored on the resource theory of social exchange explored three constructs and adopted descriptive statistics, correlation and multiple regression analysis for the analysis of data. The findings indicated that customer engagement, resource integration and product customization are value co-creation dimensions and are positively related, and have a significant positive effect on customers' loyalty. The study therefore concluded that value co-creation has effect on customer's loyalty. The study recommended that today's fashion-design enterprises should make efforts to retain customers by co-creating and delivering value that their customers desire. This can be achieved by creating a compelling customer engagement, resource integration and product customization that will engender customers' loyalty.

Keywords: Effects, Value Co-Creation, Customer Engagement, Resource Integration, Product Customization

INTRODUCTION

In recent years, most organizations have shown serious concerns on the overall satisfaction of their customers and clients in an attempt to minimize their migration to competitors. With the increasing role customers played in the sustainability of today's organizations and the exalted position of 'Kingship' that has been accorded them over the years, there is a paradigm shift from company level focus into customer level focus (Kumar and Petersen, 2013). Today, the world is becoming a small place to live in with the mutual sharing of knowledge, information, ideas and engagement being made possible through co-creating. Besides, today's lifestyle and the structure of consumption have changed in such a way that service providers most times reach the competitive edge to retain their customers.

Hence, one strategy to achieving improved marketing performance is value co-creation, which indicates a mutual creation of value and experience, especially in case of Fashion-designers enterprises.

Value co-creation is a relatively new marketing strategy in most developing countries (Nigeria inclusive) but has been deployed effectively in different parts of the globe especially in developed countries (Ahmed, 2012). With this evolution, firms have to re-evaluate their marketing strategies to succeed in the competitive business environment and to increase their profitability (Hoyer, Chandy, Dorotic, Krafft & Singh, 2010). Customers are now demanding customized and personalized products and services to feel unique and stand out from the crowd, so firms are beginning to change their focus from the features of products to customer benefits. Ranjan and Read (2014) posit that value co-creation can occur either (1) in the process of experiencing the offer by the consumer, or (2) when consumers are engaged in value proposition development. Accordingly, there are two manifestations of value co-creation. One is observed during the process of consuming a product by a customer (value-in-use), while the other occurs when organizations and their customers work together on developing a value proposition (Piotr & Jolanta, 2017).

While users are acquainted with context-of use information, specialized manufacturers have generic solution information. This is why users, led by their personal experiences, can suggest novel product functionalities, while manufacturers tend to offer improvements to better serve well-known needs (Piotr & Jolanta, 2017). While using products, customers form opinions on their utilities and shortcomings. They also develop ideas for entirely new products or modified versions. Consequently, inviting customers to share their knowledge – before a competitor does so – is an important managerial task. To increase competitiveness, firms tend to acquire valuable knowledge from multiple external sources (including customers) and combine it with internal knowledge resources (Piotr & Jolanta, 2017). Co-creation recognizes the influence and power of consumers in the development of brands (Choo, Moon, Kim and Yoon, 2012). This has shifted the focus of marketing away from a product-focused approach to the identification, mirroring and servicing of customer needs. Brand value can be co-created via interaction that acts as a dialogue between the organization and its customers (Grönroos, 2011; Grönroos and Voima, 2011).

The fashion industry involves significant innovation and creativity, satisfying the criteria of both aesthetic design and utility to customers. Fashion designs may also be manifestations of symbolism, art and culture. Globally, fashion is a multi-billion dollar industry and provides jobs for models, beauticians, designers and make-up artists, producers, manufacturers, textile designers, event organizers etc. It is also intrinsically associated to other creative industries, including the arts, music and film. Designer Fashion Enterprises, DFEs, are fashion design enterprises that produce products within the upper market segments between designer luxury and contemporary price-points, and are in the earliest stages of development. SME designer fashion enterprises have been identified as key sectors of economic growth within the fashion industry (British Fashion Council, 2012). Throughout their development, they create exceptional and dynamic networks to aid their economic sustainability. These networks infuse all levels of the supply chain as DFEs develop influential relationships, partnerships and collaborations with textile manufacturers, suppliers, sales representatives, retailers and PR agencies, all over the global fashion system

(Karra, 2008). Perceived value of products and brand equity, built via the process of co-creation, develops the justification for the premium price related to luxury goods positioned within the highest product category segments (Tynan, McKechnie & Chhuon, 2010).

Despite the vast and rapid change in the market, most firms still depend on firm-level organizations for designing their marketing strategies. In today's globalized world, economic activities have shifted from basically domestic affairs to a more complex international relationship; and that, in itself, poses new challenges. Consequently, developing economies like Nigeria have to face the challenge of how to attain competitive advantages in key economic sectors. The production of technological knowledge is concentrated in industrial countries and developing nations are still lagging behind as far as competition on the technological frontiers is concerned. In addition, organizations in emerging industries are facing more resource challenges, including the shortage of knowledge resources, human resources, information resources, and technical resources. Even though the co-creation of value with customers is a recent discussed topic in scientific world, little effort has been made to find means for organization to influence and manage customer's involvement. Despite the vast and rapid change in the market, most firms still appear to depend on firm-level organizations for designing their marketing strategies.

Previous studies related to value co creation of designer fashion enterprises primarily studied the evolution of brand strategies, business models and the issues of global brand image inconsistencies of large established companies (Matthiesen & Phau, 2010; Moore and Doyle, 2010), with limited research on co-creation (Kang, 2014; Roser, DeFillippi & Cooke, 2014). In practice, the ability and degree to which these entrepreneurial enterprises can principally and precisely focus on their target market is slight given their tremendous limited resources. The development of the entrepreneurial designer fashion brand can be explained via the process of co-creation within the context of the fashion system, which has yet to be explored in the literature. The existence of value co-creation as a technique of collaboration between the customer and enterprises has become essential in the business world. However, the effectiveness of the method in improving customer loyalty continues to be an issue. This paper aimed at contributing to the research stream of measuring value co-creation in order to gain knowledge for improvement of customer loyalty and aiding new means of value creation.

Research Objectives

The main objective of the study was to ascertain the effect of value co-creation on customer loyalty. The specific objectives are to:

- i. Examine the effect of customer engagement on customer loyalty
- ii. Examine the influence of resource integration on customer loyalty
- iii. Determine the effect of product customization on customer loyalty.

THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

The Concept of Value Co-Creation

In the traditional value creation process, organization and consumers had concrete roles. One was selling, the other was purchasing. One was sending, the other receiving. In literature this type of value is often referred to as value-in-exchange (Skaržauskaitė, 2013). Products and services were sources of value, and this value was exchanged from the firm to

the customer in the market place. Businesses and consumers have become no longer separate entities but performing various activities mutually, thus creating new form of value – value-in-use (Skaržauskaitė, 2013). Thereby, the approach emphasizes the customer-firm interaction. In this manner, the customer-organization relationship is defined through a dialogical, personalized interaction, supporting a joint creation of value (Pralhad & Ramaswamy, 2004b).

The “co-” in co-creation refers to the actors who take part in the process of creating value and includes customers, brand communities, firms and other actors (Saarijarvi & Kannan, 2013). While “creation” means unifying and integrating multiple resources contributed by different actors (Saarijarvi & Kannan, 2013; Sjodin & Kristensson, 2012). Payne, Storbacka & Frow (2008) posit that co-creation includes: (1) active involvement between at least two actors; (2) integration of resources that create mutually beneficial value; (3) eagerness to interact and (4) a range of possible form of collaboration.

The concept of value co-creation is based on the assumption that customers will present an active role in the cooperation with the company to create value together via the different stages of the value chain from production to consumption (Pralhad & Ramaswamy, 2004). Ranjan and Read (2016) affirmed that there are two main dimensions of the value co-creation concept: coproduction and value-in-use. Co-production involves customers in the product and/or service design process, performing either as facilitation or an active role via the sharing of knowledge or information with the organization. Value-in-use goes beyond the stage of co-production to the consumption stage of a product or service: customers access and decide the value of a product and service on the basis of their usage experiences (Vargo & Lusch, 2004).

There are three key factors in the concept of value co-creation: the actors involved, the value and the engagement platform (Leclercq, Hammedi & Poncin, 2016). The concept of value co-creation was first proposed by Prahalad and Ramaswamy (2004) largely concentrate on the co-creation between the customers and the service provider in online contexts, but it can be further expanded to include the main stakeholders involved, such as customers, companies, competitors, suppliers and others to equally create value. In marketing study, shared creation of value by the supplier and the customer which necessitates the collective effort of the partners for developing a new offer connotes co-creation (Silva, Camacho & Vázquez, 2013). According to this conception, the main concern is in the interaction point of the customer and the organization rather than the value chain (Sjodin & Kristensson, 2012; Witell et al., 2011).

Ind and Coates (2013) contended that creation of value is an interactive process in which customers and organizations work together to generate new products and services. The nature of value-creation relies on the view we take toward it; if the customer is invited to take part in the co-creation process, it is the company that creates value for customer (Zwass, 2010). Co-creation entails developing new products and services in a rapid, more vital and innovative way than traditional processes which it brings about an opportunity for sustained interaction between the company and customers and the company is willing to work with external stakeholders (Wandahl, Jacobsen, Lassen, Poulsen, Denmark & Sørensen, 2011). Each value creation process built during the direct interaction, unite into one integrated dialogical process in which both parties operate within the processes of the other and have the opportunity to be active, learn from each other and coordinate actions.

In such processes, firms deliver value as a customer's partner instead of seller (Khajeheian, 2016a). As a result, the value is co-created via a constant interactive learning process and the customer is involved in all the steps of service development; from joint problem clarity to jointly solve problems. As a result, the customer value creation process is understood as a non-linear, dynamic, interactive and often unconscious process (Payne et al, 2008; Plötner, Lakotta & Jacob, 2013).

Co-creation is defined as collaborative work between a consumer and a firm in an innovation process, whereby the consumer and firm engage in the activity of co-ideation, co-design, co-development and co-creation of new services or products (Prahalad & Ramaswamy, 2004c; Russo-Spena & Mele, 2012). In part, co-creation is a precise form of user contribution whereby "active" as opposed to "passive" customers participate with the company and willingly contribute input into an innovation process, whose outcome is better and more market-focused innovation (Russo-Spena & Mele, 2012).

