ISSSN: 2504-9380

جامعة الحكمة، إلورن – نيجيريا

AL-HIKMAH MANAGEMENT REVIEW

(AMR)

Volume 2 Number 1
2017

A Publication of
Department of Business Administration,
Faculty of Management Sciences,
Al-Hikmah University, Ilorin, Kwara State, Nigeria
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Published 2017
Department of Business Administration,
Faculty of Management Sciences,
Al-Hikmah University, Ilorin,
Kwara State Nigeria.

Printed by
Oladoja J. Hakeem Enterprises
Doja Press
36 Niger Road, Ilorin
Kwara State.
Tel: 08056682821, 07066861616
E-mail: oladojaakeem@gmail.com

Forward

In producing the second edition volume 2 number 1 of this Journal, I am particularly very grateful to Almighty Allah and the Departmental staff for the support accorded me whenever a task is to be undertaken.

This Journal is an addition to the growing number of Journal in Al-Hikmah University.

Alhikmah Management Review is worth reading for researchers who want to achieve academic excellence through the effort of other researchers.

It is also a good reference for both present and future researchers.

This Journal is a humble attempt to popularise researchers from the management view of point.

Kudos must be given to the Editorial Advisory Board, Editorial Board and researchers who published in this current volume of the Journal who make the second volume a reality.

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Corporate social Responsibility and Financial Performance of Listed Deposit Money Banks in Nigeria

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Abstract
Corporate social responsibility (CSR) is a fast growing concept in the banking industry with little attention paid to its linguistic. This paper is an empirical analysis of the impact of corporate social responsibility on financial performance of listed deposit money banks in Nigeria for a period of 2006 to 2013 (8years). Nine out of seventeen Banks were selected as sample of the study. The study uses secondary data from fact book and financial statements of Nigerian Stock Exchange (NSE). While total expenditure on corporate social responsibility serves as the independent variable, the dependent variables of financial performance were proxied by Return on Assets (ROA), Earnings per share (EPS) and Liquidity (LQT). The result reveals that CSR has a significant positive impact on ROA and EPS. CSR was also found to have a negative impact on LQT. The paper concludes that there is significant impact of corporate social responsibility on financial performance of deposit money banks in Nigeria, therefore, recommends to the banking sector to take CSR commitment as an important factor in order to boost their profitability.

KEYWORDS: *Corporate social responsibility, Financial performance, Return on Assets, Earnings per share, Liquidity.*

Introduction

Corporate social responsibility, which emerged significantly from the concept of corporate social and environmental accounting, assume a new direction of emphasis among the stakeholders in the discipline of accounting profession few decades ago. The literature on Corporate Social Responsibility (CSR) has emerged from a variety of disciplines, such as sociology, philosophy, accounting, management, finance, law and politics (Porter & Kramer, 2006 and Jones, 1995).

In the debate on CSR, two broad schools of thought emerged; the free market view and the corporate social responsibility view. The proponents of free market view argued that it is not the job of businesses to be concerned about social issues and problems. The only task of business is to maximize profits and create wealth for stakeholders. It shouldn't interfere in social problems as it is a field of government regulation (Levitt, 1958; Friedman, 1970 and Mackey & Mackey, 2007). Scholars of CSR on the other hand, argued that business is more than just economic unit, it is a part of complex surrounding, consisting of various intermediaries like consumers, suppliers, mass-media, unions, employees and stakeholders and it should definitely help the society, in carrying out various social programmes and cooperate with government (O'Dwyer, 2002; Cooper & Owen, 2007, and Detomasi, 2008).

Traditionally, firms have been concerned with profits maximization. However, it appears that the culture around the globe has been changing. People are beginning to judge corporations for their actions. Recently many corporations have gone to great lengths to make sure that their companies are being viewed as socially responsible by the public (Spilectic, 2013). Nowadays, management is being held responsible not only for the efficiency of operations as expressed in profitability performance but also for what is done about an endless number of social problems. This requires companies to undertake additional but discretional activities beyond traditional objectives of maximizing shareholders wealth. Caswell (2004) states that CSR and sustainability are used inter-changeably to mean the same thing, therefore, for any organization to be sustainable in the long run, it first needs to be financially self-sufficient, thereafter strive to be socially responsible. Companies often provide sustainable economic benefits to the society; in return, the society supplies them with numerous critical resources in the form of access to employees, natural resources, infrastructures, customers and legitimacy (Bailey, Harte & Sugden, 2000 and Reich, 1998). Therefore, they are deemed to agree to perform various socially desired actions in return for their acceptance as legitimate institutions in society. Many of these tactics tend to concentrate on changing or controlling the public perception of an organization in response to threat to its legitimacy arising from social pressure (Abba, 2012).

Corporate social responsibility is a fast growing concept in the banking industry with little attention paid to its linguistic. Despite the need for business to be morally conducted, management indulges in

immoral activities. Unfortunately, there has been few empirical tests conducted in support of the advantages and disadvantages involved in CSR. This makes CSR practice susceptible to the popular accusation of being a profitable public relations and marketing strategies (Akindele, 2011). The main rationale behind establishing the banking sector in Nigeria is for profit oriented and service delivery to potential and outstanding shareholders. But for every profit oriented company to maximize its profit, it must take one significant and an exceptional activity into cognizance (i.e. CSR), because it has been proved by many studies such as McWilliams & Siegel (2000); Gregory, Tharyan & Whittaker (2014) from advanced countries that CSR is one of the committed activities that usually boost the level of profitability of corporations (Abdulrahman, 2013).

Many studies have examined the impact of CSR on banks' performance in Nigeria. However, most of them used only one bank to make generalization instead of taking a reasonable sample size, for example, Gunu (2008) examines the influence of corporate social responsibility on the performance of banks and used only Zenith Bank Plc to make generalization. Paul & Ofoegbu (2011) considered United Bank for Africa Plc as their case study. In the same vein, Bolanle (2012) focused on only First Bank Plc. Olanrewaju (2012) considered only Guaranty Trust Bank plc and MTN Nigeria to make generalization for both the banking industry and the communication industry. Abdulrahman (2013) used only Profit after Tax as proxy to corporate financial performance.

In line with this phenomenon, this study seeks to examine the impact of corporate social responsibility on the financial performance of Deposit Money Banks in Nigeria for the period of 2006 to 2013. While Returns on Assets (ROA), Earnings per share (EPS) and Liquidity (LQT) are adopted as dependent variables, total expenditure on corporate social responsibility serves as the independent variable. To achieve the above objectives, the following null hypotheses are formulated for the study: CSR has no significant impact on ROA of deposit money banks in Nigeria, CSR has no significant impact on EPS of deposit money banks in Nigeria and CSR has no significant impact on LQT of deposit money banks in Nigeria.

The remaining part of this paper is organized as follows: section two provides literature review and theoretical framework of the subject matter. Section three presents the methodology adopted for the study. Section four discusses results of the study and section five presents the conclusion and recommendations of the study.

Literature Review

The concept of Corporate Social Responsibility

There is no universal definition of CSR (Gregory, Tharyan & Whittaker, 2014). The World Business Council for Sustainable Development defines CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families, local communities and the society at large to improve the quality of life in ways that are both good for business and development. However, the most comprehensive definition is given by Crisostomo, Freire & Parente (2014), that, CSR could be defined as the process of communicating the social and environmental effects of organisations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly) companies; beyond the traditional role of providing a financial account to the owners of capital, in particular shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders (Hussainey, Elsayed & Razik, 2011). Carroll (1999) sees corporate social responsibility as a construct with four main components: economic responsibility to investors and consumers, legal responsibility to the government or the law, ethical responsibility to society, and discretionary responsibility to the community (Adeyemo, Oyebamji & Alimi, 2013)

All organizations have responsibilities to their employees, their clients and their immediate environment and the society at large. Therefore, their commitment to CSR is expected to unite the organization, strengthen its reputation and creates vital links with the communities in which they operate (Tazul-Islam, 2012). CSR disclosure is a critical way for firms to communicate with society, to win the minds of the public that they are meeting their social expectations (Branco and Rodriguez, 2008). CSR is considered to be influenced by the institutional environment in which companies operate (Gilbert, 2008).

Models of Social Responsibility

An organization may select various types of approaches to deal with the issues of social responsibility depending on a number of factors such as type of business, size of business, amount of resources available to the business and the nature of organization. Others include the attribute of the environment, preference of owner and manager, government legislation as well as company's mission and objectives.

Study of impact of Corporate Social Responsibility on the profitability of Nigerian banks by Amole, Adebiyi & Awolaja (2012) made use of Ordinary Least Square (OLS) to test the relationship between the Corporate Social Responsibility expenditure and profit after tax for the period of 2001-2010. It adopts model on the causal relationship between CSR and Firms. The results of the regression analysis reveals that for every unit change increment in the CSR expenditure, there will be 95% increase in the profit after tax of the bank.That is positive relationship between banks CSR activities and profitability, emphazising the need for banks to demonstrate high level of commitment to corporate social responsibility based on stakeholders' theory in order to enhance their profitability in the long run.

Empirical Review

Cyrus & Oyenje (2013) examine the impact of CSR on the corporate financial performance of listed Nairobi firms taking a sample of 40 firms listed in the Nairobi Stock Exchange Commission for the period of 2011 only. The study employed regression technique and found that CSR has a significant positive relationship with the firm financial performance. The study therefore recommends that corporate entities in Nairobi should invest in CSR activities in its entire ramification in order to boost their image thereby increasing their returns.

McWilliam & Siegel (2000) investigate the relationship between CSR and measures of financial performance. The study employed prior and post survey design. CSR was measured with Fortune Magazine's ratings and Performance was measured with ROA, Debt/Asset, Sales Growth, Average Asset, Operating Leverage among others as well as market measures-standard deviation of return, Alpha and Beta. The study reveals that CSR proved to be a better predictor of ROA.

Wjesinghe & Senaratne (2011) evaluated the impact of disclosure of CSR on financial performance in bank, finance and insurance sector in Srilanka. In the study, correlational descriptive design was employed. The sample of the study is 27 companies of BFI sector and data were collected for the period 2006 to 2010. The data were analyzed using regression technique. The result revealed the existence of significant positive correlation between disclosure of CSR and organizational performance proxied by ROA and ROE.

Kansal, Joshi & Batra (2014) appraised the linkage between CSR and corporate financial performance on the 150 sample of companies listed in Taiwan Stock Exchange. The study found that previous CFP had positive impact on the ROA and that previous corporate financial performance had no relationship with the latter CSR.

Matin, Thagafian, Esapour, Amin & Farhoodi (2011) studied the relationship between CSR and financial performance of companies manufacturing pharmaceutical products using applied analytical design. Financial performance (measured by ROA) as dependent variable and CSR (measured by working conditions, environment, business behavior, society and local community relationship and cooperate governance) and the firm size and risk were used as control variables. The Spearman's Correlation Coefficient was used for data analysis. The population and sample of the study consist of active companies in pharmaceutical products as well as Joint Stock Companies of East Azerbiajian and Tehran as at 2005. Data were collected from both primary and secondary sources. The study found that there was no positive relationship between CSR and firm financial performance. Orlitzky, Schmidt & Lynes (2003) evaluated CSR and financial performance for the period of 30 years. The study indicated that CSR was positively associated with financial performance.

Richard & Okoye (2013), investigated the impact of CSR on the performance of listed deposit money banks in Nigeria. The study adopted descriptive survey design and sourced the secondary data of all the selected banks from the Nigeria Stock Exchange. The study revealed that CSR had a significant impact on the performance of listed Deposit Money Banks in Nigeria. The study recommended that government should fix a certain percentage of profits corporate firms should expend on CSR. Adeyemo, Oyebamiji & Alimi (2013) examined the impact of CSR on the corporate financial performance of listed Nigerian Firms taking a sample of 40 firms listed in the Nigerian Stock Exchange for the period of 2011 only. The study

employed cross sectional content analysis research design using the multiple regression technique of data analysis. The study found that CSR had a significant positive relationship with the firm's financial performance. The study therefore recommended that corporate entities in Nigeria should invest in CSR's activities in all its ramifications in order to boost their images thereby increasing their returns.

Iqbal, Ahmad, Basheer & Nadeeem (2012) studied the impact of CSR on financial performance of 156 samples of listed Corporations in Karachi Stock Exchange from Textile sector, Chemical sector, Cement sector to Tobacco sector of the period of 2010-2011. The result showed that CSR had no effect on financial performance.

Weshah, Dahiyat, Abu Awwad & Hajjat (2011) examined the impact of adopting CSR on the financial performance of banks listed on the Jordanian Stock Exchange for the year 2011. The study employed a cross sectional descriptive survey design. The study found that there was significant relationship between CSR, banks' sizes, and the level of risks of the studied banks.

Pavie & Filho (2008) examined the relationship between corporate social responsibility and financial performance using meta analysis technique. The study aggregated that results of 112 recent studies published between 1998 and 2007, in the international literature on corporate social responsibility and financial performance. The relationship was tested by hypothesis and the result indicated a positive association between the various measures analyzed of CSR and financial performance.

Theoretical Framework

Many theories have been brought to bear on the concept of CSR, depending on one's perspective such as agency theory, legitimacy theory, stakeholder's theory, sustainability theory, accountability theory, political economy theory etc but for the purpose of this study, the theoretical framework underpinning this study is stakeholder's theory because it is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It also constitutes all the primary and secondary stakeholders (i.e. both the entire beneficiaries e.g. shareholders, suppliers, consumers, community etc).