Customer Engagement

The key to true co-creation is the idea of customer engagement, which shows the intensity of customer involvement (Piotr & Jolanta, 2017). The customer-brand engagement is customers' motivationally aided by volitional investment of operand/operant resources into brand interactions, and has been subject to increasing scholarly attention in precedent decade (Hollebeek, Srivastava & Chen, 2016b). Customer-brand engagement is attracting rising attention, as engaged customers vigorously participate in new product and service development, are less price sensitive, resist switching and advocate for brands (Brodie, Ilic, Juric & Hollebeek, 2013; Hollebeek et al., 2016b). Customer engagement is the intensity of an individual's participation and connection with company's offerings and activities initiated by either the customer or the company (Vivek, Beatty & Morgan, 2012). In particular, customer involvement is a vital dimension of the value co-creation process in the context of self-service technologies. Due to the attributes of a high user activity level but low provider activity level (Wunderlich, Wangenheim & Bitner, 2013). Value co-creation is a focal point of the service-dominant logic, and the major premise of customer involvement. Customer participation has been seen to deliver value to both customers and companies (Chan et al., 2010; Yim, Chan and Lam, 2012), and customers who perceive more value through their co-producing a service tend to be more satisfied (Chan et al., 2010; Yim et al., 2012).

However, past findings about the effect of customer participation on service outcomes, such as customer loyalty and satisfaction, are inconsistent and mixed (Chan et al., 2010; Yim et al., 2012). In light of the major premise of the service-dominant logic, customer involvement itself is not the key to superior customer satisfaction, but instead it is the co-created values that are vital here. Service research indicated that service customers needs extrinsic as well as intrinsic rewards as motivations for participation in self-service or coproduction service tasks (Yim et al., 2012). Therefore, the co-created values might act as essential mediators between customer participation and service outcomes, such as customer loyalty and satisfaction.

Ching-Fu and Jing-Ping (2016) explained that the values perceived by customers via customer involvement positively influencing satisfaction with respect to system as well as company, and thus have an effect on customer loyalty. Customer participation can deliver value to both the customers and the firms, as indicated in previous studies (Chan et al., 2010; Yim et al., 2012), and provide empirical proof for the role of customer input in value

co-creation that is rooted in the service-dominant logic. In this regard, Dabholkar and Sheng (2011) stated that the drivers of customer participation, which are important for understanding more about customer's desire to partake in value co-creation. To co-create, customers most frequently partake in the form of giving suggestions, sharing information, new innovative ideas and aiding other customers for product usage and sometimes involve themselves in the promotion of products and brands via positive word-of-mouth (Verleye, 2014). Also Yi and Gong (2013) and Dong, Sivakumar, Evans and Zou (2015) noted that customer participation behaviour in terms of the four components, that is, information seeking, information sharing, personal interaction and responsible behaviour. Therefore, we propose that:

H₁: Customer engagement has significant positive relationship with customer loyalty.

Resource integration

Rather than transferring the value of service or a product upon buying, Vargo and Lusch (2011) stated that value is co-created by multiple actors, via the integration and exchange of resources such as information, knowledge, skills, etc. As a result, service provision (the integration and exchange of operant resources) replaces the exchange of products as the basis of economic exchange. The term 'service' shows a shift from conceptualising value creation in terms of operant resources and operand resources. An actor connotes people, such as employee or customer, but also to government bodies or rules showing that they are noticeably constituted identities related with different organizations (Vargon & Lusch, 2011). An actor-to-actor orientation indicates that value creation occurs in networks, and that there are mechanisms to coordinate and facilitate resource integration and service exchanges between actors (Vargo & Lusch, 2016).

Value co-creation builds on the idea that actors create, integrate and exchange resources with other actors to achieve outcomes that they cannot attain alone. However, value co-creation is not certain to take place, and it is even possible that the opposite occurs, i.e. value co-destruction (Echeverri & Skålén, 2016). Whether or not value can be co-created depends on actors' access to resources via exchange. This is affected by the cultural and social context (Chandler and Vargo, 2011). For example, knowing certain people enables you to, via their network, exchange resources that you may not have access to directly. Furthermore, actors need to be able to integrate resources that are offered for exchange with their own resources. As a result, actors who provide resources for exchange never provide value by definition, but only potential value. This is also called value propositions. For example, a car manufacturer does not provide value by producing and selling cars, but only prospective value of transport. Whether this value can be attained depends on whether the resource "car" can be integrated by other people with their set of resources (e.g. having a driving license, fuel, repairs and access to roads).

Integration and exchange of resources does not involve ownership over all the resources, merely access to them. Travelers can make use of airplanes and trains without owning them. Instead, they have access to some of the characteristics of this mode of transportation by paying for a ticket. Resources can also be accessed via renting and lending. For instance, car as a resource, there would be no difference between whether the car is available via ownership or, for example, a car sharing programme. Nonetheless, value is versatile and defined by the beneficiary, and there may be values of social importance that come with ownership (Arvola & Holmlid, 2016).

Because of the attributes of short technology upgrading cycle, uncertain customer demand and unclear market structure, enterprises in emerging industries have more challenges in resource integration and input, which is also basically different from traditional industries with fairly stable markets and technology (Forbes & Kirsch, 2011). Resource integration is a vital bridge connecting the external and internal enterprise (Vargo & Akaka, 2012). When resources are found and effectively used by the company, the value of them will materialize (Lusch & Vargo, 2014). According to RBV, resource integration is the process of effectively identifying, acquiring, and allocating external resources. Companies need to keep searching to recognize external important resources and to attain further competitive advantage. Identifying connotes enterprise need to find valuable resources ahead of their competitors; surveillance stresses the need for organizations to keep an eye on competitors or market conditions to learn about new industrial trends; learning requires enterprises to rapidly understand and replicate the advanced business techniques and models of competitors; and forecasting asks for a longer-term strategic vision.

The organization prepared with the ability to learn is more likely to identify trends and events in the market, and the learning enterprise are usually more flexible than their competitors (Jiménez-Jiménez & Sanz-Valle, 2011). Resource acquisition is the follow-up of resource identification and the process of obtaining resources through various relationship channels and operation methods. It stresses suitability and the relevance of accessing resources effectively and speedily. Organizational learning is of great relevance to access to resources, particularly for new companies that frequently lack sufficient resources to underpin their growth (Jiménez-Jiménez & Sanz-Valle, 2011). Some companies adopt different approach in order to get the resources they need. For scarce human resources, the major way is to give high motivation and reward; for some special intellectual property rights, companies are more likely to cooperate or introduce via capital purchase, strategic alliance and capital transfer; certainly, companies can employ and reuse via learning, such as knowledge resources. Due to the heterogeneity of resources and the great differences between different resources, it is important to understand the common matching of resources via organizational learning to make up for shortcomings, so as to maximise the efficiency of resource utilisation. At the same time, managers can also make full use of scarce resources via organizational learning, maximise the effectiveness of scarce resources and pay attention to the realisation of scarce resources. In addition, organizational learning is the process of acquiring new capabilities and knowledge, which strengthens organizational actions. Efficient knowledge sharing and transfer provide organizational members with opportunities of collaboration and learning (Hung, Lien, Yang, Wu, Kuo, 2011; Kim & Atuahene-Gima, 2010). Therefore, we propose that:

H₂. There is a significant positive relationship between resource integration and customer loyalty.

Product Customization

Creating customer satisfaction and customer loyalty are among the major goals of firms in order to ensure competitiveness – that is their economic viability. One area influencing the above stated goals is the customization of products (Kown & Kim, 2012). Customization, i.e. offering an individual product for the individual customer is therefore not just a trend, but becoming an expected premise for firms in order to meet the market

demands. This development raises industrial issues, e.g. the need of offering a highly diversified product portfolio, which in turn is indicating flexible manufacturing technologies (El-Maraghy, Schuh, ElMaraghy, Piller, Schönsleben, Teng & Bernard, 2013). In order to tackle these issues, customer centric development paradigms such as personalization, mass customization, or even co-creation between customer and supplier have been observed (Kown & Kim, 2012). Besides their high demand for individualization, it is obvious that products become outdated before reaching their technical life expectancy, resulting in shorter product use time on the customer side, as well as shorter product life cycles on the enterprise side (Fels, Falk & Schmitt, 2017).

Customization is also known as personalization, it is offering service or a product, which is modified to the individual customer's preferences and needs as opposed to staple articles (Fels, Falk & Schmitt, 2017). However, developments in manufacturing systems support the mass production of customized products (Fels, *et al* 2017). Moreover, the rising digitalization and engagement of customers in Social Media aid the dialogue between organizations and customers in order to find out individual needs (Sashi, 2012). Examples of customization are the selective placement of product propositions for individual customers on web pages e.g. Amazon (also referred to predictive personalization) or the possibility to configure products during the purchasing process by the customer, as it is possible for automobiles or clothing items (Garcia & Winkelhues 2016).

In a larger sense, the latter instance refers to the participation of the customer within the design process. Customization – particularly when customers play an active role – is of special interest concerning loyalty and satisfaction. Through customization, services or products inherit a personal character for the customer; the emotional bond is therefore stronger (Sashi, 2012). The assumption is, that customized products enhance satisfaction and thus indirectly influences. Repurchasing behaviour (Fels, *et al* 2017). Research support this statement: Concerning services it has been discovered that personalized offers show a relationship with a higher level of satisfaction as well as an enhanced customer loyalty (Bock, Mangus and Garretson, 2016; Coelho & Henseler, 2012). Therefore, we propose that:

H₃. Product customization has significant positive relationship with customer loyalty.

Importance of value co-creation

Studies are of the opinion that companies can expect to achieve multiple benefits from increased customer engagement in value co-creation, including strengthening brands, attracting new customers, rising customer loyalty (Piligrimiene, Dovaliene & Virvilaite, 2015; Saarijarviet, Kannan & Kussela, 2013), as well as reducing a range of expenses to offer more differentiated products at lower prices (Arakji, Lang, 2007 in Piotr & Jolanta, 2017). Co-creation can also improve innovation via aggregating, sharing and recombining knowledge on the Internet (Brynjolfsson and McAfee, 2014), or by effective participation of customers in the designing and production of new products (Chen, Marsden and Zhang, 2012). Some literature on co-creation has mainly focused on the benefits of co-creation, such as higher satisfaction towards the co-created products and/or services (Mahr, Lievens & Blazevic, 2014), higher customer loyalty towards the brand (Cossío-Silva, Revilla-Camacho, Vega-Vázquez & Palacios-Florencio, 2016), and increased customer repurchase even in situations when failure to fulfil a service previously occurred (Hazée, Van Vaerenbergh & Armiroto, 2017). Co-creation is especially reasoned to benefit startups because customers are

considered a valuable resource that can compensate for startup's limited resource availability (Perks, Gruber & Edvardsson, 2012).

Theoretical Framework

Value co-creation is generally conceptualized as a process of resource exchange, and the actors involved interact to aid the exchange of resources and the value to be jointly created (Gronroos, 2008; Vargo & Lusch, 2004). The theoretical bases of value co-creation thus can be traced back to the resource theory of social exchange (Foa & Foa, 1975). The object of exchange, the resources can be symbolic or concrete, such as information, money, love, status, products and services. The need of this theory is that customers satisfy their needs via exchange of resources, and the means by which they attain their needed resources from others is via social interactions between the exchange parties (Foa & Foa, 1975). There are certain rules and norms of exchange that guide the interactions, and the most common one is reciprocity, i.e. each party is entitled or expects to receive reward in return for the reward given, either symbolic or concrete (Wieseke, Alavi & Habel, 2014).

METHODOLOGY

A cross sectional survey research approach was used to examine the relationship between value co creation and customer loyalty of fashion design enterprises, in Warri Metropolis, Delta State Nigeria. Focus was on a sample size of 215 fashion design enterprises located in Warri Metropolis of Delta State. A self-administered questionnaire survey was used to collect empirical data based on a convenience sampling method. The questions in the survey were designed based on a review of the literature and the specific characteristics of a fashion design enterprise. After pilot testing and ensuring that the questionnaire is valid and reliable the final version of the questionnaire was distributed during the period of January, 2020, personally by researchers using the "drop off and pick" technique.

In this study, Cronbach Alpha was employed to test the reliability of the proposed constructs. In order to ascertain the internal consistency of the dimensions, particularly those using Likert scale items it is suggested to test the reliability of scales using Cronbach's alpha (Gliem & Gliem, 2003). The purpose of the Cronbach's Alpha is to measure the internal consistency of a scale and is expressed in numbers ranging from 0 to 1 (Tavakol & Dennick, 2011). Therefore, since the acceptable alpha values are suggested to be in a range from 0.70 to 0.95 (Tavakol & Dennick, 2011), it is well thought-out that all the items measured in this study are reliable and have relatively high internal consistency.

The study adopted descriptive statistics, correlation and multiple regression analysis for the study. Descriptive statistics is a statistical technique that is used to summarize and illustrate information and raw data about crucial patterns in the sample by allowing its interpretation and understanding (Nora, Léo-Paul & Veland, 2019). Descriptive statistics is seen to be very useful in attaining a better understanding of data and are generally used to summarize a study sample prior to analyzing a study's primary hypothesis (Marczyk, DeMatteo & Festinger, 2005). Correlation analysis is necessary to measure the significance of the association between the variables in the study. While correlation only measures the relationships between variables and thus cannot estimate the value of a dependent variable based on the value of the independent variable, regression analysis is seen as the appropriate model to gain a better understanding of the effect of independent variables on

the dependent variable of the study. The model specification used in this paper is based on the main hypothesis of the study and is presented below:

Customer loyalty = f (Value co-creation dimensions)

The linear relationship between the new dependent variable and the independent variables is given as:

$$CL = \beta_0 + \beta_1 CE + \beta_2 RI + \beta_3 PC + ui$$

Based on the study hypothesis the a priori expectation of all β coefficients are expected to be positive $\beta > 0$ meaning that all the VC dimensions are expected to have a positive effect on customer loyalty.

Table 1: Reliability Test Result

S/N	Measures	I	N	Cronbach's alpha
1	Customer engagement (CE)		200	0.767
2	Resource integration (RI)		200	0.788
3	Product customization (PC)		200	0.845
4	Customer loyalty (CL)		200	0.855

Source: SPSS output 2020 (authors)

Table 2: Descriptive statistics and correlation analysis for computed variables.

Computed variables	Mean	Std. Deviation	CE	RI	PC
Customer engagement	19.05	1.04			
Resource integration	19.14	0.95	.477**		
Product customization	19.04	1.08	.441**	.518**	
Customer loyalty	19.06	1.05	.608**	.518**	.536*

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

Source: SPSS output 2020 (authors)

Table 3: Multiple regression analysis of the dimensions of value co creation

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	2.477	1.257		.050
	Customer engagement	.404	.061	.402	.000
	Resource integration	.213	.070	.192	.003
	Product customization	.253	.061	.259	.000

a. Dependent Variable: Customer Loyalty

Source: SPSS output 2020 (authors)

Table 4: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 ^a	.482	.475	.7609

a. Predictors: (Constant), Product customization, Customer engagement, Resource integration

Source: SPSS output 2020 (authors).

DISCUSSION OF RESULTS

Out of 215 questionnaire distributed to randomly selected enterprises a total of 209 questionnaire were collected, out of which 9 resulted as not valid because due to their incompleteness. As a result, only 200 questionnaire were taken as the final sample for the study representing 93% response rate which is considered as very good. The means, standard deviations, internal consistencies (Cronbach's α coefficients) and correlations among the study variables are in Table 1 and 2. The α values for all the scales were greater than 0.70, indicating reasonable to good reliability (Hair, Black, Babin, Anderson & Tatham, 2006).

Table 2 showed that all the correlation coefficients between the constructs in this study show a moderate to high positive correlation. The Pearson correlation between customer engagement and resource integration is 0.477^{**} which indicates that there is a moderate positive relationship between these two variables. The correlation between customer engagement and product customization is 0.441^{**}, the correlation between customer engagement and customer loyalty is .608^{**}, indicating that there is a strong positive relationship between these variables. The correlation coefficient between resource integration and product customization is 0.518^{**}, and with customer loyalty is 0.518^{**}, showing a strong positive relationship between these variables. Pearson correlation between product customization and customer loyalty is 0.536^{**}, indicating a strong positive relationship between these constructs.

The multiple regressions (in Table 3) output among other data gives the β coefficients for each independent variable. Based on the multiple regression results the regression model table 3 showed that customer engagement has positive effect on customer loyalty ($\beta = 0.402$, $P < 0.01$). H_1 test result ($0.000 < 0.05$) showed that customer engagement has significant positive relationship with customer loyalty. This supports the findings of Piotr and Jolanta (2017) that the key to true co-creation is the idea of customer engagement, which shows the intensity of customer involvement.

Table 3 showed that resource integration has positive effect on customer loyalty ($\beta = 0.192$, $P < 0.01$). H_2 test result ($0.003 < 0.05$) indicated that there is a significant positive relationship between resource integration and customer loyalty. It supports Vargo and Akaka (2012) findings that resource integration is a vital bridge connecting the external and internal enterprise.

Table 3 showed that product customization has positive effect on customer loyalty ($\beta = 0.259$, $P < 0.01$). H_3 test result ($0.000 < 0.05$) showed that product customization has significant positive relationship with customer loyalty. This is in agreement with Sashi (2012) findings that through customization, services or products inherit a personal character for the customer; the emotional bond is therefore stronger.

The coefficient of determination (in table 4) R-Squared for the study is 0.482 or 48.2%. This indicates that 48.2% of the variations in the model can be explained by the explanatory variables of the model while 51.8% can be attributed to unexplained variation. The Adjusted R-Square (47.5%) shows a slight penalty for additional explanatory variables introduced by the researchers

CONCLUSION

The general objective of the study was to ascertain the effect of value co creation on customer loyalty. The results of multiple regressions indicated that customer engagement, resource integration and product customization are the value co creation dimensions that are positively related and have a significant positive effect on customer loyalty. This research shows that alone or in a combination, they do affect customer loyalty therefore, we can confirm the hypothesis that value co creation positively affects customer loyalty of fashion design enterprises.

Recommendations

Based on the aforementioned findings and conclusion, the study recommends as follows:

1. Firstly, customers should be treated as equal partners in the Fashion-design business as they have become more informed and enlightened.
2. Secondly, it is recommended that Fashion-designers in South-South, Nigeria should respond more to the golden opportunity of value co-creating in the retailing market by designing specific marketing strategies for their business sustainability.
3. Thirdly, as a viable business sector to profitably served, Fashion-designers in South-South, Nigeria should continue to address changes in their customers' behavior in a way that benefits them especially in the use of the knowledge gained from customers' involvement.
4. Also, organizations should make efforts to retain customers by co-creating and delivering value that their customers desire.
5. In order for firms to enhance customer loyalty, they should adopt customer engagement, resource integration and product customization strategies.
6. Again, today's firms should endeavour to differentiate their brands, customize their services, and create a compelling customer experience always.
7. Lastly, there is need for improvement in firm-customer relationship especially in the area of trust and response time to customers' inquiries/complaints, demands, services and delivery so that they can whole-heartedly believe the process without any fear or apprehension thereby helping to promote the business enterprise.

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IMPACT OF TALENT MANAGEMENT STRATEGY ON THE FAST MOVING CONSUMABLE GOODS PERFORMANCE IN NIGERIA

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ABSTRACT

As new technologies are being developed, the dynamism of business operation and management is consistently changing as well as customer preferences. Therefore, the need for talented personnel is of paramount importance. This can be achieved via talent management strategy for sustainable competitive advantage in organizations. The purpose of the study is to explore the effect of talent management on organizational performance among employees at the FMCG firm in Nigeria. Multiple regression was used to analyzed data collected via 144 valid structured questionnaire from the hypotheses raised. Findings revealed that talent management has impact on FMCGs firm performance. Study concluded that; talent attraction, talent development and talent retention has statistical significance relationship on the FMCGs firm performance. Study therefore recommends that organization should take seriously in the establishment of apposite employer branding and employer value proposition. Also, firm should imbibe talent management policy plan so as to enable them achieve set goals and remain relevance in the competitive business environment.

Keywords: Talent management, organizational performance, talent attraction, talent retention and talent development.