Research Methodology

The research design for this study is descriptive and is based on content analysis (secondary source), Return on Assets, Earnings per share, liquidity and total amount of CSR expenditure disclosed in the annual reports of deposit money banks in Nigeria from 2006-2013. Quantifiable data was used to describe the outcome of the study with the aid of ordinary least square approach (regression analysis with the help of SPSS version 16). The population of this study constituted all the listed deposit money banks in Nigeria, but for the purpose of this study, the sample was arrived at based on the statistical formula of Yamane (1967) adjusted sample size formula below:

$n = n0 \div 1 + (n0 - 1) \div N$ ---------------------------------- (1)

$n0 = N \div 1 + N(e)2$ ----------------------------------- (2)

Where:

n = Adjusted Sample Size

n0= Sample size prior to Adjustment

e^2 = Level of precision

N = Population size

A 90% confidence level of precision is used and e = 0.1

On substituting the values of N= 24 and e=0.1 in equation one then we arrived at

$n0 = 24 \div 1 + 24\ (0.1)2 = 19$ on substituting the n0=19 in the first equation we have

$n = n0 \div 1 + (n0 - 1) \div N$ --------------------------------(1)

$n = 19 \div 1 + (19-1) \div 24 = 10.8571$, in this case, we have decided to take the nearest odd number. As such, the sample size is 11. The selected sample size was done based on simple random sampling without replacement. This study adopted Guru (2008) and Bolanle (2012). The models are stated as:

Model Specification

$Yi,t = \alpha_{it} + \beta X_{it} + en_{it}$ ----------------------------- (1)

$\text{Log ROA}_{it} = \alpha_o + \beta_o \text{ Log CSR}_{it} + e_{it}$ ------------ (2)

$\text{Log EPS}_{it} = \alpha_o + \beta_1 \text{ Log CSR}_{it} + e_{it}$ ------------- (3)

$\text{Log LQT}_{it} = \alpha_o + \beta_2 \text{ Log CSR}_{it} + e_{it}$ -------------(4)

Where:

CSR = expenditure of bank 'i' in period 't' CSR Expenditure/profit after tax

ROA_{it} = performance of bank "i" in period 't' Return on asset; PAT/total assets x 100

EPS_{it} = performance of bank 'i' in period 't' earning; PAT/no of shares outstanding

LQT_{it} = performance of bank 'i' in period 't' i.e. liquidity; ratio of cash and cash equivalent to total asset

Result and Discussions

The result of the tests obtained from the data collected for the study is presented and discussed in this section. The section begins with the descriptive statistics of the data collected for the study as presented in Table 1 as follows:

Table 1: Summary of Descriptive Statistics

VARIABLES	Mean	SD	Min	Max	N
CSR	0.0224	0.0499	0.0006	0.3995	72
ROA	1.4802	4.0005	-9.8652 2	4.0601	72
EPS	9.7917	11.6207	0.3492	36.5519	72
LQT	0.1293	0.1186	0.0243	0.7980	72

Source: STATA OUTPUT (Appendix)

Table 1 shows that the Corporate Social Responsibility (CSR) expenditure of the sampled deposit money banks has a mean value of 0.0224% with standard deviation of 0.0499, and the minimum and maximum value of 0.0006% and 0.3995% respectively. The standard deviation value indicated that the data deviated from the mean from both sides by 0.0499%, suggesting that the data was widely dispersed in the sample. The table, on the other hand, showed that one of the measures of performances (return on assets) of the sample deposit money banks (ROA) has a mean value of 1.4802% with standard deviation of 4.0005, and minimum value of -9.8652% and 24.0601% as the maximum value. This implies that the performance of the sample deposit money banks during the period of the study is on average 1.4802% and the performance deviate from the mean by 4.0005%.

Table 1 also shows that the sample deposit money banks during the period of the study has average earnings per share (EPS) of 9.79k with standard deviation of 11.6207, and minimum value of 0.35k and 36.55k as the maximum value. This implies that the performance of the sample deposit money banks in terms of EPS during the period of the study is on average 0.35k and the performance deviate from the mean by 11.62k. Lastly, the table shows that the sample domestic money banks during the period of the study has average liquidity (LQT) of 0.1293 with standard deviation of 0.1186, and minimum value of 0.0243 and 0.7980 as the maximum value. This implies that the performance of the total assets and the performance deviate from the mean by 11.86%.

Regression Results: This section presents and analyzes the regression results of the models of the study. The results are presented in table 3:

Table 2: Summary of OLS Regression Results the Model of the Study

Model One: ROA			Model Two: EPS			Model Three LQT		
Var	**Stat**	**p-val**	**Var**	**Stat**	**p-val**	**Var**	**Stat**	**p-val**
R^2	0.2906		**R^2**	0.6064		**R^2**	0.3140	
Adj. R^2	0.2876		**Adj. R^2**	0.5984		**Adj. R^2**	0.3042	
F-stat	8.39	0.0050	**F-stat**	91.24	0.0000	**F-stat**	32.04	0.0000
Hettest	8.24	0.0041	**Hettest**	11.77	0.0006	**Hettest**	3.49	0.0619

Source: STATA OUTPUT (Appendix)

The regression results from table 2 indicate that the independent variable (CSR) of the sample deposit money banks explained 28.76% of the total variations in the financial performance (ROA) of the sample banks in Nigeria, from the coefficient of determination (R^2 of 0.2876). The table also shows that the model is fitted as evident by the F-Statistic of 8.39 which is statistically significant at 1% level of significance (as indicated by the P-value of 0.0050). Therefore, the null-hypothesis which states that there is constant variance in the residuals is rejected; as the p-value is statistically significant at 1% level of significance.

The regression results table also show that the independent variable (CSR) of the sample deposit money banks during the period of the study explained 59.84% of the total variations in the financial performance proxied by EPS of the sample banks in Nigeria, as indicated by the F-Statistic of 91.24 which is statistically significant at 1% level of significance (as indicated by the P-value of 0.0000). Moreover, table 2 also shows a presence of Heteroskedasticity in the results as indicated by the Breuch Pagan/Cook-Weisberg test for heteroskedasticity (Hettest) Chi square of 11.77 with p-value of 0.0006. Therefore, the null hypothesis which states that there is constant variance in the residuals is rejected; as the p-value is

statistically significant at 1% level of significance. Therefore, there is no constant variance in the residuals of the model. Following this problem, the study adopts the robust OLS model to correct the problem, which is heteroskedasticity corrected standard errors.

Lastly, table 2 shows that the independent variance (CSR) of the sample deposit money banks during the period of the study explained 30.42% of the total variations in the financial performance (LQT) of the sample banks in Nigeria from the coefficient of multiple determinations (adjusted R^2 of 0.3042). The table also shows that the model is fitted as indicated by the F-Statistic of 32.04 which is statistically significant at 1% level of significance (as indicated by the p-value of 0.0000). Moreover, table 2 also shows an absence of Heteroskedasticity (Hettest) Chi square of 3.49 with p-value of 0.0619. Therefore, the null hypothesis which states that there is constant variance in the residuals is accepted; as the p-value is not statistically significant at alpha level (5%) level of significance. Therefore, there is constant variance in the residuals of the model.

Table 3: OLS Coefficients of the Models

Model One: ROA			Model Two: EPS			Model Three LQT		
Var	**Coef.**	**p-val**	**Var**	**Coef.**	**p-val**	**Var**	**Coef.**	**p-val**
CSR	43.2518	0.005	CSR	3.5838	0.000	CSR	1.3324	0.000
CONST	0.5144	0.256	CONST	-4.5216	0.000	CONST	0.0996	0.000

Source: STATA OUTPUT (Appendix)

The results from table 3 shows that, CSR has a significant positive impact on the financial performance (ROA) of the sample listed deposit money banks in Nigeria, from the coefficient of 43.2518 which is significant at 1% level of significance (p-value of 0.005). This suggests that a N1 increase in CSR leads to a 43.25k increase in the financial performance (ROA). Based on this, the study rejects the null hypothesis one (H_{01}) which states that, corporate social responsibility has no significant impact on the financial performance (ROA) of listed deposit money banks in Nigeria. The study therefore infers that CSR is significant in improving the financial performance of listed deposit money banks in Nigeria positively during the period under review.

Similarly, the results from table 3 shows that, CSR has a significant statistical positive impact on the financial performance (EPS) of the sample listed deposit money banks in Nigeria, from the coefficient of 3.5838 which is statistically significant at 1% level of significance (p-value of 0.00). This suggests that a N1 increase in CSR leads to a 3.58k increase in the financial performance (EPS); this result is significant at 1% significance level. Based on this, the study rejects the null hypothesis two (H_{02}) which states that, corporate social responsibility has no significant impact on the financial performance (EPS) of listed money banks in Nigeria. The study therefore infers that CSR is significant in improving the financial performance of listed deposit money banks in Nigeria positively during the period under review.

Moreover, the results from table 3 show that, CSR has a statistical significant positive impact on the financial performance (LQT) of the sample listed deposit money banks in Nigeria, from the coefficient of 1.3324 which is statistically significant at 1% level of significance (p-value 0.000). This suggests that a N1 increase in CSR leads to a N1.33k increase in the financial performance (LQT); this result is significant at 1% significance level. Based on this, the study rejects the null hypothesis three (H_{03}) which states that, corporate social responsibility has no significant impact on the financial performance (LQT) of listed deposit money banks in Nigeria. The study therefore infers that CSR is significant in improving the financial performance of listed deposit money banks in Nigeria positively during the period under review.

Conclusion and Recommendations

Based on the findings of the study, it is concluded that there is significant impact of corporate social responsibility on corporate financial performance of banks in Nigeria, as all the measures of performance used in the study are positively impacted. This constitutes a factor to be considered when deciding on CSR. The study recommends to the banking sector to take CSR commitment as an important driver of boosting profitability of an organizations, because the more you commit yourself to corporate social responsibility the more the yielding returns and all stakeholders should make sure each one of them is playing a vital role towards making CSR commitment a real. Corporate entities should voluntarily integrate both social and environmental responsibilities in

their business concerns. They should consider their shareholders, the local (host) community, general public, customers, employees and the government in the course of operating their legitimate businesses. The CSR should be included in the laws and being enforced on the firms accordingly. Government should fix minimum percentage of profit corporate firms should expend on corporate social responsibility activities.

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Assessment of Applications of Social Marketing Campaigns in Nigeria (A Study of Polio Prevention Campaign)

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Abstract

This study was intended to assess the application of social marketing campaign in promotion of social ideas in Nigeria with focus on polio prevention campaign. To advance this, the study looked at different theoretical frameworks that best explain behavioural changes initiated by social campaign. Selected theories and models for this study are: notion of exchange theory and the transtheoretical model of health behaviour change. The study employed both quantitative and qualitative methods of research to assess the selected campaign. In-depth interview (qualitative method of research) was utilized to solicit responses from organizers of the campaign, while questionnaires were deployed to generate data from target audience of the campaign. It was discovered during the study that the campaign was able to achieve its communication objectives of creating awareness about the proposed idea; polio prevention exercise and it was able to cultivate positive opinion and support from the audience for the campaign. Most of the target audiences have expressed their intention to engage in polio prevention exercises. This was due to the influence of the campaign, its intervention strategies and campaign's claims.
This study recommends, among other things, the need for further studies into the influence of societal and religious values in social marketing campaign.

Key words: *Social marketing, behaviour change campaign, transtheoretical model of health behaviour change, notion of exchange theory*

Introduction

The health communication field has been rapidly changing over the past two decades. It has evolved from a one-dimensional reliance on public service announcements to a more sophisticated approach which draws from successful techniques used by commercial marketers, termed "social marketing." Rather than dictating the way that information is to be conveyed from the top-down, public health professionals are learning to listen to the needs and desires of the target audience themselves, and building the programme from there. This focus on the "consumer" involves in-depth research and constant re-evaluation of every aspect of the programme. In fact, research and evaluation together form the very cornerstone of the social marketing process. (Andreasen, 2001).

Social marketing, like commercial marketing, aims to encourage people to "purchase" a product, service, idea, or behaviour. While there are many differences between social marketing and commercial marketing, there are also many similarities. The big difference between commercial marketers and social marketers, or so it is argued by Wilson and Olds (1991), is that commercial marketing focuses on the needs of the individual as identified by the individual whereas social marketing focuses on the needs of the individual as identified by the social marketer. The former tries to sell you something you know you want, and the latter tries to sell you something you don't know you want, or in many cases, you know you don't want. However, it can also be argued, as affirmed by Andreasen and Kotler (2003) that many of the things we buy from commercial marketers are things we didn't know we needed until we saw their appealing ad campaigns – fashion clothing and new home entertainment technologies being prime examples. Thus, in many ways, the task facing the social marketer is much the same as that facing the commercial marketer: the success of the marketing effort largely depends on offering the right product, at the right price, in the right place, and promoting it the right way

The whole of idea of social marketing is to educate people about something, for example (the nutritional value of Soya beans) or create enlightenment about government action or policy (for example, the expanded programme on immunization campaign) or change a basic belief of the people (i.e. making Nigerians to buy made in Nigeria goods) or change people's behaviour (i.e. make people use auto seat belt).

In its effort to maximize target group response, a social marketer utilizes market segmentation, consumer research, concept development, communications, facilitation, incentive and exchange theory. In contrast to ordinary business marketing, social marketing has more of the characteristics of a change technology than a response technology. It seems to be based on the selling concept rather than marketing concept. The social marketer, attempts to understand why consumers use a particular product, the pleasure derives in using the product and what difficulties are encountered in giving off the product (Awarun 1998)

Increasingly, social marketing is being described as having "two parents"— a "social parent"; social sciences and social policy, and a "marketing parent"; commercial and public sector marketing approaches. Beginning in the 1970s, social marketing, as observed by Donovan and Henley (2003), has in the last decade matured into a much more integrative and inclusive discipline that draws on the full range of social sciences and social policy approaches as well as marketing. Social marketing applies a "customer oriented" approach and uses the concepts and tools used by commercial marketers in pursuit of social goals like Anti-Smoking-Campaigns or fund raising for NGOs (Glenane-Antoniadis &Whitwell, 2003)

Statement of the Problem

The idea of social marketing is very new in Nigeria but either consciously or unconsciously people have been involved in social marketing activities. The governments at various levels have been involved in social marketing activities like public health campaign against Smoking, Drug Abuse and Acquired Immune Deficiency Syndrome; Campaign for Immunization, Family Planning and Mass Literacy, Road Safety etc.

Political parties and organizations are involved too in social marketing activities in Nigeria. Political candidates, for instance, after getting nominations from their respective political parties, organize political rallies and campaigns for their elections, and through this make known their manifestoes and programmes to the people. The candidates also use the print and electronic media to create awareness for their political ambitions. There are organizations involved in funeral arrangements like providing ambulance services, caskets and funeral undertaking services. We have organizations that offer also humanitarian services to the people, in form of Community Development Association, clubs and voluntary organizations and those that organize crusade or jihad to win soul for God. Their services are social marketing activities. The sales of hard drugs, prostitution, abortion, bribery and use of hired killers are also social vices which can be considered as targets for social marketing activities too.