INTRODUCTION

To achieve an incessant growth in the market such as strong brand name, high market share, high market sales volume and high competent management operations, the needs for talent management must not be treated with disdain. In that organization with unique management principles for production and service delivery is bound to attract talented personnel to discharge task effectively and efficiently (Rawashdeh, 2018; El-Dahshan, Keshk

& Dorgham, 2018; Lyria, 2013; Kehinde, 2012; Arif & Uddin, 2016). Organizational performance is now anchored on the use of strategic critical thinkers (individuals) whom are of huge intellectual capacity and talent (inventive) in overseeing all other components of production (such as fixed Assets, capital and machine) and, enhancing effectiveness and efficiency in outwitting rivalries (Kehinde, 2012; Ibidunni, Osibanjo, Adeniji, Salau & Falola, 2016; Rawashdeh, 2018). Employees are no longer been taking for granted instead they are now regarded as the core assets of an organization and frequently depends on their efforts in the process of decision-making for new product development, competition management, and organizational expansion and so on. For this reason, organization hunts for talented individual and, the moment they spotlight them, it becomes indispensable to take hold of them in other to achieve full scale organizational performances (Ibidunni, Osibanjo1, Adeniji1, Salau1 & Falola1, 2016).

Talent is a mix of people with spiky strategic intellect, administration capacity, passionate development, relational abilities, capacity to induce and motivate other capable individuals, enterprising senses, utilitarian aptitudes and the ability to deliver results (Glenn, 2012 cited in Michaels, Handfield-Jones, & Aexlrod, 2001). Also, Schuler (2015) espoused that talented personnel appear to be an individuals who are exceptional, have capabilities esteemed by the organization, practices lined up with the organization's qualities, are elusive, are difficult to supplant, can increase the value of the organization, have choices to leave whenever and can help shape the future vital headings of the organization. Similarly, Davies & Davies, (2010) espoused talent management as the methodical fascination, identification, improvement, commitment, retention and arrangement of those people with high potential, who are of assets particularly to an organization. However, as new technology continue to surface, the dynamism of business operation and management is consistently changing as well as patrons preferences in the business environment. Therefore, the needs of talented personnel (employees) are strongly of importance to organizations in achieving sustainable competitive advantage (Kehinde, 2012). In that, all the 4Ps of marketing such as production, place, promotion and prize cannot be achieved to itself other than the use of men (employees). Therefore, for organization to remain relevance and recognized in the market, strategic human resources manager are now adopting diverse measure in recruiting, training/retraining, retaining and development of employees so as to enable them deliver quality services.

Furthermore, Studies have demonstrated that the interest for talented personnel in the subsequent year is going to increment, while the supply will drop (Foster, 2014). There is no uncertainty that technology and globalization have transformed us, as they have prompted competition challenge on talent. In this way, the potential development of organization globally relies upon the capacity of organization to guarantee that the right individuals with the right abilities are in the appropriate spot at the perfect time, and concentrated on the right activities. Hence, talent management has been raised to the highest point of strategic human resources management challenges, getting the most elevated need over all organization (Elia, Ghazzawi & Arnaout, 2017). Establishments are progressively taking talent as one of a kind resource that can give economical upper hand and unrivalled performance (Rop, 2015). Right talent is the best resource for any organization. Indeed, one of the most significant jobs of HR is to ensure personnel with the right capabilities glue with the organization for quite some time (Jamnagar, 2014; Rathod, 2014). As patrons progressively become conscious of their spending, the struggle for

patrons grows stronger. FMCG organizations in Nigeria are face to offer buyers more worth and ease of access, setting more noteworthy accentuation on the capability and aptitudes of their personnel. In the event that brands are to keep advancing their business, they have to organize their workforce and address the issues that obstruct their improvement and efficiency. To this end, FMCGs industry in Nigeria is known for employing high-caliber aptitude and educating them well, making workers prime contender for poaching. Whereas the movement of individuals was once in the past constrained to organizations inside the business, the challenge has extended to incorporate divisions, for example, banking, retail, and innovation all expectation on procuring the best individuals. Organizations now seek better methods for holding their key talents, particularly with regards to millennial who want adaptability and dynamism in their work. Keeping that in mind, FMCG organizations are submitting the general direction to new businesses and innovation organizations offering non-money related motivations over rewards and training programs.

Based on the foregoing, regardless of numerous benefits gained from the used of talent management, yet organization particularly in the FMCGs are still faced with diverse challenges on how to retain, retrain and source for individuals that are of high intellects in achieving organizational performance. Executing talent management as programs in most organization are not always easy, in that different problems could spring up, such as manager not being enthusiastic in assisting employees, apathetic/discontented employees, and employee who is not a good fit for the organization. In the Nigeria business environment with over 190 million populations is said to have the largest market in African (World Bank, 2017). Apparently, the market is jam-packed with large number of consumers and, with diverse perception and taste; equally there are many organization in the production of FMCGs.

Therefore, the call on talent management is not to be handle with levity, in that consumer preference is changing in accordance to technology, so only organization with unique product innovativeness through the use of talented personnel are capable of gaining sustainability. Therefore, talent attraction/resourcing, talent advancement and talent retention needs to be treated with matter of urgency so as to accomplish high profitability, employees' commitment, establish strong relationship amides manager/employees and service quality delivery. Hence, the objective of this study is to examine the effect of talent management on organizational performance among employees of FMCG firms in Nigeria.

Research Hypotheses

Based on the foregoing discussions, the following null hypotheses are formulated for this study:

H0₁: Talent attraction/resourcing has no significant effects on organizational performance

H0₂: Talent Development has no significant effects on organizational performance

H0₃: Talent retention has no significant effects on organizational performance

LITERATURE REVIEW

Concept of Talent Management

The word "talent management" has orchestrated diverse thought in the heart of every organization. And it is eminent to be a serious index of achieving performance from the inception, when firstly mentioned by the McKinsey group in the year 1997 report "The War for Talent" (Ozuem, Lancaster & Sharma, 2016; Swailes, 2016; McDonnell, Collings, Mellahi

& Schuler, 2017; Mohammed, Gururajan & Hafeez-Baig, 2017). TM is not just defined as a term other than an organizational gimmick in gaining well-built edge over contenders (Collings, 2014; Tafti, Mahmoudsalehi & Amiri, 2017; and Vaiman, Sparrow, Schuler, & Collings, 2018). Though, TM has been delineated differently by scholars and it is not just a mere word but an organizational methodology of creating management distinctiveness in handling employees and delivering of exceptional quality services.

Nafei, (2015) defined talent as an innate aptitude of a person to perform certain task in a unique way. Giving that, it is an individual knack which comprises of his/her inherent gifts, skills, experience, manner, cleverness, knowledge, acquaintance, personality, drive and perception. And as well integrates the person's knack to learn, unlearn and grow. This is an exceptional individuality, traits, worth, superiority or potentials of individuals who employ this to accomplish organizational set goals (El Nakhla, 2013). Also, Talent is a blend of individuals with thorny premeditated mental power, administration capacity, ardent improvement, acquaintance knack, competence to persuade and inspire other talented individuals, enterprising senses, serviceable fitness and the ability to deliver results (Glenn, 2012 cites Michaels, Handfield-Jones, & Aexlrod, 2001).

Apparently, the day to day occurrence in the business environment (such as change) has incorporate extra burden on top organizational managers fathoming strategic approach of reaching incessantly business existence and relevance. As a result, the gimmick of talent management is been adopted. This involves placing the right individuals in the right part of jobs (Iyria, 2013). As TM is a comparatively strange pattern to both private and public sector institute, most institutions have prioritized it to ensure they attain, built-up and hold on to the right employees. Talent management is the managerial obligation to employ, retrain, educate and widening talented employee's potential horizon obtainable in the job market (Collings, Scullion & Caligiuri, 2018). According to Kehinde et al (2018) talent management is the approach adopted to amplify workplace outputs by establishing improved procedures for inducing, developing, holding and using employees with necessary knacks and talents to catch-up with present and future business desires. This is also known as the strategy used by managers in highlighting unique individuals with outstanding performance at the workplace and strategically preparing them to become future leaders in the organization. TM is not only known to be a process of strategic human resources in recruiting, selecting, training and retraining either prospective or existing employees, but a systemic gadget used is monitoring employee thoroughly, so as to know there area of best performances in corollaries to organizational performance. In that it is the most important instrument used in achieving organizational goals. This incorporates serious efforts with thorough-full assessment strategy used by managers encouraging employees in showcasing their capability innovatively when discharging assigned obligations (Atheer, Abdul & Raj, 2018).

Talent Attraction

Attracting talents encompasses number of complications to it-self. Talent attraction is the systematic approach used to draw prospective employees who are capable of making full-time impact and equally meet-up the necessary requirement for the job role as needed in the organization. Also, Rawashdeh, (2018) simplified the definition of talent attraction to be the practice of inviting individuals to apply for an available job. However, creating awareness of job roles is not only the basis at which individuals apply for a job or getting the needed skillful applicants, such that today's applicant are very informative with intention to research or investigate on the attributes ascribed onto the organization. As a result, most

organization is now left with option in establishing employer branding, employer choice and employee value proposition in attracting talented individuals to fill a vacuum of office in the organization (Kim et al, 2014, Rawashdeh, 2018 & Rita, 2016).

Employer branding is the process of establishing firm goodwill or good-image in the business environment, because it's used as one of distinctive strategy of attracting talented personnel into an organization. Such that talented individuals like associating with firm that has prospect (Burkus & Osula, 2011). Employee value proposition is viewed to be the value (e.g incentives, compensation, leave program etc) organization designed awaiting their employees. Whereas employer choice; is the mechanism used when to undergoes recruitment process. That is, it is the decision of the employer to either recruit internally or externally (Rita, 2013). Attracting talents could be internal; this is when employer perceived personnel to have a needed skill to fill available vacuum in the organization, while attracting talents could be external; this is when employer wishes to consider applicant outside the origination to fill a vacuum.

Talent Development

Employee improvement is an incorporated arrangement of planned programmes intended to ensure that every person at work have the needful skill to perform to their fullest potential in compliance to organizational objectives (Jacobs & Washington, 2003 as cited by Arif et al, 2016). An effective worker improvement results from the harmony between person's profession direction and needs, and the organizational central goal and vision (Shelton, 2001). Employees are the greatest assets of every organization because they control and manage every part of an organization. Incompetency of workers could cost an organization a crash or off existence. As researched by Chartered Institute of Personal Development, (2010), learning and talent development evidenced that internal development programmes entails 56%, while coaching and mentoring by line managers entails 51% of effective ways of developing and learning activities at workplace. Therefore, the use of seminars, coaching, mentoring and frequent presentation at workplace are good measures for establishing learning environment. These measures are well thought-out to be talent management practices leading to optimistic firm outcome (Farrukh & Waheed, 2015).

Talent Retention

In today's business environment, retaining talented personnel at workplace is very challenging (Fayyazia et al, 2015) coupled with technological changes and competition for employees amongst many organizations. Therefore, organization takes this measure to stimulate personnel to stay in the organisation for a period of time (Rita, 2013). This retention strategy used on talented personnel encompasses of approaches, practices and techniques that are embraced by organisation to fulfil their abilities and keep them from leaving the organization (Bangwal & Tiwari, 2015). As espoused by Burbach, (2010) there is positive influence between talent turnover and organizational performance. Talent turnover affects organisational execution, as it acquires immediate and roundabout expense to the association (Burbach, 2010). Various researchers, for example, Masri & Jaaron (2017) contended that maintenance can be improved when gifts are spurred by financial or non-money related prizes, which may bolster their reliability for the firm. The money related prizes are seen by abilities as a key device to hold them. For instance, the compensation ought not to be perceived as an entirety of many, yet as a bundle of compensations expected to fulfill ability maintenance (Kehinde, 2012). Thusly, all business associations are

welcome to embrace successful inspiration instrument to keep up their skilled personnel. There is an accepted acknowledgment that spurred employees are faithful, dedicated, satisfied, devoted, and excited (San et al, 2012). On the other hand, Echols, (2017) argued that talent turnover is injurious to organization's productivity; such that the budget plan for retaining talented personnel is too high. Direct cost is also known as turnover costs, transitions costs and replacement costs, while indirect costs recount to the loss of production, reduced performance levels, unnecessary overtime and low morale.

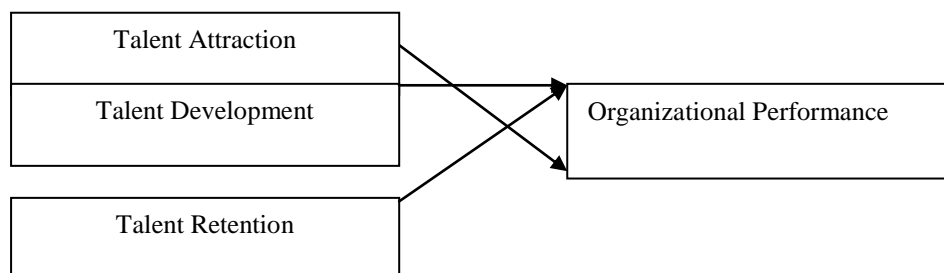
Organizational Performance

Performance is as a result of effective and efficient use of all available resources to achieve organizational desired goals. Though, limited resources has been perceived to be major constrain of yielding performance ((Lusthaus & Adrien, 1998 after Campbell, 1970).). There are number of factors that makeup performance, such as; profitability, product quality, service quality delivery, efficiency and effective use of resources and so on. According to Lebens & Euske, (2006) performance indicator cut across both the financial and non-financial indicators in professing accurate information on the level at which firm objectives and result is attained ((Lebens & Euske 2006 after Kaplan & Norton, 1992). The basis at which every individual defines performance varies. To this end, the use of talent management as organizational strategy could be so helpful in achieving set goals. Thus, motivation, incentives, employee commitment and business are also strong factors of achieving performance.

As revealed from various reviewed literature, it is observed that high number of talent management studies were done in other countries and to the researches' knowledge there is limited empirical study done locally. Also, most of the studies focused on other industry with an exception to the FMCG industries (Rawashdeh, 2018; El-Dahsham, Keshk & Dorgham, 2018; Kehinde, 2012; Arif & Uddin, 2016; Ogbari, Onasanya, Ogunnaike and Kehinde, 2018; Devi, 2017 and so on). Therefore, the study aimed to bridge the existing research gap by carrying out a study locally to examine talent management and its effect on organizational performance with a focus on the Fast Moving Consumable Goods (FMCGs) in Nigeria.

The relationship between talent management and organizational performance is as depicted in the figure below:

Talent Management



Source: Researcher's model, 2019

Theoretical Framework

This study is anchored on the AMO theory propounded by Appelbaum, Bailey, Berg and Kleberg in 2000. The model explained that employees' performance (P) at workplace is a function of his/her aptitude (A), opportunity (O) and Motivation (M) to perform. The

following is the stated formula of AMO-model functions: $P = f(A, M, O)$ where, "P" is the performance of the gifted worker, which is straightforwardly relative to the organizational efficiency and effectiveness, "A" is the ability of the skilled worker to perform, "M" is the motivation of the talented employee to achieve objectives, "O" is the opportunity the employees create for themselves or offer them by the organization.

The model envisaged that the performance of every individual towards corporate performance is a function of that specific individual's ability or skills to take-up assigned responsibilities regardless of work pressure and short-notice demand, and have high magnitude with sense of creativity and enthusiasm (motivation) to maximize opportunities available to get work done in an efficient and effective manner. Ability is a vital requirement needed for performance to occur. Motivation and opportunity are as well indispensable, however only after sufficient aptitude is assured. Therefore, aptitude is predicted to have a straightforward result on performance, whereas motivation and opportunity can only amplify or reduce result.

Empirical Review

Rawashdeh, (2018) researched on the impact of talent management strategies on Bank performance in Jordanian Commercial Banks. 120 data collected via structured questionnaire among the line managers and HR managers in each banks randomly. Hypotheses raised were tested using descriptive analysis and independent t-sample test via SPSS. Findings revealed a positive association of attracting, developing and retaining talents with bank performance.

El-Dahsham, Keshk and Dorgham, (2018) investigated talent management and its effect on organizational performance among Nurses at Shebin El-Kom Hospitals. 273 respondents were randomly selected using structural questionnaire. Findings evidenced that Menuofia University hospital nurses had high level of satisfaction compared to nurses working in Shebin El-Kom teaching hospital from the total score of talent attraction, retention and organization performance. The study concluded that there are of high positive correlation between the three component of talent management raised and firm performance.

Ogbari, Onasanya, Ogunnaike and Kehinde, (2018) investigated talent management as a determinant of firm performance with emphasis on the use of a conceptual approach. The study focused on literature reviewed and archival method of gathering secondary data. The research findings revealed that in spite of the huge benefit gained in the use of talent management as discussed for more than ten years publicity, the notion behind talent management is still very much unclear. Huge ambiguity still exists in the meaning and latitude of the concept.

Devi, (2017) researched on the impact of talent management on organizational performance using the role of employee engagement as a moderating factor. 150 structured questionnaires were used to extract data from private bank customers with the aid of convenience sampling method. Findings revealed that there exists a positive relationship between talent management and organizational performance. Whereas, employee engagement is used to moderates the relationship between talent management and organizational performance.

Arif and Uddin (2016) researched on talent management and organizational performance with an empirical study in retail sector in Sylhet City, Bangladesh. Data were collected from employees of the retail store located in Sylhet city using structured close ended questionnaire adapting convenience sampling techniques, while correlation was used to test for the relationship. The results show the components of talent management such as employee attraction, selection, engagement and retention have positive relationship with the performance of retail sectors in Sylhet city, Bangladesh. Employee development is identified negatively related with retail sector performance.

Kehinde, (2012) examined the effect of talent management on organizational performance amongst top firms in Lagos. Structured questionnaires were used to extract data from top senior officers in the organisation. Correlation coefficient, t- student distribution and the descriptive analyses were the methods used to analyze the data gathered. The analyses revealed that talent management has positive impact on the organizational overall performance. It also revealed that talent management scheme has impact on the performance of the multinational and the national firm but the small and medium scale firms have not been gaining from this new technique within the Nigerian business environment.

METHODOLOGY

A sample of 300 employees was selected from seven FMCG firms (such as Flour Mills, Nestle Nigeria Plc, Unilever Nigeria, PZ cussions and Cormant Nigeria Ltd) in the western part of Nigeria, which served as the respondents and formed the source of primary data. A random sampling technique was used. Thereafter, data cleaning 257 copies were found useful and analyzed using multiple regression to test for the statistical significant relationship between the independents and dependent variables at a 0.05 level of significant. All items were assessed on a five point Likert scale, ranging from 1-5 (Strongly Disagree to Strongly Agree). Cronbach alpha co-efficient was used for estimating the reliability of the questionnaire. Favourable reliable scores were obtained from all the items since all values were above the coefficient value of 0.7, exceeding the common threshold of Cronbach Alpha value recommended by Malhotra (2004).

The results of the data analysis and test of hypotheses of this study are presented in the tables below.

Table 1: Multiple Regression Analysis of Talent Attraction (TA), Talent Development (TD), and Talent Retention (TR) on organizational performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.533 ^a	.284	.269	1.7453

a. Predictors: (Constant), TR, TD, TA

a. Predictors: (Constant), FR, FD, FA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	168.336	3	56.112	18.421	.000 ^b
	Residual	423.412	139	3.046		
	Total	591.748	142			

a. Dependent Variable: CONNTSTA

b. Predictors: (Constant), VE, MD, MA

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.989	1.910		1.565	.120
TA	.295	.077	.292	3.813	.000
TD	.327	.082	.290	4.010	.000
TR	.212	.077	.210	2.743	.007

a. Dependent Variable: CONNTSTA

DISCUSSION OF FINDINGS

The study is focused on the impact of talent management on organizational performance in the FMCGs firms in Nigeria. The result of the respondents indicated that high number of respondents agreed to the asked questions. From the result above, the line of fit for the regression between organizational performance and talent attraction, talent development, and talent retention, was fitting. An R^2 of 0.284 evinced that 28.4% of the variances in the acceptance of talent attraction, talent development, and talent retention are explained by the variances in the organizational performance. The correlation coefficient of 53.3% indicates that the combined effect of the predictor variables have a strong and positive correlation with organizational performance. This is line with Ogbari et al, (2018); Rawashdeh (2018), El-Dahsham et al, (2018) that talent management has positive influence on organizational performance.