The practice of social marketing has received much publicity and support from the people through its positive effects on promotion of health behavior (Andreasen, 1995). Due to its potency in influencing positive health behavior, social marketing remains a veritable tool in the hands of health practitioners. It is no coincidence that most successful health campaigns in Nigeria either to advocate for positive health behavior or to discourage certain practices like unhealthy sexual acts, use of condom, maintaining clean environment, etc were all disseminated through social marketing techniques. Motivated by the brilliant performances of social marketing in the health sector, other sections of human endeavours in the country have turned to social marketing in their different campaigns (Awarun, 1998). This has led to increase in the use of social marketing. For instance, the campaign advocating proper handling of the country's currency, tax payment, patriotism, and cultivation of good orientation about the nation were executed through techniques of social marketing.

Hence the study was carried out to assess the impact of social marketing campaign in the promotion of social ideas in Nigeria with focus on Polio Prevention campaign. The study also attempts to identify the various social marketing techniques and methods adopted in the selected campaign, determine to what extent the target audiences of the selected campaigns were exposed to the campaign messages, establish the perceptions of the audiences of the campaigns on the campaign messages, and determine the extent to which the target audiences were influenced by the messages of the campaign in the adoption of the proposed idea behind the campaign

Literature Review

Social marketing has become increasingly popular among governments and donors as a way of addressing serious health issues in developing countries. While social marketing has its roots in family planning, it has been the use of social marketing to respond to the AIDS epidemic that has attracted much of attention (Doner, 2003). Using commercial marketing techniques, social marketing makes the product available and affordable while linking it to a communications campaign geared to effect sustainable behavioural change (Donovan & Henley, 2003). In the mid-1980s, condom social marketing emerged as an effective tool in combating the spread of HIV/AIDS. Maintaining a product focus, social marketing programmes have adapted and continued to adapt distribution and communications techniques to meet the challenges posed by the epidemic (DeJong, 1989).

As observed by Clift (1989), the primary aim of social marketing is "social good", while in "commercial marketing" the aim is primarily "financial". This does not mean that commercial marketers cannot contribute to achievement of social good. Increasingly, social marketing is being described as having "two parents"—a "social parent" -social sciences and social policy, and a "marketing parent" - commercial and public sector marketing approaches (Andreasen, 2001). Social Marketing is a systematic application of marketing techniques and tools to promote specific non-commercial goals for a social good. The primary focus or motive, as noted by Bryant, Kent, Brown, Bustillo, Blair, et al. (1998), is to achieve social benefits other than financial gains with specific or general audience. It is in relation to different relevant issues to social good; sanitation, hygiene, growth, sustainable development, education etc, planned for social benefits. It can be more effective and efficient if it is used more strategically to inform both policy formulation and strategic development (Donovan & Henley, 2003).

Although a variety of definitions have been proposed by social marketers, academics and health communication practitioners, social marketing is typically defined as a programme-planning process that applies commercial marketing concepts and techniques to promote voluntary behaviour change (Kotler, Roberto, & Lee, 2002). Social marketing facilitates the acceptance, rejection, modification, abandonment, or maintenance of particular behaviours by groups of individuals, often referred to as the target audience. Although social marketing's target audience is usually made up of consumers, it is used also to influence policy makers who can address the broader social and environmental determinants of health (Donovan & Henley, 2003).

The marketing concept was first heard during the 1970s when Philip Kotler and Gerald Zaltman realized that the same methods of marketing that were used to sell goods to people could as well be used to project ideas (Kotler, Roberto, & Lee, 2002). In late 1980s health promotion campaigns began applying social marketing. The early notable developments took place in Australia and they include the Victoria Cancer Council developing its Anti-Tobacco Campaign, SunSmart developing its Campaign against Skin Cancer and Craig Lefebvre and June Flora also used social marketing to promote public health in communities (Donovan & Henley, 2003). Social marketing began as a formal discipline in 1971, with the publication of "Social Marketing: An Approach to Planned Social Change" in the Journal of Marketing by marketing experts Philip Kotler and Gerald Zaltman. However, earlier, social marketing had already been used as a tool for birth control in India, where a persuasion based approach was favoured over a legislative approach (Andreasen & Kotler, 2003).

Speaking of what they termed "social change campaigns", Kotler and Ned Roberto introduced the subject by writing, "A social change campaign is an organized effort conducted by one group (the change agent) which attempts to persuade others (the target adopters) to accept, modify, or abandon certain ideas, attitudes, practices or behavior" (Kotler & Eduardo, 1989).

Their 1989 text was updated in 2002 by Philip Kotler, Ned Roberto and Nancy Lee. In 2005, University of Stirling was the first university to open a dedicated research Institute of Social Marketing, while in 2007, Middlesex University became the first university to offer a specialized postgraduate programme in Health & Social Marketing (Kotler, Roberto & Lee, 2002).

Social marketing theory is based on the "marketing philosophy" that people will adopt new behaviours, or ideas if they feel that something of value is exchanged between him/her and the "social marketer". Thus, one of the goals of a social marketer should be to meet consumers' needs and wants. The "something" can be a tangible product (i.e., oral contraceptive) or an idea (i.e., notion of family planning) or both. Another assumption is that well-honed and demonstrably effective techniques from the commercial business sector can successfully and efficiently be applied to advance social causes (Donovan & Henley, 2003).

Theoretical Framework

Theories and models for social marketing abound, with little formal consensus on which types of models for what types of social problems in what kinds of situations is most appropriate. In defining what social marketing is, many authors include the notion of

exchange theory to link it to its marketing roots (e.g., Kotler & Roberto, 1989; Lefebvre & Flora, 1988; Novelli, 1990). Other writers on the subject omit any mention of exchange theory, either in their definition of social marketing or its key elements (e.g., Andreasen, 1995; Manoff, 1985). Elliott (1991), in a review of the exchange concept's place in social marketing, concludes that “[it] is either absent or obtuse” (page 157). While authors such as Lefebvre and Rochlin (1997) as well as Novelli (1990) recognize the value of the exchange concept in describing social marketing, both hold on to the idea that many other theoretical models may be applied in the actual development of social marketing programmes. “Marketing is theory-based. It is predicated on theories of consumer behaviour, which in turn draw upon the social and behavioural sciences” (Novelli, 1990; 346).

The Notion of Exchange Theory

The field of marketing attempts to influence voluntary behaviour by offering or reinforcing incentives and/or consequences in an environment that invites voluntary exchange (Rothschild, 1999). Exchange theory according to Bagozzi (1978) views consumers acting primarily out of self interest as they seek ways to optimize value by doing what gives them the greatest benefit for the least cost. Contrary to commercial exchanges, in which consumers receive a product or service for a cash outlay, in public health situations, there is rarely an immediate, explicit payback to target audiences in return for their adoption of healthy behaviour (Wilson. & Olds, 1991). Nevertheless, exchange theory reminds social marketers that they must (a) offer benefits that the consumer (not the public health professional) truly values; (b) recognize that consumers often pay intangible costs, such as time and psychic discomfort associated with changing behaviours; and (c) acknowledge that everyone involved in the exchange, including intermediaries, must receive valued benefits in return for their efforts. This theory reinforces social marketers with ideas of what target audiences go through in terms of sacrificing part of their desires for the proposed idea. This theory will also equip social marketers with promising ideas of the expected benefits of the campaign idea which the social marketers deploy in the campaign messages (Hastings & Saren, 2003).

The Transtheoretical Model of Health Behaviour Change

This model, popularly known as "stages of change", has become one of the more often used models in social marketing programmes. Although this model was being applied by social marketing programmes in the early 1990's to increase physical activity levels of community residents (Marcus, Banspach, Lefebvre, Rossi, Carleton & Abams, 1992), its incorporation by Andreasen as the theoretical model for *Marketing Social Change* (1995) no doubt has influenced its adoption by many social marketing practitioners.

The model emerged from an analysis of leading theories of psychotherapy and behaviour change in which ten distinct processes of change were identified. These processes then suggest certain types of interventions that will be most appropriate for moving people through six specific stages of change. Some of the processes identified by Prochaska and Vilicer (1997) include:

- ❖ Consciousness raising: increases awareness of the causes, consequences and cures for a problem behaviour. Feedback, education, confrontation and media campaigns are possible intervention modalities.
- ❖ Self-re-evaluation: uses assessments of one's self-image with and without a particular unhealthy behaviour. Value clarification, healthy role models and imagery techniques can help people move effectively.
- ❖ Social liberation: increases the social opportunities or alternatives especially for people already relatively deprived or oppressed. Advocacy, empowerment techniques and policy changes are procedures that can be used to meet these goals.
- ❖ Helping relationships; combines caring, trust, openness, acceptance and support for health behaviour change. Strategies such as relationship building, counsellor calls and buddy systems can be sources for such support.

The most popular and utilized aspect of the model are the stages themselves. They include:

- ❖ Pre-contemplation: people are not intending to take action in the foreseeable future, usually measured as the next six months.
- ❖ Contemplation: people in this stage indicate that they are planning to take action (change behaviour) within the next six months.

- ❖ Preparation: here people indicate that they will take action in the next month and have a plan of action.
- ❖ Action: at this stage, people have made specific behavioural changes within the past six months.
- ❖ Maintenance: people in this phase are working at preventing relapse and use many of the processes described earlier to help them maintain their changes. This phase lasts anywhere from 6 months to 3 years.
- ❖ Termination: is described as "the stage in which individuals have zero temptation and 100% self-efficacy" (Prochaska & Velicer, 1997, p.39). People in this stage are sure they will not return to their old behaviour or habit.

Other concepts in the model include decisional balance (weighing the pros and cons of changing), self-efficacy, and temptation (the role of negative effect or emotional distress, positive social situations and craving). What the model attempts to drive home to social marketers is that relatively few members of a target audience are ready for action-oriented programmes, and that more time and energy needs to be directed to moving people out of the earlier stages in which they are "stuck" through attention to other processes (e.g., consciousness raising, social liberation) (Prochaska & Velicer, 1997).

The research of Prochaska, Velicer and others indicated that people utilize specific processes in specific phases, and that generally speaking, experiential processes (consciousness raising, environmental re-evaluation, self-re-evaluation and dramatic relief) are most appropriate for people in the pre-contemplation and contemplation stages. People in the action and maintenance phases are more likely to use behavioural processes such as contingency management, helping relationships, counter-conditioning and stimulus control. Matching interventions to the stage a person is in then becomes a critical factor in the effectiveness of the programme to lead to behaviour change (Prochaska & Velicer, 1997).

Prochaska and Velicer also reported on a series of 12 studies looking at how "pros and cons" change as people progress through the stages for a variety of health behaviours. In all cases, the "cons" clearly outnumber the "pros" for changing people in the pre-contemplation phase. By the time one is in the contemplation phase, the number of "pros" has increased and surpassed the number of "cons" – which have not changed. Moving from contemplation to action requires that the number of "cons" begins to decrease while the "pros" remain steady or even increase slightly more. The mathematical relationships between "pros and cons" lead the authors to conclude that "pros" must increase twice as much as the "cons" decrease to move someone from pre-contemplation to action. The implication for social marketers is that perhaps twice as much effort should be spent raising the benefits for change as on reducing perceived costs and barriers.

This theory provides social marketers with explanation on how people receive, process, perceive and utilise information they receive and the various stages they pass through before adopting the proposed idea. The theory stresses that most people do not just adopt proposed idea; rather they contemplate on the perceived pros and cons of the behaviour and the proposed behaviour and decide when to take action. The theory continues further that the process continues until the people then decide whether to uphold the "new" behaviour by practising it (Prochaska & Velicer, 1997).

Methodology

This study adopted analytical survey which attempts at finding why people behave the ways they do, that is, explain why certain situations exist. Through this method the researchers were able to determine the exposure and perception of the target audiences of the campaigns on the campaign messages and to assess the influence of the campaign messages on the target audiences. The study also adopted interview to solicit for more responses from specific target audience, especially, social marketing practitioners and organizations sponsoring social marketing campaigns. Both structured and unstructured techniques of interview were utilized.

The selected social marketing cases were targeted at parents for the polio prevention campaign; hence, the population of the study is parents (special emphasis on mothers). Stratified sampling technique was adopted for the study. Subjects for this study were selected based on certain demographic elements such as education, age, sex and social status. 100 Subjects were targeted for the survey, while two people were selected for the interview.

The subjects for the questionnaire survey were selected through systematic random sampling. Two local governments were randomly selected from Lagos State, out of which one constituency was randomly selected from each of the two local governments. Each constituency was delineated into wards after which two wards were randomly selected from a constituency and streets were selected from each ward. Stock of houses on a street was taken after which the houses were divided by the number of subjects to be selected in the street. Subjects were selected by stratified sampling technique in each selected house. The subjects for the study were selected from the metropolitan areas in Lagos State, such as Lagos Island, Victoria Island, Ikeja, Ojuelegba and Agege. This afforded the researcher the opportunity of soliciting response from subjects in different areas with varying demographic elements.

Data Analysis and Discussion of Findings

This section presents reports of the research activities undertaken (i.e In-depth-interviews and copies of the questionnaire distributed. As proposed, personal interview was held with Fatratra Andriamasinoro, Communication Specialist, Polio Prevention Campaign Team (a member of the campaign team). 100 copies of the questionnaire were also printed and distributed among the target audience of the Polio prevention campaign.

The data presentation and analysis is focused on the identified units of analysis as featured in the research questions for this study. The units of analysis which are, however, rooted in the research questions include;

1. What are social marketing techniques and methods used in the polio prevention campaign?
2. To what extent are the target audience for the polio prevention campaign exposed to the campaign messages?
3. What are the perceptions of the target audience of the polio prevention campaign on the campaign messages?
4. To what extent do the messages for the polio prevention campaigns influence the target audience on the adoption of proposed ideas in the campaign messages?

Research Question One: What are social marketing techniques and methods used in the polio prevention campaign? The researcher in the process of identifying social marketing techniques and methods utilized by the organizers for the campaign interviewed a member of the campaign team. The researcher through the interview gained considerable insights into the campaign techniques adopted by the organizers. Below is the summarized report of the interview session:

Polio-Free Torch campaign

The Polio-Free Torch Campaign is an intensive 4-month media and event marketing strategy designed to overcome resistance to polio immunization and to mobilize wide support from a variety of stakeholders at national and state levels for the last lap of the polio eradication efforts in Nigeria. A partnership was initiated with the Nigerian Olympic Committee linking the race towards London 2012 Olympics to the race to eradicate polio by 2012. TV and print advertising uses Nigerian Olympic icons as messengers. Radio spots messages were placed in all northern radios in four (4) languages for four months while the TV spot messaging was on until March 2012, and the print messaging in Newspaper until January 2012.