CONCLUSION AND RECOMMENDATIONS

Based on the findings, the study revealed that talent attraction, talent development, and talent retention are apposite measurement of gaining performance in the FMCGs Firms in the face of other competitors. Therefore, it is pertinent for top management in the above mentioned FMCGs to double there hustling in the process of recruiting more talented personnel so as to meet up the trend of post-modern business environment. Hence, In line with the findings from the study, recommendations are thus stated below;

- i. Organization should take seriously in establishing apposite employer branding and employer value proposition
- ii. FMCG firms should imbibe the culture of implementing talent management policy so as to enable them achieve set goals and relevance in the business environment.
- iii. FMCG firms should have a thorough plan on developing personnel in their policy so as to achieve efficient and effective job delivery.

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GREEN MARKETING AND CONSUMER GREEN PURCHASE BEHAVIOUR: EMPIRICAL EVIDENCE FROM FAST MOVING CONSUMER GOODS (FMCGS)

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ABSTRACT

Environmental challenges consequent on green orientation deficits have posed so many constraints globally to individuals, enterprises and even governments of nations in the 21st century. This has provoked many studies focused to determine Green effects on businesses especially the marketing environment. The study focused to determine the impact of green marketing on consumer purchase behavior. The study made use of survey research design with a sample size of 301 consumers of fast moving consumer goods of manufacturing firms in Lagos State, Nigeria. Statistical analyses were done using correlation as well as multiple regression analytical tools. The findings show that green awareness, green packaging, and green pricing have significant and positive effect on level of consumers' green purchase behaviour while green promotion has no significant effects. These imply that consumers are becoming more aware about environment-friendly products and feel that these products are safe and secure for use due to the ever increasing waste generation. It was concluded that many consumers that are known to be green purchasers know the significance of the environment on their well-being; hence they are influenced by the green ethos. It was recommended that corporations should demonstrate genuine corporate commitment to sustainability of greenness to lead the way for consumers to follow. Firms should raise consumer awareness of sustainability and clearly explain company's green policy to consumers. They should integrate consumers in sustainability programs, build, refine, and grow sustainability platforms with consumer input and consultation. The need to partner with consumers on green sustainability efforts and strategies etc. was also suggested

Keywords: Green marketing, greenness, purchase behavior, marketing environment, green sustainability

INTRODUCTION

In recent times, environmental protection has engaged more and more people's attention in national and global businesses dealings. Hence forward looking companies allude to policies of Green Marketing and its ethos as a vital marketing strategy to sustain

profitability and remain competitive in business. They make use of environmentally safe advertisements, eco-brand and eco-label to awaken people's consciousness and awareness of benefits of purchasing and consuming green products (Rahim & Douglas, 2012). In this regard environmental and consumer health issues and associated risks are some of the much talked about issues in domestic and global business dealing considered climate and people friendly (Gupta, Singh & Thalkur, 2013). Very many people are now aware of the common threats non-biodegradable and expired(toxic) products pose when consumers discard used products into the environment. Some of the consequences include global warming, pollution, toxic emissions, ozone layer depletion, scarcity of natural resources etc. Successful marketing efforts now focus on identifying trends and positioning products and services targeted to appeal to the consumers in particular and the world in general (Maheshwari, 2014).

Companies in recent times try to make consumers aware about the benefits of going green. The use of Eco-labels, Eco-brands and environmental advertising are now new green marketing techniques adopted by marketers to relate more with their market segments to guarantee safer products and continued transaction. Thus green marketing techniques perform a crucial role in moulding the mind of consumers and making them purchase green products (Maheshwari, 2014). It is the opinion of Ginsberg and Bloom, (2004) that marketing strategies should be framed according to the market and the consumer concern for the environment as single marketing strategy would not be suitable for all the firms, markets and consumers.

Historically Green marketing as a concept was first discussed in a seminar on Ecological Marketing organized by American Marketing Association (AMA) as far back as 1975. The proceedings of this seminar resulted in one of the first books in green marketing entitled Ecological Marketing written by Henion and Kinnear in 1976. The (AMA) seminar attempted to bring together academics, practitioners, bureaucrats, and policy makers to examine green marketing and its impact on the natural environment.

According to Peattie (2001) the evolution of green marketing has three phases. The first phase is termed as Ecological green marketing- during this period all marketing activities were focused to solve environmental challenges and provide remedies for environmental problems. The second phase was Environmental green marketing- the focus shifted to clean technology that consist of designing innovative new products which take care of pollution and waste issues. The third phase is the Sustainability green marketing(current) which came into prominence in the later 1990s and early 2000. This study aims to review green marketing and its impact on customers and their buying behavior. The Nigerian business environment has been constrained severely: high level of air pollution, ignorance, refuse dumps, unhealthy water supply, industrial noises, unsafe products, etc. Companies in Nigeria need to adopt different strategies to encourage green behavior to achieve sustainable development.

Fallouts of several discourses in seminars and global summits on environmental challenges from industrial economies and the products they manufacture over the years have given zest to the viral development of greenness and need to think and act green. Due to growing environmental problems and its adverse effects on physical and mental health of consumers a lot needs to be done in advocacy for ethos of greenness (Yaacob & Zakaria, 2011). The need to create awareness in consumers in this part of the world cannot be

overemphasized in this regard. Hence the touted components of green marketing such as green awareness, green packaging, green pricing and green-product promotion are given empirical examination in this study with regards to fast moving consumer goods (FMCGs). The purpose is to determine their impact on consumer purchase behavior in the Nigerian business environment. This is the focus of this study.

Research Questions

The following research questions are formulated to guide the study.

1. What is the nature of relationship existing between green marketing predictors and consumers' purchase behaviour?
2. What impact does the factors of green awareness, green packaging, green pricing and green promotions have on consumer purchase behaviour?

The below stated conjecture were stated to empirically test and provide answers to the above study questions.

HO₁: *There is no significant relationship between green marketing predictors and consumers' purchase behaviour*

HO₂: *The factors of green awareness, green packaging, green pricing and green promotion have no influence on consumers purchase behavior*

This study is significant because its outcome will lead to evolution of policies that can shape the direction of green campaign and policy actions of enterprises gone or going green. It will also add additional operational impetus to regulatory bodies like CPA (Consumer Protection Agency), SON (Standard Organization of Nigeria) etc on new regulatory guidelines that can promote greenness of goods/services that are environmentally safe and friendly.

LITERATURE REVIEW

The promotion of greenness and its philosophy has helped to start the Green Revolution and to prevent damage to the environment (Rahbar, & Abdul, 2011). Therefore, a major challenge for mankind in the new millennium is to find equitable and sustainable production process to sustain healthy human and plant life (Peattie & Crane, 2005). The response to environmental concerns of consumers is the balancing and aligning enterprise opportunities with environmental laws, and its effect on a growing number of companies. It now requires them to design and create environmentally friendly programs and production processes. (Gadenne, Sharma, Kerr & Smith, 2011). Green marketing connotes the process of selling products based on their environmental benefits and safety. The public tends to be skeptical of green claims; companies and their activities can damage their brands and their sales if a green claim is found to be false by a company's other products or even rivals. Presenting a product or service as green when it's not is called *green washing* (Babita, 2013). *Green cleaning* is all about using products that are safe and healthy for the environment and about employing eco-friendly cleaning practices like reducing water usage and wastage etc. It is also about using products from conscientious firms with sustainable business practices. Greenness is a general term that means products and practices that are organic, sustainable and/or otherwise environmentally friendly (Babita, 2013).

Green marketing is the marketing of products which are safe for the environment and also for the consumers as a whole. It includes a wide range of activities: changes in the production process, changes in the product itself, changes in the packaging, changes in labeling and changes in promotions. The process and practice of Green Marketing is about making products and services that are measured on the basis of environmental benefits that they give. Therefore any product or service which itself is environmentally friendly or is produced or packaged in such ways can be termed as *Green*. Aside from green practices, certain variables of greenness implicated in the study questions are perused in the literature from studies reviewed below.

Green Products

In general, a green product is referred to as an ecological product or environmental friendly product (Manjunath, 2013). A Green product is the product that will not pollute the earth or deplete natural resources, and can be conserved. It is a product that has more environmentally sound content or packaging in reducing the negative environmental effect. In other words, green product means product that incorporates the techniques in recycling or with recycled content, reduced, packaged or using less toxic materials to reduce the influence on the physical environment. Awan, Abdul, and Muhammad, (2015) in their study discovered that consumers were becoming more concerned about their everyday habits of product usage and the effect on the environment. The result of this is that some of the customers translated their environmental concern into actively purchasing green products and are committed to it. According to them a product can be considered green if it: conserves water and energy; prevents contributions to air, water and land pollution; protects indoor air quality; use renewable responsibly sourced materials; produces little environmental impact; is manufactured in an environmentally conscious way; using one's own bag rather than a plastic carrier provided by a shop; green products are grown originally and have natural elements; green products are ecological, reusable, and biodegradable; green products neither harm nor pollute environment; green products are not harmful to animals; green products are not a threat to the health of human being and animals; green products are not harmful when it is produced or disposed. Its production and disposal is safe and efficient; and green products are not contributing to unnecessary waste in its use and packaging.

Green Packaging

Globally, packaging is one area where firms are faced with issues of social responsibility which includes concern about the function of packaging in pollution, global warming and resource use, etc. The case of spray cans for which scientist discovered harmful chemicals used in producing them were harmful to the earth's atmosphere which firms scrambled to find alternatives is a clear prove of the negative impact packaging materials can have on the environment. The use of plastic was assumed perfect packaging material until recently. It has become a global challenge in that discarded plastics do not decay.

In the quest for eco-friendly packaging, some companies like McDonalds that changed its plastic packaging with waxed paper, Coca-Cola, Teta Group of Companies, HLL, Colgate Palm Olive, etc have not only modified their packaging to reduce its negative influence on the environment but have also invested huge amount of money in various recycling activities. Packaging of green products can easily win over the customers to buy green

products. This is supported by Rahim and Douglas (2012).study. According to them, it takes only few seconds for labels and packages to catch the consumer's eyes.