According to Fatratra, the campaign was executed to: reinforce and maintain political commitment at national, state and LGA levels for the Polio Eradication Initiative by organizing Special "Polio Free Torch" Advocacy Events at National and High Risks State levels; address caregivers resistance to Oral Polio Vaccine through an intensive radio campaign; and mobilize new partners, including private sector, to generate sustainable support to the Polio Eradication Initiative in Nigeria.

Some of the activities held during the event include: special advocacy events at National level and in the Polio High Risks States, including National and States Media Coverage, placement of Print Ads in National Newspapers and TV and radio spots messages during the 4-months campaign in the Northern part of Nigeria in local languages and permanent presence on-line (Social and New Media) and wide dissemination of the Polio Free Torch Campaign at International Level.

The campaign in his assessment performed considerably well. While assessing positive response and support generated by the campaign, he hinted that a total of 150 emails were received from individuals expressing their willingness to join the campaign. He continued further that during the first month of the campaign, at least 50 calls were received from individuals asking for more information on how they can join the campaign, a confirmation that the campaign has successfully persuaded its target audience to adopt and support the campaign idea. The Polio Free Torch Campaign has a presence on facebook. Polio Free Nigeria facebook page has recorded roughly 5,000 views. In terms of visibility, the Torch Campaign launching was featured in the Global UNICEF website on Polio Eradication, www.polioinfo.org (where more than 12,000 journalists worldwide have access to and encouraged to feature some stories) and also on the Global Polio Eradication Initiative website (www.polioeradication.org).

Research Question Two- To what extent are the target audience for the polio prevention campaign exposed to the campaigns messages?

To determine the audience exposure to the campaign messages, the study presents data showing how the respondents were exposed to the campaign messages in table one titled "audience exposure to the campaign messages". According to table one, a large significant portion of the respondents 93.8% (90) for the polio prevention campaign have had exposure to the polio campaign leaving 6% (6) of the respondents claiming ignorance of the campaign.

Table 1: Audience Exposure to the Polio Prevention campaign messages

Classification of target audience	**Percent of audience exposure to the campaign messages**
Respondents who had been exposed to the campaign messages	93.8 (90)
Respondents without exposure to the campaign	6.2 (6)
Total	100% (96)

Research Question Three: What are the perceptions of the target audience of the Polio Prevention campaign on the campaign messages?

Having confirmed that most of the respondents had been exposed to the campaign messages, it is very important to ascertain their mental disposition to the campaign messages. The respondents' mental dispositions as generated through the questionnaire are captured in table two titled "Audience perceptions on the campaign messages". As shown in table two, a large majority of the respondents for polio prevention campaign 96% (86) (combination of those that strongly agreed and those that merely agreed to the claims of the campaign messages) confirmed that their exposure to the polio prevention campaign messages has strengthened their positive attitude about polio prevention exercise, while the remaining 4% (4) are indifferent to the campaign messages.

Table 2: Audience perceptions on the campaign messages

Statements	Responses Option				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
My exposure to the polio prevention campaign has made me to develop positive attitude to polio prevention exercise	49 (44)	47 (42)	4 (4)	0 (0)	0 (0)
Total	100 (90)				

Based on the findings in table two, the campaign messages were successful in eliciting positive responses from majority of the respondents. Majority of the respondents believed the campaign claims of the danger of polio on child development.

Research question Four: To what extent do the messages for the polio prevention campaign influence the target audiences on the adoption of proposed ideas in the campaign messages?

The study goes further to probe whether the audience perceptions were actually translated into observable behaviours by the target audience. The study presents data that tend to measure the respondents' behavior in table three titled "Audience behavioural tendencies towards the proposed campaign ideas' As shown in table

three, 93% (84) (combination of those that strongly agreed and those that merely agreed to the campaign idea) of the polio campaign respondents expressed their desire to start taking their babies for polio prevention exercise, while the remaining 7% (6) of the respondents were still indifferent to the campaign proposed ideas.

Table 3: Adoption of the campaign messages by the target audience

Statements	Responses Option				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Due to my positive attitude to polio prevention campaign, I have decided to start taking my child for polio prevention treatment exercise	60(54)	33 (30)	7(6)	0 (0)	0 (0)
Total	100 (90)				

Discussion of Findings

Based on data generated during the interview and the questionnaire distributed, the following discoveries were made from the study:

- Majority of the target audience of the campaigns were exposed to the campaign messages. The mass media played a crucial role in the awareness campaign, while recommendations from friends, relatives, business partners and health workers also contributed to the campaign awareness. It was also discovered that the organizers utilized various elements of marketing communication such as advertising, public relations, edu-entertainment (a combination of education and entertainment tools), media advocacy programmes, and word-of-mouth communications to prosecute their objectives. This conforms to the process of the transtheoretical model of health behaviour change which emphasises the importance of consciousness raising through health education, feedback mechanism and extensive media awareness.
- Most of the respondents after their exposure to the campaign messages, developed positive opinions about polio prevention exercises due to the campaign claim of dangers of polio infection as barrier to the development of their children. Education and pieces of advice from friends, relatives and health workers helped to create and reinforce new and existing positive attitudes about the campaign messages. Apart from recommendations and enlightenment talks by families, friends and health

workers, people also learn from negative consequence of children suffering from polio to have genuine concern about the polio prevention campaign message. This also conforms to the transtheoretical model of health behaviour change, which highlights the different stages target audience pass through before arriving at the decision stage. One of such stages is the contemplation stage at which the target audience weigh the "pro" and the "con" of the campaign messages ie, the threat of polio information to child growth and development.

- It was also discovered that due to counseling, active recommendations and advice from friends, families, self-re-evaluation and other environmental factors, majority of the respondents have declared their intention to start taking their children for polio prevention exercise. This means that the respondents have decided to translate their positive opinions into action.
- It was also discovered that the cues and factors that helped the target audience to have positive opinions about the campaign would still be retained and reinforced to help the respondents sustain their new and existing behaviours. This conforms to the issue of maintenance, a stage at which people are working at preventing relapse and use many of the processes described earlier to help them maintain their changes.

Recommendations

For the purpose of the study, underlisted are some recommendations for future social marketing campaigns:

- It has been discovered that most of the social marketing campaigns usually achieved their communication objectives of creating awareness and influencing the target audience to have positive opinion about the campaign ideas, but behavioural change is a process that goes beyond cultivating positive opinion, hence, emphasis should be made on addressing factors that help influence people translate positive opinions into action. This means, research should be conducted to determine factors that influence how target audience adopt and sustain health behaviours.
- Future campaigns on health related campaigns should feature

claims of dangers in delayed decision making. That is i.e the messages should be able to convince people to quickly take appropriate actions to prevent delayed action by the target audience.

- Future campaigns on health campaigns should also feature the claims of danger to discontinuity in health behavior. This means that research should be conducted to determine whether target audience of health campaign have abandoned certain adopted health behaviours.

Conclusion

The study was aimed at assessing the impact of social marketing campaign in the promotion of social ideas in Nigeria with focus on polio prevention campaign. The study identified and analysed the different social marketing techniques and methods used for the campaign, how the target audience of the campaign were exposed to the messages, their perceptions and the influences of the campaign on the audience.

The study has so far proved that social marketing campaign is a potent tool for dissemination of social ideas. The study, in addition to answering the research questions, has helped reveal how audience react to campaign messages and how external forces such as recommendations and influences from friends and use of threat determine how audience react and act according to the campaign messages.

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Balanced Scorecard System and firm performance: A case of construction firms in Kano State-Nigeria

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Abstract

Performance evaluation implies ascertaining the goals set by an entity at the start of the business year against the goals achieved by the end of the accounting period. It is a routine activity for all enterprises: profit or non-profit, being a feedback mechanism between the various stakeholders in achieving the goals of the organization. Evaluating performance of entities is traditionally being carried out by adopting financial ratios. Following its criticisms, a non-financial approach were advocated leading to Kaplan and Norton (1996) developing a Balanced Scorecard System (BSC) as an alternative approach. This study therefore measured performance of construction firms in Nigeria using a BSC approach. The BSC measures performance from four perspectives: finance, internal business processes, learning and growth and customer satisfaction. This study however focused only customer satisfaction aspect. The study employed a primary data by administering questionnaires while the responses were used to test our hypotheses using One Simple T-Test via Stata13. The results show that performance of the construction firms is below average when measured using BSC. It was concluded that performance of construction firms in Nigeria is not encouraging when measured via non-financial approach using BSC approach. Therefore, the study recommended among other things that performance of firms should be measured using financial approach or a combination of both financial and non-financial approaches.

Keywords*: Performance, financial measurement, non-financial measurement, Balance Scorecard System (BSC)*

Introduction

Performance is a reference to ascertaining the work done over a period of time. Its measurement is necessary in order to compare the actual work done against the target set to achieve by the end of a period. Measuring performance is therefore as important as the work done. It is a feedback mechanism set in order to evaluate and compare the level of the activities achieved in relation to the expected. Performance measurement tools are considered to be essential in evaluating the accomplishments of enterprise goals, devising next line of actions or strategies for development and rewarding managers. Performance evaluation ensures performance management which is a key aspect of management accounting. Performance management involves determining organizational structure, assigning responsibilities, setting up a system on performance measures and targets and reviewing performance and acting accordingly.

Corporate entities are mandatory to report their performances to the stakeholders periodically in form of final accounts which give details of their activities for the period under review hence permits measurements of various parameters in line with the organizational set goals. This is because corporate reporting is essentially meant for stakeholders' digestions to evaluate and compare performances, make realistic decisions and reward or punish their responsible employees. It is a communication or a feedback mechanism which must be comprehensive, open and effective devoid of any ambiguities and anomalies, if it is to enhance decision making. A good corporate reporting therefore enhances stakeholders' trusts and confidence in both the company and employees.

Traditionally, performance is measured using financial ratios, the information that is easy and accessible on the balance sheet, income statement and related footnotes. For instance, banking industry being a highly competitive sector, posed a challenge of rethinking an alternative way to measuring performance outside financial measures. This according to Umar and Olatunde (2011) was after an audit conducted by Central Bank of Nigeria in 2009 on the Nigerian banking sector where nine banks failed. This, coupled with customers' awareness of varying services offered by banks, limitations of the financial measures and rising prominence of

intangible assets gave birth to performance assessment via non-financial measures (Niven, 2006; Drury, 2004; Kaplan and Norton, 1996). Therefore, performances of entities are measurable using either financial or non-financial measures.

Kaplan and Norton (1996) produced a Balanced Scorecard System (BSC) usable in measuring entities' performances using non-financial measures. The BSC is a strategic planning and management system used to align business activities to the vision statement of an organization. It attempts to translate the vision and mission statements of a company into practices thereby managing the business better at all levels. BSC adopts a holistic approach to organize and co-ordinate MDIs- Metric-Driven Incentives to ensure an all-inclusive efficiency in an organization. Generally, it has four major perspectives. These include: financial, internal business processes, learning and growth and customer (Omollo, 2015).
Several studies have been conducted to assess the usefulness of non-financial measurements in determining the performance of listed companies locally and internationally such as Adamu, Saleh and Muhammad (2015), Ahmad, Bashir and Malik (2010), Gwahula and Wang (2013) to mention but a view. Adamu et al., (2015) just like any other ones have centered on financial sector with most attention on Deposit Money Banks. This study therefore seeks to evaluate non-financial performance of construction sector in Nigeria using non-financial
measures by adopting the BSC approach.

Hence, given the above, the main objective of the study is to evaluate the performance of the construction firms in Nigeria with a focus on such companies in Kano State, Nigeria using non-financial measures via BSC for a period of four years, 2011 to 2015.

Related to this main objective however, the study intends to:

a. evaluate performance of construction firms in Nigeria in respect to their service delivery.
b. determine performance of construction firms in Nigeria in respect to their efficiency.
c. ascertain performance of construction firms in Nigeria in respect to the quality of their completed projects.
d. evaluate performance of the construction firms in Nigeria in respect to customer satisfaction.

In order to facilitate the study, we put forth the following null hypotheses thus:

H_{01}. Performance of construction firms in Nigeria is below average in respect to their services' delivery.
H_{02}. Performance of construction firms in Nigeria is below average in respect to their efficiency
H_{03}. Performance of construction firms in Nigeria is below average in respect to their quality of their completed projects
H_{04}. Performance of construction firms in Nigeria is below average in respect to customer satisfaction.
Significantly, the results of this study, would offer regulatory bodies, business corporations, corporate investors and academicians clear pictures of investors' desires for non-financial information. The results would also inform choices about which regulatory approach might best be applied to non-financial reporting. Nevertheless, the study would be a contribution to the existing literatures regarding performance of business entities and measurements.

Literature review

Concept of measurement

Wikipedia (2008), measurement refers to estimation of the magnitude of certain attribute of a phenomenon which is mostly based on scaling and comparative statements concerning the characteristics of such in social and applied sciences. Meyer (2005) however, states that performance of a firm is fundamentally different from others because it is neither observable nor measurable.

Performance measurement can be financial or non-financial. Financial performance measurement system relies on financial ratios only, the information that is readily available on the published financial statements. However, Umar and Olatunde (2011) asserted that using only financial measurement does not fit today business environment. According to Brancato and Fisher (1995), many firms believe that financial measures are too historical and backward for lacking predictive ability to explain future performance, reward short-term or incorrect behavior, provide little information on root causes or solutions to problems, give inadequate consideration and difficult to quantify intangible assets such as intellectual capital.

Also according to Nanni and Dixon (1992), Lynch and Cross (1995), Neely (1999) and Otley (1999), due to the following factors, traditional performance measurement system does not seem to adequately reflect the effectiveness of companies operating in today's

rapidly changing, dynamic and competitive environment. These factors include: (a) the fact that it overlooks elements of non-financial measures, strategies and operations, (b) It relies heavily on the use of accounting-based or financial performance measures, (c) increasing pressure from domestic and global competitors, (d) high demands for quality and reliable products from customers, (e) high expectation from stakeholders, (f) usage of new and advanced manufacturing technology, (g) changing nature of work, (h) use of specific improvement initiatives, national and international awards, (i) changing organizational roles and (k) power of information technology.

As a result, many researchers have introduced several new performance measurement systems or models in order to cater for today's needs. The most popular performance measurement system today seems to be the Balanced Scorecard (BSC) developed by Kaplan and Norton in 1992. The BSC has received worldwide recognition as a performance measurement tool which is essentially multi-dimensional in nature that links measures to organizational strategy (Kaplan and Norton, 1996). The BSC translates an organization mission and strategy into a comprehensive set of performance measures that provide the framework for a strategic measurement and management system (Kaplan and Norton, 1996).

Non-financial performance measures provide managers with timely information that is centered on the causes and drivers of success and can be used to design integrated evaluation systems (Kaplan and Norton, 1996; Banker et al., 2000) though limited compensation scheme as it is often problematic to relate non-financial data to accounting performance (Hofmann, 2001).

According to Ittner and Larcker (2000), non-financial measures offer four clear benefits over measurement systems based on financial data. Firstly, it is closely linked to organizational long-term strategies. Secondly, it shows the efforts of the organizational success drivers. This comes as critics of traditional measures argued that drivers of success in many industries are intangible assets such as intellectual capital and customers' loyalty rather than the hard assets on the balance sheets. Thirdly, non-financial measures can be better indicators of future financial performance. Fourthly, the choice of measures should be based on providing information about managerial actions and the level of noise in the measures which refers to changes in the performance measure that are beyond the control of the manager or organization, ranging from changes in the economy to luck: good or bad.

Organizational performance

Organizational performance refers to the ability of an enterprise to meet the target set at the start of a business year by the end of its accounting period. Georgopoulos and Tannenbaum (1957) viewed organizational performance as the extent to which organizations fulflled their objectives. Un-breaking performance is the aim of any organization because they are able to grow and progress. Performance evaluation in the 40s was focused on work, people and organizational structure. However, In the 60s and 70s, organizations have begun to explore new ways to evaluate performance and as such performance was seen as the ability to exploit environment for accessing and using the limited resources (Yuchtman and Seashore, 1967). In 80s and 90s, identification of organizational objectives was more pronounced making managers to understand that an organization is successful if it accomplishes its goals (effectiveness) with least resources (efficiency). This is why organizations that achieve its objectives despite the constraints of limited resources are more recognized (Lusthaus and Adrien, (1998) making profit one of the many indicators of performance. Lebans and Euske (2006) defined the concept of organizational performance; as a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and results which is dynamic and require judgment and interpretation.

Factors that affect organizational performance

As detailed in **Corina, Liviu and Roxana (2011),** some of the factors that affect performance of an enterprise include the following: strategy, performance measurement, IT, leadership style, innovation power, employees' composition, product quality, corporate governance, suppliers, business uncertainties, etc.

1. Strategy

Impact of strategies on performance may be considered from two separate angles. One, by looking at strategy on performance and secondly, by analyzing correlation between strategy and business performance. Both categories indicate a strong positive impact on performance as in the case of Prescott (1986; 1980).

2. Performance measurement

The mode of measuring performance of an entity determines its

performance. According to Bourne et al. (2005) found that performance measurement has positive impact on business success. This implies that measurement process and procedures affect the performance itself. A firm's performance measured financially may be better when than when measured using non-financial measurement.

3. Information Technology

One of the IT device in recent use is integrated Enterprise Resource Planning (ERP) system, a software that provides integrated transaction process and access to varying information (Wu and Wang, 2006). According to Dehning and Richardson (2002), IT has positive effect on organizational performance. The impacts however may be insignificant at the early stage but to be visible after it is intensified over a period of time.

4. Leadership

Many studies such as Weiner and Mahoney (1981) and Nohria et al., (2003) have observed that entity's style of leadership goes a long way to affect its performance. They argued that leadership style affects firm's profitability and share prices in the market.

5. Innovation and development

The strength of innovation on development and consequently performance on an enterprise cannot be over emphasized. Deshpande et al. (1997) and Kotler (2003), innovation is very critical in explaining differences in performance of firms within regions and countries. A firm with high powered innovative staff is bound to perform better than a less innovative company.

6. Employees

Employees being the engine to firm success and failure determine to a great extent its performance. A company that gathered employees, whom easily get angry and frustrated may perform less than one that has gathered employees with courage to surmount any grievances and frustrations. In same vein, company with skilled and experienced staff is bound to perform better with a company with less skilled and experienced staff.

Stakeholder Theory

Corporate entities have individuals or groups who directly or indirectly benefit from or harmed by, whose rights are respected or violated by corporate actions. Freedman and Reed (1983) distinguished two broad categories of stakeholders which are: those who are vital to the survival and success of the enterprise and those who can affect or are affected by corporate decisions and actions. According to Atkinson et al. (1997), employees and suppliers are internal stakeholders, who participate in planning and implementing company's policies while external stakeholders include shareholders, customers and communities.

The stakeholder theory approaches performance measurement from the concept of stakeholdership. Stakeholders are individuals or group within or outside an enterprise, who have a stake there-in and can influence its performance. Stakeholders are of two categories: internal and external. Neely and Adams (2002) like other management oriented scholars such as Chadler and Jensen believe that performance measurement begins with stakeholders by starting to define objectives and expectations for each group with stake in a corporation. Thereafter, strategies to fulfill these objectives and expectations follow. The stakeholder approach therefore starts with stakeholder objectives and secondly defines strategy to meet shareholder expectations.

Stakeholder Theory believes in the applicability of BSC in measuring the performance of business entities. BSC goes in depth to recognize the vision/mission statements of entities and align it with expectations of the entities and all with stakes. The theory therefore agreed to the essentiality and important roles play by each stakeholder in achieving the overall goal of the concern. It further deduced that stakeholders are the engine of the enterprise and should be taken seriously, given them priority by defining their goals and objectives in the organization thereby making them perform excellently.

This study therefore adopt the stakeholders' theory for its beliefs in the applicability of measuring non-financial performance of enterprises using BSC.

Methodology

A survey research method was employed in this study which was conducted by administering questionnaire to targeted respondents. This study was conducted on the effects of using BSC approach in evaluating performance of construction firms in Nigeria with emphasis on such firms operating in Kano State, Nigeria.

BSC emphasizes four areas of assessing performance of enterprises. These include: finance, internal business process, learning and

growth and customers satisfaction. For the purpose of this study, we concentrated only on customer's aspects or satisfaction. These customer's in this study cut across the entire population of Kano State 9,013,534 as released on the website of the information hood being the official population figure of the state in last general population census dated 2006.

The use of BSC approach is adoptable by any form of business enterprise be it financial, services, companies that produce public or merit goods. This is why the approach is all-encompassing by having four good aspects of measuring entity's performance. These aspects include: finance, internal business operations, learning and growth and customer's satisfactions. The choice of construction firms here is to examine its (BSC)'S effects on other sectors asides financial as previous studies have already affirmed that.

Since the study centered on assessing the effects using BSC approach in evaluating the performance of construction firms in Nigeria vis-a-vis the completed projects, a carefully designed questionnaire totaling 400 was administered. The fact that not the total population could have seen the completed projects necessitated getting a sample for the study. The respondents were choosing randomly to include public servants, Association of Market Women in Sabon Gari market, various students associations in Bayero University, Kano and Federal College of Education Kano and National Union of Road Transport Workers (NURTW) Kano Line Branch, National Association of Proprietors of Private Schools (NAPPS) Kano Branch, The number of questionnaires was computed using the Yemane (1967) formula as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

N = study population (total population of Kano State which was 9,013,534, the official figure released by information hood)

e = marginal error

n = sample size

Now, computing the sample size at 95% confidence level (i.e. e = 0.05), we have:

$$n = \frac{9,013,534}{1 + 9,013,534\,(0.05)^2}$$

$$= \frac{9,013,534}{22,534.835}$$

n = 399.982. Therefore, 400 questionnaires were administered.

Results and discussions

The number of questionnaires completed and returned by the respondents was 278 which represent 69.5% of the total questionnaire distributed. Table 1 below describes the responses of the respondents while Table 2 describes the categories of the respondents.

Table1: Contingency Table of the responses of the respondents

Questions	Responses					Total
	Excellent	Very Good	Good	Average	Below Average	
Q1. How do rate the performance of delivery of construction projects completed in Kano State	13	50	105	64	46	278
Q2. How do you rate the time efficiency of the projects completed in Kano State	29	41	79	70	59	278
Q3. How do you assess the quality of the projects completed in Kano State	44	64	31	99	40	278
Q4. How do you rate your satisfaction of the completed projects in Kano State	62	84	67	45	20	278
Total	148	239	282	278	165	1112

Source: Authors' computations.

From Table 1 above, displays the responses of the respondents to each question. From the Table, a total of thirteen (13), fifty (50), one hundred and five (105), sixty four (64) and fourty six (46) respectively chosed excellent, very good, good, average and below average to question 1. Twenty nine (29), fourty one (41), seventy nine (79), seventy (70) and fifty nine (59) respectively chosed excellent, very good, good, average and below average for question 2. For question 3, fourty four (44), sixty four (64), thirty one (31), ninety nine (99) and fourty (40) respondents chosed excellent, very good, good, average and below average while sixty two (62), eighty four (84), sixty seven (67), fourty five (45) and twenty (20) chosed respectively as in questions 1,2 and 3 on the Table.

Table 2: Contingency Table on category of the respondents in percentage to question (%)

Source: Authors' computations.

Questions	Categories of the respondents				
	PS	MW	SU	NURTW	NAPPS
Q1. As in Table 1 above	8.78%	20.92%	37.23%	23.02%	27.88%
Q2. As in Table 1 above	19.59%	17.15%	28.01%	25.18%	35.76%
Q3. As in Table 1 above	29.73%	26.78%	10.99%	35.61%	24.24%
Q4. As in Table 1 above	41.89%	35.15%	23.76%	16.19%	12.12%
Percentage	99.99%	100%	99.99%	100%	100%

Table 2 above displays the percentage of the responses by each category of the respondents to each question. PS, MW, SU, NURTW and NAPPS respectively denote public servant, market women association, students' unions, National Union of Road Transport Workers (NURTW) and National Association of Proprietors of Private Schools Kano Branch (NAPPS).

From Table 2 above, 8.78%, 19.59%, 29.73% and 41.89% responded to questions 1 to 4 respectively by public servants (PS). 20.92%, 17.15%, 26.78% and 35.15% responded respectively to questions 1 to 4 by market women (MW). 37.23%, 28.01%, 10.99% and 23.76% respectively responded to questions 1 to 4 by students unions (SU). 23.02%, 25.18%, 35.61% and 16.19% responded to questions 1 to 4 respectively by NURTW while 27.88%, 35.76%, 24.24% and 12.12% responded to questions 1 to 4 respectively by NAPPS.

After testing the hypotheses by adopting a One Sample T-Test using Stata13, the trio of delivery, efficiency and satisfaction are below average (see appendix). This implies that; (i) service delivery of the completed projects beginning from award time to completion are not encouraging. (ii) The construction firms are less efficient and (iii) public are not deriving maximum satisfaction from those projects. However, quality is above average indicating that the quality of the services being rendered by these firms are good and satisfactory.

Hypotheses one to four predicted respectively that performance of construction firms in Nigeria is below average in respects to service delivery, efficiency, customers' satisfaction and quality of works. Given our results, the trio of service delivery, efficiency customers satisfaction and efficiency confirmed these. On the other hand, however, quality of service by these construction firms is above average. Therefore, hypotheses one, two and four failed to be rejected. We however reject hypothesis three.

This implies that, given the results, period between commencement and completion of projects in Nigeria is not encouraging. A simple manifestation of this is a close looks at various projects awarded over the years but are begging for delivery by the populace. Many factors may however be responsible for this among which is untimely settlement of project funds by awarders. Efficiency is a function of both internal bureaucracy and external judgment, which given our results is below average. The general public is less interested in what transfers between the contractors and government at various level of projects undertaking, all they are after is reaping the dividends of the disturbances and inconveniences they have been subjected to over the time in the name of providing social relief. Though the quality of the works is rated above average, given the results, the satisfaction derived by the end users does not correspond. This was as the satisfaction is less than average.

Conclusion and recommendations

Performance and performance evaluation is a strategic element of success to every serious entity. They provide targets, how they are to be achieved and measured. Whether a profit or non-profit organization, improved performance remains the hallmark of their endeavours. In measuring, emphasis is always laid on financial perspective using financial ratios. However, in recognition of the verse responsibilities of the corporate entities in the 21st century, financial ratios alone may not be enough in evaluating performance.

Non-financial factors have become more important in recent years to measure the overall performance of any entity. Hence, inclusion of non-financial factors such as customer satisfaction, management and leadership styles add more values to the measurement of overall performance of firms rather than limiting the measurement to financial elements alone. As this study uncovered, adopting non-financial approach such as BSC in measuring firm's performance reveals more than financial approach. As a matter of fact, financial measures are deficient in measuring duration of projects completion and how end-users get satisfied. Therefore, given the findings and objectives of this study, performance of construction firms in Nigeria is not encouraging when measured via non-financial approach using BSC approach.

Scholars such as Nanni and Dixon (1992), Lynch and Cross (1995), Neely (1999) and Otley (1999) have argued that the traditional measurement approach does not reflect adequately the effectiveness of the entities operating in this century for reasons earlier mentioned in this study, we therefore recommend that:

I. construction firms should improve on time being wasted on projects and at the same time improve on their efficiency.
ii. firms' performance evaluation be measured by a combination of non-financial and financial approaches.

Areas of further studies

Kaplan and Norton (1996) developed four aspects through which performance of corporate entities can be measured non-financially. These aspects include: finance, internal business process, learning and growth and customer. For this study however, attention was paid to only customer satisfaction. Therefore, this study may be improved upon by considering the other aspects as proposed by the scholars as a whole or in pieces.