Green Pricing

Price is the monetary worth of a product at which it can be given in exchange (Kotler & Keller, 2012).If the price of a green product is kept lower, the consumers will be encouraged to buy the green product(Boztepe, 2012).If the product have relatively high price elasticity, it will be beneficial for manufacturers of green products to keep the prices lower than substitutes. A survey by Grail Research, 2009 in U.S.A. shows that consumers who never bought green products perceived green products too expensive and so donot buy them. A year later, same survey reveals that price is the most important factor and it is the main reason for not buying the green products. A positive and significant relationship is found between the price and green buying behaviour of consumers (Boztepe, 2012). Maheshwari, (2014) revealed that green marketing conscious consumers would be eager to pay extra cost for the products that do not harm the environment. There are many consumers who would pay extra premium in the purchase green products. Contrastingly, a study by Meghna and Prachi (2016) reveals that consumers are not willing to pay extra price for green products. The level of willingness in the purchase of green products exhibited by India consumers is low in the India business environment. This suggests that India marketers should evolve strategies for cutting cost Perceived product price is one of the factors impacting the consumers buying behaviour (D'Souza et al. 2007).

Green Promotion

By green promotion we mean products that are promoted to be both health and environmentally friendly. It aims to create an image of environment friendly company in the eyes of consumers and also to create awareness about the green products. The promotional tools like public relations, advertising, and sales promotion, etc., are used to achieve the goal. Meghna and Prachi (2016) found in a study conducted on 3,690 people that women tend to be more skeptical about advertising green products than men who are indifferent and it does not influence their purchase behavior. A study by Major and Gnanapandithan, (2013) revealed a positive attitude of consumers towards green promotions and their minds are affected by the promotions for green products. The outcome of the study affirmed earlier studies by Norm, Douglas, Cerf and Krishnan (2011). In a study on 238 students Sahakian and Wilhite (2014) conclude that majority (96%) of the respondents agree that they will be more inclined towards green promotions. Promotional campaigns that are directed to protect the environment are more preferable. In another study, 63.2% of the respondents believed that in the buying process the effects of green promotion is high while for 36.8% of respondents think it is medium. From all of these studies, it can be concluded that promoting green products have positive effect on consumer buying behaviour in a positive fashion.

Consumergreen Purchase Behaviour

Consumer green buying behavior is the consumer's attitudes, intentions, preferences, and decisions regarding the consumer's behaviour when purchasing a product or service considered to be environmentally friendly. The study of consumer behaviour is centered on all aspects of purchasing and consumption behavior as well as all persons involved in purchasing and consumption activities. Some consumer purchase decisions involve long, detailed processes that include extensive information search to select between competing

alternatives (Kotler & Keller, 2012; Keller, 2013). Other purchase decisions, such as impulse buying, are made almost instantaneously with little or no investment of time or effort in information search. Consumers evaluate alternatives in terms of the functional and psycho-social benefits offered (Awana, & Muhammad 2015). Functional benefits are the tangible results that can be experienced by the consumer such as taste or appearance. Psycho-social advantages are the more abstract outcomes such as the social currency that might accrue from wearing an expensive suit or driving a 'hot' car. Brand image is a significant psycho-social attribute. Kotler and Keller (2012) aver that the consumer applies certain beliefs to a given brand. The consumer's beliefs system may differ depending on the consumer's prior experience and the impacts of selective perception, distortion and retention.

Once the alternatives have been evaluated, the consumer is ready to make a purchase decision. Though sometimes purchase intention may not translate into an actual purchase, the extent to which purchase intentions result in actual sales is called sales conversion rate (Chan, Hongwei, & Wang, 2012). Firms use a variety of strategies to improve conversion rates. The provision of payment terms can encourage purchase. Sales promotions such as the opportunity to receive a premium or enter a competition may provide a reward to buy now rather than later. Advertising messages with a strong call-to-action are yet another device used to convert customers. A call-to-action might include an offer that is only available for a limited time (for instance statements like: 'Offer expires soon'; 'Limited stocks available', etc.) or a special deal usually accompanied by a time constraint (for instance, statements like: 'Order before midnight to receive a free gift with your order'; 'Two for the price of one for first 50 callers only, etc.'). The key is to provide consumers with compelling purpose to purchase promptly rather than defer purchase decisions.

Purchasing behaviour is also affected by a range of psychological, demographic and personality components such as demographics, psychographics (lifestyle), personality, environment, motivation, knowledge, attitudes, beliefs, feelings and prior experience with the category or brand. Psychological components include an individual's motivation, attitudes and beliefs, while personal components include income level, personality, age, occupation and lifestyle. The consumer's underlying motivation drives actions, including information search and the purchase decision.

Concepts and Dimensions of Green Marketing

Several concepts have evolved in recent times to add depth to the study of green marketing and green ethos. Meghna and Prachi, (2016) identify these to include: eco-labeling, eco-branding, and environmental advertising.

Eco-Labeling: Eco-labels are one of the important techniques of green marketing. They are part of packaging and they can be in the form of a piece of paper or any diagram. Labels provide knowledge about the brand and many more information. Labels play two important functions: information function and a value function (Delafronz, Sharifah, Samsinar & Ali 2014). Eco-labels are very useful for consumers as they provide knowledge about how the product is made and so consumers can take a decision whether to buy the product or not. It helps consumers to identify environment friendly products. In a study, Meghna and Prachi (2016) found that 43% of respondents believe that eco-labeled products are good for the environment and the same percentage of respondents think that they are good for both health and environment. Only 2% of respondents confirm eco-labels means nothing to them. This shows that eco-labels are effective in influencing consumers purchase. And in the

same study, it was found 56% of respondents are willing to pay more for green products. As many as 73% respondents believe in the credibility of eco-labeled products. There are some studies which show the linkages between the eco-labeling and the consumer's intention to buy the eco-friendly products. Also Delafronz *et al* (2014) found a positive relationship between eco-labels and intention of consumers to purchase eco-friendly products.

Eco-Brands: "Eco-brand" also known as environmental branding or green branding are names, terms, signs, and symbol used to declare the firm's environmental performance that is practiced extensively. Eco- Brands can also be referred to as brands that conform to environmental needs of the people, as against Eco-labels which are labeling systems for food and consumer products. A brand can be seen as a name, term, sign, symbol, or design or the mixture, intended to identify the products and services of one seller or group of sellers and to distinguish them from that of a competitor (Hargreaves, 2011; American Marketing Association, 2015). In the same way, Eco-brand serves the reason of differentiating a brand on the basis of its environmental benefits. Eco-brand makes a product different from other products and makes it more identifiable among the thousands of varieties of products. A green and non-green product can be easily differentiated on the basis of an eco-brand. A study on online consumers by Neilsen (2014) reveals that globally 55% of consumers are willing to pay more for services and products that are environmentally and socially responsible. It further reveals that inclination towards eco-brands is highest in Asia-Pacific (64%), followed by Latin America with (63%) and Middle East (63%). With the survey done in 60 countries the Neilson Global Survey found that 52% of respondents agree that in the last six months they have purchased at least one product from eco-branded company. Further they found that most of the respondents first check the eco-labels before checking the eco-brand.

Environmental Awareness: Due to ever increasing waste generation, consumers and producers are becoming more alarmed about environment-friendly products and feel that these products are safe and secure for use (Elham, & Nabsiahw, 2011). Through advertisements of green products corporate firms attempt to produce a positive picture in the mind of their clients (Awan, Abdul and Muhammad, 2015). Environmentally focused organizations use green advertising as a viable tool to push in purchaser (Ginsberg and Bloom, 2004). Numerous customers known as green purchasers who know the significance of environmental wellbeing by developing utilization of green products attest to the benefits of green practices in all ramifications (Elham, & Nabsiahw (2011). Carlson maintains that the publicizing of green items raised their demand changes buying behavior of consumers (Major & Gnanapandithan 2013). A purchaser comprehends the validity of a firm through its green item creation (Yazdanifard, 2014). There is an assumption that the interest in ecologically well-disposed merchandise items is expanding everywhere throughout the world (Sahakian & Wilhite 2014). The group who need to buy the green product is willing to pay more for a green item in premium cost (Cronin, 2011). Organizations outline environmentally friendly products and target those customers that will be able to pay more for these green products (Yazdanifard, 2014). Numerous client objections for high prices of green products and some client overlooks to purchase green item because of its high cost (Manjunath, 2013). It is seen by prior exploration in the business sector that females were more worried about the environment as compared to male.

Environmental Sustainability: Sustainability is the cornerstone of the green marketing philosophy. A sustainable method to consumption and production consist of enjoying a standard of living today which is not at the expense of the standard of living that can be enjoyed by future generations (Meghna & Prachi, 2016). Chen and Chang (2012) maintain that sustainability is at the nucleus of the green marketing philosophy. Okada and Mais (2010) observed that the proactive components of green marketing are being abandoned in favour of a responsive attitude and environmental issues are converted from a societal challenge into a marketing problem. Consumers are also depicted as playing a major function in environmental sustainability since they can exert considerable pressures and demand goals of sustainability or environmental performance from businesses (Perry & Singh, 2002; Meghna & Prachi, 2016). Incorporating a green strategy into firm's overall vision is one of the world's biggest challenges. This entails making green marketing practice an integral part of the firm's values and fundamental beliefs; bringing the overall focus of companies to triple bottom line of people, planet, and profit for the greater good of the environment as against profit maximization philosophy of companies. They should be encouraged to use more of natural, recycled or renewable materials to produce their product (Chan, 2013). Talking about sustainability, organization's effect on the consumers and environment in which it operates and consciously adopts sustainable practices throughout every element of its business must be given kin consideration. Companies consciously observe and reduce their carbon footprint, actively examining the carbon life cycle of their products/production activities as this will aid the actualization of sustainability goal; reducing negative environmental effect and improving livelihoods. Sustainability should be made a cornerstone of every company working to help protect consumer health and the environment. A good instance of environmental sustainability company is the General Electric; it is noteworthy for its pledge to double its investments in the research and development of environmentally friendlier technologies. This has so far cost \$700million in 2004 to \$1.5billion in 2010. General Electric has been consistently named among the ten of global 100 most sustainable corporations.

Researchers in several business studies (Elham, and Nabsiahw, 2011; Fariddeddin, Morteza, and Azam, 2013) have convincingly urged that environmentally responsible strategies can contribute to competitive advantage and superior financial performance while debates on ecological conservation and environmental practices within marketing have raged for over three decades, much of the focus has been on identifying and targeting the environmentally – conscious consumers.

METHODOLOGY

The method employed to drive this study is the survey design. It is primary data driven in its response to questions via a questionnaire. The sampling technique adopted is randomization to give equal chance to respondents.