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APENDIX

DESCRIPTIVE STATISTICS

DELIVERY

DELIVERY	Freq.	Percent	Cum.
BELOW AVERAGE	46	16.55	16.55
AVERAGE	64	23.02	39.57
GOOD	105	37.77	77.34
VERY GOOD	50	17.99	95.32
EXCELLENT	13	4.68	100.00
Total	278	100.00	

EFFICIENCY

EFFICIENCY	Freq.	Percent	Cum.
BELOW AVERAGE	59	21.22	21.22
AVERAGE	70	25.18	46.40
GOOD	79	28.42	74.82
VERY GOOD	41	14.75	89.57
EXCELLENT	29	10.43	100.00
Total	278	100.00	

QUALITY

QUALITY	Freq.	Percent	Cum.
BELOW AVERAGE	40	14.39	14.39
AVERAGE	99	35.61	50.00
GOOD	31	11.15	61.15
VERY GOOD	64	23.02	84.17
EXCELLENT	44	15.83	100.00
Total	278	100.00	

SATISFACTION

SATISFACTION	Freq.	Percent	Cum.
BELOW AVERAGE	20	7.19	7.19
AVERAGE	45	16.19	23.38
GOOD	67	24.10	47.48
VERY GOOD	84	30.22	77.70
EXCELLENT	62	22.30	100.00
Total	278	100.00	

HYPOTHESES TEST RESULTS (ONE SAMPLE TTEST)

HO1: DELIVERY IS NOT SIGNIFICANTLY ABOVE AVERAGE

One-sample t test

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
DELIVERY	278	2.71223	.0651624	1.086475	2.583954	2.840507

mean = mean(DELIVERY) t = -4.4162
Ho: mean = 3 degrees of freedom = 277

Ha: mean < 3 Ha: mean != 3 Ha: mean > 3
Pr(T < t) = 0.0000 Pr(|T| > |t|) = 0.0000 Pr(T > t) = 1.0000

HO2: EFFICIENCY IS NOT SIGNIFICANTLY ABOVE AVERAGE

One-sample t test

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
EFFICI~Y	278	2.679856	.0751166	1.252445	2.531984	2.827728

mean = mean(EFFICIENCY) t = -4.2620
Ho: mean = 3 degrees of freedom = 277

Ha: mean < 3 Ha: mean != 3 Ha: mean > 3
Pr(T < t) = 0.0000 Pr(|T| > |t|) = 0.0000 Pr(T > t) = 1.0000

HO3: QUALITY IS NOT SIGNIFICANTLY ABOVE AVERAGE

One-sample t test

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
QUALITY	278	2.902878	.0802867	1.338648	2.744828	3.060927

mean = mean(QUALITY) t = -1.2097
Ho: mean = 3 degrees of freedom = 277

Ha: mean < 3 Ha: mean != 3 Ha: mean > 3
Pr(T < t) = 0.1137 Pr(|T| > |t|) = 0.2274 Pr(T > t) = 0.8863

HO4: SATISFACTION IS NOT SIGNIFICANTLY ABOVE AVERAGE

One-sample t test

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
SATISF~N	278	3.442446	.0723042	1.205551	3.300111	3.584782

mean = mean(SATISFACTION) t = 6.1192
Ho: mean = 3 degrees of freedom = 277

Ha: mean < 3 Ha: mean != 3 Ha: mean > 3
Pr(T < t) = 1.0000 Pr(|T| > |t|) = 0.0000 Pr(T > t) = 0.0000

An Evaluation of Consumers' Preferences for Shopping Outlets in Ilorin Metropolis

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Abstract

The need for an evaluation has been the major factor in determining the changing customers preferences variables like interests, opinions, motives and lifestyles which have contributed to the growth of organized retail store formats. The study identified the demographic profile of the customers visiting organized retail outlets and unorganized retail outlets to analyse the factors which influenced consumers to prefer organized retailing over unorganized retailing and vice-versa. It also identified the problems faced by consumers from organized as well as unorganized outlets. Judgmental sampling techniques were used by the study. A sample of four hundred (400) consumers were selected within Ilorin metropolis. Questionnaires were administered on consumers that patronised organized and unorganized retail outlets within Ilorin. However out of the 400 copies of questionnaire administered, only two hundred and ninety (290) properly completed questionnaires were analysed. Descriptive statistics and regression analysis were used to analyse the information collected. Based on the findings, the results of the study revealed that majority of the consumers' patronised organized shopping outlets more than the unorganized outlets. The study also revealed that quality of the services rendered by organized outlets has an important influence on the patronage of organized outlets. The study recommends that retail outlets should lower the prices of their products and services to the barest minimum so as to attract customers from low income earners and also make use of extensive advertisements to make individuals to be aware of their products and services.

***Keywords**:* Evaluation, consumers, preferences, shopping outlets.

Introduction

Retailing can also be viewed as the sale of goods and services from individuals or businesses to the end-user. Retailers are part of an integrated system called the supply chain (Ashokan, 2008). In other words, retailers purchase goods or products in large quantities from manufacturers directly or through a wholesaler, and then sell in smaller quantities to the consumers for a profit. Thus, consumers are the end beneficiaries of all retail activities.

To harness the potential of the emerging retail sector in Nigeria, marketers are influencing the customers by offering them a variety of products in different ways, at various locations, in various forms resulting in emergence of different retail formats. Consumers are influenced by a retail outlet's attributes, image, employees behaviour, music, marketing strategies and products range. Retailers tend to maintain some measures of flexibility in dealing with customers. Retailers attend to consumers' in either fixed locations like stores or markets, door-to-door or by delivery. Retail outlets can broadly be divided into organized retail and unorganized retail.

They permit the consumers to rank these bundles of goods according to the levels of utility they give the consumers. This current trend in organized retailing formats is still in nascent stage. The growth of shopping malls, retail chains and multi-brand outlets is an evidence of consumers behaviour being favourable to the growing organized segment of the business. The changing customers preferences variables like interests, opinions, motives and lifestyles have contributed to the growth of organized retail store formats.

However, there seems to be a dearth of literature on consumers preferences with respect to shopping outlets in Ilorin, Kwara State, Nigeria. Thus, the main thrust of this study is to fill this gulf in existing literature by evaluating consumers preferences for shopping outlets. In addition, this study also seeks to find out whether there is any relation between the demographic profile of the consumers and preferred shopping formats. The objective of this study is to evaluate consumers preferences for shopping outlets in Ilorin metropolis

Research hypotheses

H_{01}: There are no significant differences in the demographic profiles of the customers visiting organized retail outlets and unorganized

retail outlets.
H_{02}: There are no factors which influence consumers to prefer organized retailing over unorganized retailing and vice-versa.
H_{03}: There are no problems faced by consumers from organized as well as unorganized retail outlets.

Literature Review

Conceptual Review

Consumers preferences are defined as the individual tastes, as measured by utility of various bundles of goods. Gaining an understanding about consumers preference is essential for retail managers since it enables them to identify and target those customers who are most likely to purchase and retailer can focus on explaining retail supports with respect to various elements like location of the store, retail choice preference and frequency of consumer to visit store.

Retailing is a major force in the economy. Retailers differ from other marketing channels' members in that they handle smaller but more frequent customers transactions; they also provide assortments of products. Retailing in Nigeria came with evolutionary patterns from small stores to supermarkets. Initially it was unorganized, but it is now a growing organized sector that also includes supermarket and malls.

The organized retail refers to the sectors undertaken by well-established and certified retailers. Retailers under this sector are registered for income tax, sales tax and so on. These include the corporate retails formats of supermarkets, department stores and shopping malls. On the other hand, an unorganized retail is the traditional format of low-cost retailing. Avenues for carrying out unorganized retailing include mobile vendors, general stores, convenience stores, small-scale retail businesses and local road side shops.

Consumers are the backbone of the retail process. Consumers are constantly making decisions about what to buy daily. These good and services patronized by consumers are given through organized and unorganized retail outlets. Studies have shown that some of the

specific elements like products information, consumers involvement, atmosphere, consumers attributions and choices play important roles during various stages of the consumers decision process. Matthew and Gupta (2012) studied the impact of organized retailing on traditional retailing and observed that there is an increase in the number of various formats for shopping like malls and supermarkets. Prasad and Aryasri (2010) have found that dynamics of the demographics, double income, urbanization and internet revolution tilt the consumers preferences towards organized retail outlets. Shweta, Priya and Vaishali (2010) concluded that India's organized and unorganized retail sectors can co-exist and flourish. The growth in the Indian organized retail market is mainly due to the change in the consumers' behaviour. Due to increased income, changing lifestyles and patterns of demography, the consumer wants to shop at a place where he can get food, entertainment, and shopping all under one roof. And even the retailers also take all pains to satisfy the consumers by taking care of choice of the consumers and have the product which are demanded by them and at the same time maintain a good relationship to retain them and consequently convert them into their loyal customers.In general, a consumer is an individual who

feels the need for purchase, initiating the purchase, by the information gathered, possessing collecting and finally disposing the product. Beside, some other people might be involved in the course of action. Mostly, the individual buying the product does not utilize it as a final user. The final decision-making could be influenced by others while purchasing the product. These outputs stage of this process would include an extensive range of moods, feelings, attitudes and behaviour which may imply positive or negative reinforcement of a particular lifestyle. (Leon & Leslie, 2000).

Surrounding consumer behavior are many influencing factors which affect the manner in which customers act and reason during the purchasing process. There are cultural, social, personal and psychological factors persuading the consumer's purchasing behavior. Careful examination of those factors facilitates many firms to attain their objectives of marketing strategies by gaining control over the domestic market. (Kardes, Cronley& Cline, 2008).

Cultural Influence

Culture has a significantly powerful influence on consumers' views with regards to any product. Consumption choice can be understood with recognition of cultural backgrounds of people. These exist to satisfy the needs of people within a particular society. As a phenomenon, culture consists of values, ethics, traditions of people and also objects, made or appreciated by certain group. Culture is a base for our values, behavior, beliefs, priorities and certain perceptions towards different products. All these distinctiveness create the values of what the consumer represents and the way consumer's actions is in today's society (Kardes, et-al 2008; Solomon, 1996).

The uniqueness of culture among group of people influences the behaviour of consumers. Loose modification of this conduct may cause inefficient marketing. Considering the values and need of specific group gives the advantage in adopting suitable marketing strategy for a company. In many cases, consumers turn to purchase products and services that are in equilibrium with the preferences, values, and norms of their culture. However, culture is constantly developing processes and the beliefs, values, views and social systems change with time as well. (Kotler& Armstrong, 2010; Solomon, 1996).

In every society, consumers can be segmented into relatively permanent social classes which are based on equal values, interests and similar behavior. These classes are characterized by several factors, such as the level of income, education, occupation and wealth. Customers of each social class have certain roles and positions in every society and Nigeria is not an exception. Due to the similarities in consumers' behaviour within these classes, marketers have taken special interests towards them and show the significance in the direction of specific products or brands. (Kotler& Armstrong, 2010).

Social Influence

Many people in today's world are influencing the consumers buying behaviour. In relation to cultural factors, several social factors affect consumers' behaviour which comprise of the family, reference groups, status and social roles. Reference groups incorporate all groups that have any impact (direct or indirect) influencing control on a person's beliefs or actions. Again, reference groups are persuading people to new actions and manners, affect their beliefs, values and self-recognition, and make certain need for correspondence that may influence their choice of products or brands. These groups expectations are affecting the purchasing behavior of consumers. However, individual exhibits certain kinds of buying behaviour. This "kind of behaviour and influence can be found at every level and for every role and social status" (Pinki, 2014).

Family is another significant strong element of society which has, to a large extent, influence on consumers buying behaviour. It is a social group and decision making unit (Tenda, John and Richard 2012). Person normally adopts the parents' attitudes towards economics, politics, self-esteem and religion. Homes with husband, wife and children spend much time together and there is a larger direct influence on the consumer characteristics. Generally, groups having a direct impact on a customer are known as “customership groups”. Representatives of family, neighbours, friends and colleagues with whom individuals continuously interact on an informal level are within the customership groups. Again reference groups, such as business associations, trade unions, and religious groups tend to have more formal and less constant interactions and also influence the behavioural norms of the individuals. Individuals who do not belong to any of the groups are also in their behaviour under influence. Groups of aspirations are those that a person is aiming to become a part of, and vice versa Dissociative groups are the ones whose beliefs consumer denies (Kotler, 2002).

Personal Factors

Another factor which has an influence on consumers buying behaviour includes personal characteristics such as age, life cycle, economic and occupational conditions. As people grow, their desires and needs changes alongside.

In today's competitive environment, marketers are often targeting products for similar age groups. Consumers within the same age group tend to have similarities in their buying behaviour as they experience related understanding of events and developments

(Solomon, Marshall & Stuart, 2008). However, many households differ from the traditional life cycle and are targeted differently by marketers. Occupation of the individual affects one's consumer behaviour. Identifying customers' target groups based on their occupations offer companies the possibility of designing and tailoring the products according to customers' needs. A person's occupation affects the goods and services bought (Furaiji, Latuszynska and Wawrzyniak 2012).

Consumer's self-concept is another personality element affecting the consumer's behavior. Actual self-concept represents the way individual realistically sees himself, which differs from the ideal self-concept meaning the way person would like to see himself. Others-self-concept is the way others see the person from the point of view of that person (Kotler, 2002). Many individuals may purchase products and services because it enables them reach the ideal-self. In Nigeria, personal property is something people value because it exhibits the characteristics of the one owning it. Considering the self-concept factor, consumers purchase goods and services precious for them. Some imported products in Nigeria are not an exception due to how people value them. Consumers have a propensity to replicate people from advertisement so they are willing to acquire marketed products.

Psychological Influence

In addition to cultural, personal and social influence discussed above, there is psychological influence. This normally involves elements such as motivation, learning, beliefs, attitudes and perceptions which do influence buying behaviour (Callwood, 2013). As an individual characteristic, motivation portrays one's action or behaviour. Tension crops up when there is a need for something important. However motivation necessitates an individual by effectively pressing him or her to take action in order to reach the desired goal and decrease the tension. If the need is strong enough, it drives the person towards the realization of the need and becomes a motivation. In order to carry out consumers' analyses or marketing strategies, psychologists have created several theories concerning motivation.

Retail industry (Retail Outlets)

The retail industry in Nigeria is emerging as one of the largest industries estimated to contribute immensely to the country's GDP. On the global level, retail has played a major role world-wide in increasing productivity across the board especially in consumers' goods and services (Gupta, 2008). The impact is significant in countries like U.S.A, U.K, Mexico, Thailand and China. Retailing is the second-largest industry in the United States both in number of establishments and number of employees. Retail industry is divided into unorganized and organized sectors. In Nigeria, unorganized retailing has been predominantly in the forms of small scale shops and kiosks. Organized retailing, on the other hand, refers to licensed retailers, who are registered for sales tax, income tax and so on. It includes corporate-backed hypermarkets and retail chains besides the privately owned large retail sectors. The retail sector is expanding and modernizing rapidly in line with Nigeria's economic growth.

During the past decade, the retail industry underwent main changes which have resulted in the appearance and strength of domestic and international corporate power (Tokatli&Boyaci, 1998).

Retailing is an important part of many marketing channels which includes all the activities involved in selling products and services to the ultimate or final consumers (Bearden, Ingram &Laforge, 2011). The services which are added to the products normally entail transportation and stock storage in order to ascertain that the products are accessible by the time they are going to be sold (Zentes, Morschett, & Schramm- Klein, 2007).

Besides buying smaller sizes, most customers buy products frequently because they lack sufficient storage space and funds to maintain large inventories of products. Traditional retailing is generally thought of as the selling of products and services in stores or some other physical structure. In contrast, non-store retailing refers to sales outside a physical structure. Although stores account for almost 90 percent of all retail sales, the growth rate of non-store retailing has far surpassed that of store-based retailing in the past few years.

Empirical Review

The research conducted by Paracha, Wagas, Raza and Sohaib (2012) on consumers preferences for Coca-Cola versus Pepsi– Cola,a sample size of 400 respondents was used. The method of data collection is purely primary data by designing and administering a close ended questionnaire for the respondents to derive good information for the conclusion of the study. The data collected was analysed using simple percentage and Chi- square was used to tests the hypothesis. The findings of the study revealed that 259 respondents preferred to drink Coca–Cola out of the 400 respondents while 149 preferred Pepsi Cola. The study recommended that Pepsi have to work more to compete with Coke and to lead the market. In the research work conducted by Pankajkumar, Ananthan, Samal and Debnath (2011) on a study on consumers' behaviour at organized retail outlet, the respondents included 85 (60.7%) male and 55 (39.3%) females. The method of data collection was primary. Personal interview (face-to–face) method was used for primary data collection. The interview schedule consisted of close-ended questions and was pretested. Method of data analysis for this research work was factor analysis model. The finding of the research revealed that fresh fish was the preferred choice and about 60 percent of the consumers emphasized on freshness rather than price of fish. About 97 percent of the consumers recently shifted to organized retail outlets from local markets for purchasing fish. The majority of the consumers (84.3%) were found to be the species – specific while buying fish. Quality and convenience have been found to be the major factors responsible for shifting from local market. The study recommends that making products more attractive will change consumption pattern in the urban area.

Theoretical Review

Maslow explains motivation as a hierarchic pyramid where consumers' needs are positioned from the most pressing to the least valuable. The main categories of the pyramid comprise of basic physiological and safety needs up, followed by the needs for socializing, esteem and self-actualization. Firstly the basic needs are considered and satisfied before other needs are recognized. The theory therefore gives an understanding of consumer's motive towards integration or affiliation with other people: the other is motive towards differentiation (Price, Arnould and Zinkhan 2004).

Herzberg's theory focuses on identifying the elements that constitute "satisfiers" and "dis-satisfiers" factors. These "satisfiers" entail a factor that cause satisfaction of the purchase but does not signify the satisfaction of the product itself, while "dis-satisfiers" are the factors which create displeasure to the course of buying. According to the theory customers are satisfied with the purchase when the "dis-satisfiers" are avoided. For example a warranty giving on a product may serve as "satisfier" which create good image of the organization but not directly to the impact of the product (Kotler, 2002). This study was based on Herzberg's theory.

Methodology

This study is purely an exploratory research, hence, questionnaire was found appropriate for generating the data for the study. The population consists of customers patronising retail outlets in Ilorin metropolis, both organised and unorganised. The data used for the study is basically primary data obtained through the

administration of questionnaires on the focused group. According to International Fund for Agricultural Development (IFAD), as cited in Asamoah (2012) and Wanninayake (2013), the sample size of a large population based survey depends on three factors which include prevalence of selected variables, desired confidence level and the acceptable margin of errors. If the population size is unknown or exceeds one million, the accepted prevalence levels of the research variables can be taken as 50%. Furthermore, Krejcie and Morgan (1970) recommended that an acceptable margin of error for continuous data and categorical data is respectively 3% and 5%. Hence ±5% selected as margin of errors in the study. Snowball sampling technique which is of the non-probability sampling was found appropriate since the members of the population are difficult to establish (Rajagopal, 2010).A sample of four hundred respondents was selected for the study. Structured questionnaire was the main instrument used for collecting the necessary data and only the two hundred and ninety questionnaires that were properly completed were used in the analysis. The data collected were analysed using regression analysis, t-test statistics and Anova were used in testing the hypothesis.

Data Presentation and Analysis

Research Hypothesis I

H_{01}: There are no significant differences in the demographic profiles of the customers visiting organized retail outlets and unorganized retail outlets.

In order to determine whether there were significant differences between the demographic profiles of the customers visiting organized retail outlets to those who visited unorganized retail outlets, the two independent samples t-test was conducted. The independent samples t-test was appropriate for this comparison because the demographic characteristics were from two different/independent populations (those visiting organized outlets and those visiting unorganized outlets). The results of the t-test are presented in Tables 1 and 2

Table 1: Group Statistics Of Customers Visiting Organized Retail Outlets And Unorganized Retail Outlets

RETAILOUTLETS		N	Mean	Std. Dev.	Std. Error Mean
Gender	Organized Outlet	255	1.9444	.23570	.05556
	Unorganized Outlet	35	1.3939	.49048	.04269
Age	Organized Outlet	255	3.0000	.00000	.00000
	Unorganized Outlet	35	1.6288	.61041	.05313
Marital	Organized Outlet	255	1.7222	.00000	.00000
	Unorganized Outlet	35	1.2323	.46089	.10863
Level	Organized Outlet	255	2.4242	1.19873	.10434
	Unorganized Outlet	35	1.0000	.00000	.00000

demographic characteristics of respondents who visited organized outlets and that of those who visited unorganized outlets. Gender of respondents who visited organized outlets with mean of 1.9444 and standard deviation of .23570 is different from that of those who visited unorganized outlets with means of 1.3939 and standard deviation of 0.49048 as perceived by consumers. Equally, age of respondents who visited organized outlets with a mean of 3.000 and standard deviation of 0.000 is different from that of those who visited unorganized outlets with means of 1.6288 and standard deviation of .61041. Also, marital status of respondents who visited organized outlets, with a mean of 1.7222 and standard deviation of 0.000 is different from that of those who visited unorganized outlets with a mean of 1.6288 and standard deviation of 1.2323.

The question now is, was the difference significant enough or was it as a result of sampling error? The answer is presented in table 2 below.

Table 2: Independent Samples Test on Respondents' of Organized Retail Outlets and Unorganized Retail Outlets

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	T	df	Sig. (2 - tailed)	Mean Difference	Std. Error Difference
GENDER	Equal variances assumed	150.352	.000	-4.678	148	.000	-.55051	.11767
	Equal variances not assumed			-7.857	41.143	.000	-.55051	.07006
AGE	Equal variances assumed	84.149	.000	-9.503	148	.000	-1.37121	.14429
	Equal variances not assumed			-25.809	131.000	.000	-1.37121	.05313
MARITA	Equal variances assumed	529.100	.000	-18.402	148	.000	-.72222	.03925
	Equal variances not assumed			-6.648	17.000	.000	-.72222	.10863
ACADEM	Equal variances assumed	91.890	.000	5.026	148	.000	1.42424	.28337
	Equal variances not assumed			13.650	131.000	.000	1.42424	.10434

Source: Author's field work, 2015

The results for the independent samples t-test with the equal variance assumption are presented in Table 2. It was found that there

was statistically significant difference between the means of the demographic characteristics of respondents who visited organized outlets compared to those who visited unorganized outlets. The p-value for the "t-test for equality of means" for all the variables is (0.000), which is less than the critical value (0.05). Hence, the null hypothesis is rejected and its alternative is accepted. Therefore, there are significant differences in demographic characteristics of respondents who visited organized outlets and those that who visited unorganized outlets.

Research Hypothesis II

H_{02}: There are no factors which influence consumers to prefer organized retailing over unorganized retailing and vice-versa.

One of the objectives set for this study is to identify the factors that influence the choice of organized retail trade. For this purpose, factors that influence consumers to prefer organized retailing over unorganized retailing are examined.

Table 3: Rotated Component Matrix a Factors that Influence Consumers t o Prefer Organized Retailing Over Unorganized Retailing

	Component			
	Availability & variety	Service	Display	Pricing
Q2	.844			
Q11	.804			
Q5	.803			
Q10	.791			
Q14	.791			
Q1	.711	.529		
Q8		.549		
Q4			.700	
Q15			.544	
Q3			.552	
Q16		.892		
Q6		.703		
Q13				.691
Q12				.681
Q9				.668
Q7				.591

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Source: Author's field work, 2015
a. Rotation converged in 7 iterations.

Varimax rotation was used for principal components with factor loading of .50 or greater on a factor were regarded as significant.

The first and foremost factor for the consumers' preferences is the ***availability and variety of products.*** The availability of items even at late hours is also preferred most. The consumers preferred the organized outlets which consist of various brands. The stores which offer more number of brands were liked by the customers. The average factor load for availability and variety is 0.79. The second factor is ***service*** given by the retailers. The availability of satisfactory service, attractive packaging, quality product, and so on with an average factor load of 0.668. The services given by retailers are given priority by the consumers. These services were very much liked by the consumers of Indore. Service makes the buying behaviour of the consumers very strong. The third factor is the display of outlets. They search for clean and attractive displays, lighting etc. The average factor load is 0.598. Attractive displays increase the number of consumers and turn the consumers towards the particular store. Ambience is the basic requirement for any store's success which gives the reputation and increased sales. The fourth factor is discount or fair prices. It is the most important factor of savings when billing is done. Discounts are basic point of attraction for the customers which are conservative. The average factor load for this is 0.657. Discount gives the price satisfaction to the consumers. Thus, retailers should be aware that consumer's patronage always depended on the offers that were available at the stores at the time of shopping.

The result of this analysis implies that the highlighted factors are the major factors influencing consumers' preference for organized retailing over unorganized retailing and vice-versa. The study on the consumer shopping habits identified that consumers shop at discounts for low prices, large variety and stores for the unique items they cannot find elsewhere were the major factors influence consumers' preferences for shopping outlets.

Research Hypothesis III

H_{03}: There are no problems faced by consumers from organized as well as unorganized retail outlets.

Below are the summary tables of the analysis:

Table 4: Model Summary of Problems Faced by Consumers from organized and unorganized retail outlets

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937[a]	.919	.910	.01759

Source: Author's Computation, 2015

a. Predictors: (Constant), sales manager, salespeople and sales organization

The first hypothesis was tested with regression analysis to analyse the problems faced by consumers from organized as well as

unorganized retail outlets. Table 3 revealed that there are problems faced by consumers from organized as well as unorganized retail outlets. ($r = 0.937$, $r^2 = 0.919$, std error of 0.01759). The implication of this is that the variable identified in the model contributed 91.9% of the problems faced by consumers from organized as well as unorganized retail outlets.

Table 5: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	81.245	3	27.082	571.987	.000[b]
	Residual	3.456	146	.047		
	Total	84.701	149			

a. Dependent Variable: product performance

b. Predictors: (Constant), sales manager, salespeople and sales organization

a hypothesis test, it refers to a test of the entire model. If the F-value is greater than 0.05 then we accept the null hypothesis. **From the table,** $F = 571.987$, p-value $= 0.000 \leq 0.05$ (sig.) Since p-value ≤ 0.05 (critical value), the null hypothesis is rejected and the alternative is accepted. This implies that the predictors have significant impacts on products performance; therefore the model is useful.

Table 6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.164	.106		1.539	.128
	Queuing	.057	.084	.065	2.674	.033
	Transportation	.728	.080	.728	9.077	.000
	Un-Conducive Environment.	.185	.104	.197	2.777	.040

Source: Author's Computation , 2015

a. Dependent Variable: products' performance

value (0.033) less than the critical value (0.05), the t-test of un-conducive environment is 2.777 with p-value (0.040) less than the critical value (0.05); and the t-test of transportation is 9.077 with p-value (0.000) less than the critical value (0.05). This implies that each predictor has significant impact in sustaining competitive advantage. Hence, how to reduce these problems to the barest minimum should be the major concern of retailers.

Discussion of findings

The research work was conducted on evaluation of consumer preferences for shopping outlets. Four hundred questionnaires were distributed to respondents while 290 questionnaires were retrieved. Based on the analysis of the responses, it was found that there are significant differences in demographic characteristics of customers patronising organized outlet and those patronising unorganised outlets. The result's in Table 4. showed that the null hypothesis tested was rejected, thus revealing that there are significant differences between demographics characteristics profile of the customers visiting organized retail outlets and unorganized retail outlets.

This study is in line with the study conducted by Bearden, Ingram and Laforge (2011) in their study on consumers' shopping habits which identified that consumers liked to shop at discounts for low prices and large variety in stores that have the unique items they cannot find elsewhere which is the major factors influencing consumers preference for a shopping outlets. The findings also conformed to the findings of Pankajkumar, Ananthan, Samal and Debnath (2011) in their study on consumers' behaviour at organized fish retail outlet, in which about 97 percent of the consumers shifted to organize retail outlets from local markets for purchasing fish.

Conclusions and Recommendations

The study concludes that consumers preferred organized retail outlets to unorganized retail outlets. It can thus be concluded that the outcome of the study confirms the empirical review of past researchers elsewhere that there is no significant relationship between shopping outlet (organized and unorganized retail outlet); this implies that customers preferred to shop at organized retail outlets than unorganized retail outlets.

The study recommends that retail outlets should lower the prices of their products and services to the barest minimum so as to catch the attention of customers' from low income earners and also make use of widespread advertisement to make individuals to be aware of their products and services.

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Influence of Students' Perception on the Survival of Interest Free Banking Services in Kwara State

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Abstract
The inability of interest based banking operations across world to effectively promote a stable welfare society free from periodic economic recessions and equal resources allocation led to the call for interest free banking system as a substitute to banking needs of customers. This call was premised on the belief that interest free banking activities ensure equal opportunity between societal classes, economic development and spirit of cooperation rather than unbridled competition and greed which characterized interest based banking system. This paper examines the influence of students' perceptions' on the survival of non-interest banking services in Nigeria. It uses exploratory survey design to collect required data from the study's population who are students in all the Universities located in Kwara State. The primary data was collected through a multiple-options and Likert scale questionnaire that was administered on target respondents. One sample t-test and independent samples t-test were employed as analytical instrument to test the study's hypotheses. It was discovered that students' perception of non-interest banking services have significant influence on its survival and that the perceived role of CBN is of importance to the survival of non-interest banking services in the country. It was concluded that students' of non-interest banking operations is important its survival in Nigeria. The study recommends that CBN and other government agencies such as National Orientation Agency should intensify more efforts towards increasing the level of youths' awareness of the potential benefits of NIBs to Nigerian economy and that students should also be orientated towards investing in non-interest based banks.