Population of the Study: The population used in this study consists of employees of the selected manufacturing firms in Lagos State Nigeria, and is presented thus in the table below:

Table 1: Population of selected manufacturing firms' staffs in Lagos state

S/N	Manufacturing Firms	No of Employees
1	Chi Limited	85
2	Dufil Prima Foods	79
3	Flour Mills Nigeria	84
4	Johnson Wax Nigeria Limited	78
5	Nestle Nigeria Plc	72
6	PZ Cussons	82
7	Unilever Nigeria	84
8	Lever Brothers Plc	75
9	7up Bottling Company Plc	78
10	AG LeventisPlc	74
11	Nigeria Bottling Co.Plc	85
12	Crown Drinks Ltd	84
Total		960

Source: Human Resources Department of Manufacturing Firms.

Procedurally the sample size for the study (282 employees) was determined by Taro Yamen sample size formula. A 20-question instrument of 5-point Likert style was used to primarily capture respondents' opinions. Face and content validity was used to confer integrity on the instrument via expert assessments.

To establish the reliability, a test-retest method was employed. For the purpose of this study, the Cronbach Alpha (CA) reliability estimation was used to test the consistency of the questionnaire item. Trochims(2006) avers that an acceptable measure for CA is 0.7 or higher is adequate. This study CA is 0.824.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.824	.822	20

Data were operationalized using the statistical package for social science (SPSS) software version 23.

The Statistical Model: The statistical model is as expressed below:

$$CPB = F(GA, GP, GP, GP)$$

$$CPB = \beta_0 + \beta_1 GA + \beta_2 GPK + \beta_3 GP + \beta_4 GPR + \varepsilon$$

Where CPB = Consumer Purchase Behaviour (Dependent Variable)

Predictor Variables

Where; ε = Error Term

B_0 = Intercept/ Constant, $B_1 - B_4$ = Coefficients, GA= Green Awareness, GP = Green Packaging, GP= Green Pricing, GPR = Green Product

PRESENTATION OF DATA, TABLE & RESULTS

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.634	.629	1.3175

a. Predictors: (Constant), green product , green pricing , green awareness , green packaging

Source: Analysis of field Survey, 2017

Table 2 showed what percentage (%) of variability in the dependent variable is accounted for by all of the independent variables together. It shows that change in consumers' purchase behaviour which is brought about by the variables of green marketing by 63.4% (.634) as indicated by the R^2 value. The independent variables explain 63.4% of the variability of the dependent variable.

Fitness of the Model

Table 3: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	823.969	4	205.992	118.668	.000 ^b
	Residual	475.630	274	1.736		
	Total	1299.599	278			

a. Dependent Variable: consumer purchase behavior

b. Predictors: (Constant), green product , green pricing , green awareness , green packaging

The F -ratio in table 3 tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically and significantly predict the dependent variable, $F(4, 274) = 118.668$, $p < .0005$ (i.e., the regression model is a good fit of the data).

Table 4:

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.884	.938		-2.009	.045
	green awareness	.302	.048	.295	6.252	.000
	green packaging	.467	.054	.420	8.679	.000
	green pricing	.274	.051	.238	5.402	.000
	green product	.020	.057	.016	.348	.728

a. Dependent Variable: consumer purchase behavior

The general form of the equation to predict CPB = $\beta_0 + \beta_1GA + \beta_2GP + \beta_3GP + \beta_4GPR + \varepsilon$
 CPB = $-1.884 + (0.302 \times GA) + (0.467 \times GPK) + (0.274 \times GP) + (0.020 \times GPR)$

From Table 4 above we find the multiple regression analysis results for green marketing and its influence on consumer purchase behaviour. The table reveals that green awareness which is the first variable has positive relationship with consumer purchase behaviour ($\beta = .295$, $P < 0.01$). The same is true with green packaging ($\beta = .420$, $P < 0.01$); green pricing ($\beta = .238$, $P < 0.01$) and green product ($\beta = .016$, $P < 0.01$). overall, the study determines a strong and positive relationship between the four predictors of green

consumer behaviors from respondents sampled. This is succinctly captured in the table below.

Hypotheses Testing

As has been stated regression statistics was employed as an analytical tool for testing the hypotheses formulated. Conventionally in statistics the rule stipulates that should the probability value calculated be greater than the critical level of significance, the null hypothesis is accepted and the alternate hypothesis rejected and vice versa. The decisions on outcome of above multiple regression tables are hereunder presented.

Table 5: Table of results of tested hypotheses

SN	Hypotheses	Statistics	Decision	Implication
1.	HO ₁ : There is no significant relationship between green predictors and consumers' green purchase behaviour.	<u>Correlation:</u> Here, the β value (.0302) on green predictors, a positive association is found with customer green purchase behavior.	Null hypothesis was rejected. There is an association between the green predictors and consumers' purchase behaviour.	Customers sampled have green orientation/awareness, hence they are likely to make their purchase decisions based on their green consciousness
2.	HO ₂ : Green awareness, green packaging, green pricing and green product have no influence on consumers' green purchase behavior	<u>Multiple Regression:</u> Green Awareness (.000<0.05) Green Packing (.000<0.05), Green Pricing (.000<0.05) Green Promotion (.728>0.05).	The null hypotheses was rejected For green awareness, green packaging and pricing are rejected. This is because P value calculated is lesser than the critical level of significance Alternate hypotheses for green promotion accepted. Green promotion does not significantly predict customer purchase behavior.	Customers sampled revealed green awareness, green packaging and green pricing are significant predictors of purchase behavior. Hence we conclude that customers put emphases on environmentally friendly packaging and friendly pricing in purchase action. Customers sampled have less emphasis on the 'greenness of promotion itself before engaging in purchase behavior. Royne, Levy & Maiz (2010) agree with this.

DISCUSSION OF FINDINGS

Green Awareness and Consumers' Purchase Behaviour

The four predictor variables of green awareness, green promotion, green pricing and green product all posted a positive relation with the dependent variable, purchase behavior (.302, .467, .274 and .020) respectively. Again, it was revealed that green awareness has the second highest positive effect on consumer purchase behaviour ($\beta = .295$, $P < 0.01$). In addition to the above two data set, the test of hypothesis indicated in table 4 indicate that there is a significant relationship between green awareness and consumers' purchase behaviour (.000<0.05). To give further credence to this assertion, its t-test shows clearly that its level of predictiveness is quite high (6.252). All these combined confirms a very significant level of customer awareness with respect to green purchases behaviour. These findings are

consistent with Norm, Douglas, Cerf, and Krishnan, (2011), whose view was that consumers accept green products when their primary need for performance, quality, convenience, and affordability were met, and when they understood (aware) how a green product could help to solve environmental problems.

Green Packaging and Consumers Purchase Behaviour

Table 4 revealed that green packaging has the highest positive effect on consumer purchase behaviour ($\beta = .420$, $P < 0.01$). In furtherance, the test of hypothesis indicated in table 4 reveals that green packaging is strong predictor of consumers purchase behaviour ($.000 < 0.05$). These findings are consistent with Rahim, and Douglas (2012) and Yaacob and Zakaria. (2011). assertions that it takes only few seconds for labels and packages to catch the consumer's eyes because it is very easy for the consumers to recognize green products.

Green Pricing and Consumers' Purchase Behaviour

From the multiple regression table, green pricing has the third highest positive effect in terms of association with consumer purchase behaviour ($\beta = .238$, $P < 0.01$). Furthermore, the test of hypothesis indicates that green pricing is a significant predictor of consumers' purchase behaviour ($.000 < 0.05$). These findings are consistent with Awan, Abdul and Muhammad (2015) view that green pricing does influence consumers in their purchases and consumers would be eager to pay extra cost for the products that are health-friendly and do not harm the environment.

Green Promotions and Consumers' Purchase Behavior

It is revealed that green-promotions has the least positive effect on consumer purchase behaviour ($\beta = .016$, $P < 0.01$). In furtherance therefore, the test of hypothesis indicated in table 4 reveals that there is no significant relationship between green-promotions and consumers' purchase behaviour ($.728 > 0.05$). This finding is in agreement with the findings of Okada and Mais, (2010); Chen and Chang (2012) when they affirm that green promotions make the products typically more costly and thus, they are simply more expensive for customers to readily purchase on account of promo cost incurred by the firm.

CONCLUSION

Based on the findings of this study, the following conclusions were reached: Many customers that are known as green purchasers have green orientation and its benefits and tend to develop the effect in repeat purchase and utilization of green products. Packaging is one area where firms are faced with the issue of social responsibility which includes concern about the role of packaging in pollution, global warming, biodegradability and resource use which in the long run affect consumers purchase behaviour. Green products are products that have more environmentally friendly packaging. In the quest for eco-friendly packaging, some companies have not only modified their packaging to reduce its negative effects on the environment but have also invested huge amount of money in various recycling activities. Type of Packaging materials and their environmental friendliness can easily win over the customers to buy the green products.

Finally, a positive and significant relationship is found between price and green buying behaviour of consumers. Price is a significant factor and decider and it is the main purpose for customers buying or not buying green products. If the price of the green product is kept slightly lower, all things being equal, consumers will be encouraged to buy green products and if the product has relatively high price elasticity, it will be beneficial for manufacturers of green products to keep the prices low.

Recommendations

In line with the findings and the conclusion of the study, the following recommendations were made:

- i. Companies should advertise the green component of their products after giving a critical thought to them. They should promote the utility, design and the functions of the product so as to avoid any misleading information.
- ii. Corporations should demonstrate action and genuine corporate commitment to sustainability to lead the way for consumers to follow. They have responsibility to raise consumer awareness of sustainability issues and solutions; clearly explain the company's sustainability policy and making it relevant to consumers. The need to propagate green efforts, builds, refine, and grow sustainability platforms with consumer input cannot be overemphasized.
- iii. Manufacturers of green products in Nigeria can use different strategies to encourage green behavior of their customers to achieve sustainable market and environmental development. This has become needful due to growing environmental problems and their adverse effects on physical and mental health of human beings. A lot needs to be done in this direction in advocacy for ethics of greenness.
- iv. Enterprises manufacturing, growing and dealing on green products with focus on greenness should attempt to strike partnership with media organizations, health agencies, etc., with green consciousness to grant lower rates for advertisements that are green and eco-friendly. Incrementing such partnership with government agencies and media organizations can help stimulate green behavior not only from manufacturers but from citizens (consumers) in keeping environment clean and healthy.

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