Key words: *Students' Perception, Survival, Interest Free Banking Services, Products*

Introduction

The role of the banking system in a modern economy is very important and indeed banking system is at the heart of every robust economy (Fakhrul-Ahsan,1998&Usman, 2003). The role of financial institutions in economic development remains very important considering the evidence from recent empirical studies such as Ahmed (2009) & Mustafa & Mansur (2015) that discovered that deeper, broader and better functioning financial system can stimulate higher economic growth, which is necessary and desirable for the economies of developing countries (INCEIF, 2006). According to Usman (2003), the role of the banking system in a modern economy is very important and in fact, it is at the heart of every robust economy. Supporting this claim Drigă & Dura(2014)pointed out that beside performing an important role in corporate governance and improving the information problems between investors and borrowers, banks contribute to economic development. A bank in the opinion of Drigă (2006) can be associated with a financial service conglomerate able to provide basic financial services and properly function within the economic, political, legal and international environment that determines its profit and expansion opportunities, interest rates, exchange rates and the particular resources bank need.

The western economic system is interest oriented and this implies that every economic activities especially banking activity is based on interest. Interest rates have been considered as one of the principal instruments for economic growth and development. In fact, conventional economists believed that interest rate is the lubricant required for the smooth running of the economic hub of every nation (Mustapha & Yahaya, 2010). The banking system charges interest on every deposits and loans to their customers. By this arrangement, owners of funds (capital), that is creditors and /or depositors will never be at a loss when their monies are invested but the debtors must pay pre-determined interest rates on amounts of money borrowed whether they operated at a profit or loss. Not only that, at times of extra-gains, creditors may lose a portion of their earning by receiving a fixed interest rate instead of commensurate portion of the extra-gain. Thus, the relationship between creditor and debtor is characterized by payment and receipt of pre-determined interest rates which in most cases resulted in inequality in the allocation of resources. It is on this basis that proponents of interest free economic system argued that interest based economy are materialistic and exploitative in nature while interest free economy is based on purification, justice, morality and judicious utilization of human and natural resources.

The above sordid situation accounts for the emergence of interest free banking services which is devoid of interest and its development had continued to witness unprecedented growth across the world in the last four decades. Interest free banking system or non-interest banking services (NIBS) generates income from investment through profit and loss sharing principle among the depositors, the bank and the investors. This principle accounts for the reason why interest free banking is seen as a pure, just, moral and astute economy system that promotes judicious and efficient utilization of human and financial resources. In view of this development, the interest free banking services have certainly become the new financial bride in the global economic arena as result of its outstanding characteristics and ideals such as fairness, openness and transparency, accountability and above all, its combination of “uncompromising religious truths with modern-day financial savvy (Jama, 2009).

The perception of Nigerian public such as traders, students, entrepreneurs etc. on the operational activities, products and services of interest free banking services is vital to the survival and performance of this new financial institution in Nigerian economic system. As the latest financial institution in Nigeria that needs to compete with the existing conventional financial institutions, the acceptance and performance of the operators of interest free banking products and services is presumed to depend on the appropriate perception of their operational activities by the target publics. Perceptions being the means, through which people select, organize and interpret information to form a meaningful picture of the world. The study examines the perception of youths specially students in various Universities on the survival of NIBS operators in Nigeria. Although, there have been an increasing interest on the need to study how the perception of the stakeholders in this market affect the survival and growth of NIBs in Nigeria. The perception from this

category of people is regarded as relevant to the expected patronage, growth and survival of the NIBs operations given their level of education, exposure, and desire for a viable economy that might guarantee them employment and robust investment opportunities in the nearest future. The study selected this target audience because; tertiary institutions offer a reasonable number of youth, who operate one type banking account or the other. More so, students are potential customers, stakeholders and future investors in NIBs, hence, the need to investigate the influence of students' perception on the survival of operators of NIBs. It is on the basis of this that, the study seeks to investigate the influence of students' perception on the survival of NIBs in Kwara state.

Research Questions:

The study seeks to address the following questions;

i. Does the perceptions' of students about Non-interest banking services (NIBs) have any significance on its survival?

ii. Is the perceived role of the Central bank of Nigeria (CBN) significant to the survival of Non-interest banking services NIBs in the country?

Objectives of the Study:

The main objective of this study is to assess the influence of students' perceptions on the survival of NIBs Specifically it seeks:

I. to ascertain the influence of students perceptions' on the survival in NIBs.

ii. to examine the perceived role of CBN in the survival of NIBs in the country.

Hypotheses

On the basis of the above stated research questions and objectives, the following hypotheses were formulated to guide the direction of this study:

i. The Students perceptions' of NIBs does not have significant influence on its survival.

ii. The perceived role of CBN does not have significant influence on the survival of NIBs

Literature Review and Conceptual Issues

Evolution of Non Interest Banking and Finance in Nigeria:

The introduction of non interest banking in Nigeria by Central Bank of Nigeria (CBN) marks another major turning point in the history of banking operations in the country and as expected, the move was greeted with steep resistance from all and sundry; religious groups, industry experts with astounding years of practice in conventional banking, and the gullible public (Aliyu, 2012).The key issues of concern, especially among the religionists were that the attempt by the CBN was meant to Islamize the industry and expose non-Muslims into some form of financial exclusion. Critics from other quarters challenged the specific nature of the operations of the bank wondering how a banking system will operate without charging interest on its operations (Rano, 2012). The efforts to establish NIBs in Nigeria dated back to the 1990s when the idea was first mooted and subsequently, two licenses were granted in 1992 (Mustafa, Ibrahim &Adewale 2011). With granting of these two licenses in 1992, none could commence operation until 1999 when the former Bank PHB Plc (now known as Keystone Bank Plc.) started to offer non-interest banking services on a "window basis (Rano, 2012). Despite this giant move by the bank, the momentum for continuity could not be sustained due to lack of the required political will and determination (Mustafa et al 2011).

However, a new face for development of NIBs operation in Nigeria came to limelight when the CBN enacted new provisions for the proper establishment and operation of NIBs through what it conceptualized as "Non-Interest Financial Institutions" (NIFI). The circular containing the provisions is classified as Circular Reference No. FPR/DIR/CIR/GEN/01/010. The CBN in August 2010 released the new banking model, which categorized non-interest banks as specialized banks. The two models are: i. National non-interest bank of capital base of N10 billion with operation in every state of the federation including the Federal Capital Territory (FCT); and ii. Regional non-interest bank with capital base of N5 billion and shall operate in a minimum of six states and maximum of twelve contiguous states of the federation (Umar, 2011) and the first full-fledged NIB microfinance bank, Al-Barakah microfinance has commenced operations in April, 2010 in Lagos, and more recently,

the first full-fledged non-interest bank with the name Jaiz Bank Plc commenced operations as a regional bank in January, 2012, in Abuja, Kano and Kaduna (Aliyu, 2012).

The purpose of Non interest banking is not different from that of its conventional counterpart except that the former operates in accordance with the Sharia rule, known as Fiqh al-Muamalat (Islamic rules on transactions) which is based on some basic principles. The figure 1 below presents the key principles of Non-interest banking services,

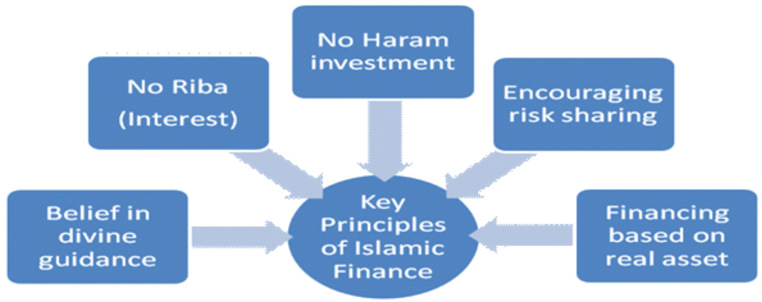

Figure 1: key principles of non -interest banking services
Source: Adapted from Daud Mustafa (2010)

Interest-free Banking (NIBs) Products and Services:

The different types of interest free banking products and services include the following:

i. **Musharaka** (partnership): Khan (2005) defined Musharakaas a joint ventures between a bank and an individual or business entity geared for certain operations and may terminate within a specific period of time or when certain conditions are met. Net profit or losses are shared between partners according to the capital invested. There are two types of Musharaka business; Permanent and diminishing musharaka (Ausaf 1993).

ii. **Mudaraka Partnership:** This is a form of partnership in which the bank (provider of funds) provides funds and the other partners (mudarib) provides labour and profit is shared in proportion agreed in advance. Losses not due to wilful negligence, fraud or breach of trust by the trustee, are liabilities of the bank. The mudarib loses only the benefit of his efforts.

iii. Murabahah financing: Murabahah transaction is described as a process which starts with the customers requesting the bank to finance his or her project which may be purchased of capital goods, raw materials, machineries or customers' durables. The customer in addition to the specification of the goods will also provide information about the price, nature and availability of the goods in the market. The bank after making independent investigations, and is convinced of the viability of the project, will then inform its customers of the profit margin it is likely to make on the original price. If the two parties agree with one another's proposal, then the murabahah agreement as a "promise to buy/sell" will be entered into. Based on the agreement, the bank will purchase the said goods or equipment as requested by its customer, by paying the seller directly either in full or in part, while, the customer thereafter will commence payment of the goods at a price that includes profit of the bank either at once or installmentally. This type of payment is known as Baimu'ajjal (deferred payment). If the bank pays the agreed amount of the financing before delivery of goods, then the transaction becomes Baisalam (advance payment sale). This type of transaction is similar to "pre-shipment credit" granted by conventional banks (Ausaf, n.d).

iv. Leasing (Ijarah): Under the scheme, the customer requests the bank to purchase capital goods like machinery or equipment and rent it to him or her thereafter. From the date of delivery, the lessee (customer) pays rent to the leasor (bank).

v. Syndication: Syndication means many banks pooling together their resources with a particular bank taking the lead, to finance usually large scale trade-related transactions (IPS, 1994). It is a special financial instrument devised for large scale ventures, which a single bank cannot afford to solely bear the risk of financing. The lead bank, also known as the "lead manager" acts as an agent for all the participating banks. The banks are expected to deal with the agent bank, not the client directly. The agent bank establishes a special mudaraba account in its books to which all participating banks contribute. When the payments are made, it is the responsibility of the agent bank to distribute proportionate share of each participating bank, after deducting the agreed agent fees.

vi. Benevolent loans (Qard-hasan): Qard-hasanare interest free loan granted on compassionate grounds with a view to removing the financial distress caused by the absence of sufficient money in the face of dire need (Ausaf, 1993). The provision of this kind of loan is made to accomplish the social roles of non-interest banks in addition to the income generating activities. Banks differ in the application of Qard- hasan. For instance, the Jordan Islamic Bank restricts its Qard-hasan to productive purposes, while, the Iranian banks extend their Qard-hasan to all needy customers with a minimum service charge to cover the cost of administering the funds (Iran year book, 1988).

vii. Overdraft: Non-interest banks, like their counterparts in the conventional banking system extend overdraft to all categories of customers subject to a given maxumum level. Unlike conventional banks, non-interest banks do not charge interest on overdraft as the loans are usually considered as Qard-hasan (i.e. compassionate loans).

Theoretical Framework:

Many theories such as shareholders' theory, growth theory, and stakeholders' theory have been used to in the extant literature to describe the concept of goods and services' survival in the market place. Some of these theories are briefly discussed below:

Shareholders' theory

According to Cochran (1994) shareholders' theory holds that firms should be managed in the interest of the firm's shareholders. This theory believes that the purpose of a company is to provide return on investment for shareholders and thus corporations are seen as instruments of creating economic value for those who risk capital in the enterprise (Greenwood, 2001). It is believed that the sole constituency of business management is the shareholder and the sole concern of the shareholder is profit maximization. To the proponents of this theory, any activity is justified if it increases the values of the firm to its shareholders and is not justified if the value of the firm is reduced (Cochran, 1994).

Growth centre theory

This was theory as propounded by Hansen (1975) and it states that the growth centre redistributes economic opportunities to a lagging area by providing infrastructure and services to attract economic investment. The redistribution of economic opportunities might eventually create employment and business opportunities to the rural residents (Delmar & Davidson, 2000). The implication of this is that the growth centre (in this case NIB) provides means of decentralization of modern technology, services, and infrastructure to poorer areas and members of the community. This would inevitably stimulates economic activities in the areas surrounding the centres and thus, serving as catalysts for economic prosperity and development of the areas.

Stakeholders' theory

This theory is often considered as a type of approach that deals with the way stakeholders perceive the establishment and the ongoing operations of a business. Thus, a stakeholder is described as anyone who has a stake or interest in the existence of a thing. As a matter of fact, all stakeholders are identified by their interests, which are intrinsically regarded as valuable, even though not self-evident. In this vein, Freeman (2004) saw stakeholders as any group or individual who can affect or is affected by the achievement of the firm's objectives. For the purpose of this study, Central Bank and the students as are considered as stakeholders in the new financial bride industry (NIB).

Growth centre and the stakeholder theories were adopted for this study in line with the popular view that NIBs should be regarded as “bank for the poor” which are established purposely to foster social welfare, human capital development, economic empowerment, poverty reduction, among others are in line with the growth centre and stakeholder theories' postulation. However, the adoption of the growth centre and stakeholders theories did not suggest that they are in anyway superior to the other theory but because they are more germane and most appropriate as they aptly addressed the research variables of interest in this study.

Review of Empirical Studies

Recently there has been increasing interest in the number of studies in the area of NIBs especially studies on perception and patronage of non-interest banking services. Notwithstanding the

progress made to date in the studies on this area, there is need for a more focused research which will study the perceptions of Nigerian stakeholders about NIBs. On the basis of this, it is imperative to survey the perceptions of actual and prospective customers of NIBs.Bley and Kuehn (2004) noted in their study that students who are more educated tend to possess more knowledge about conventional and Islamic financial concepts, which will invariably assist them in making better informed economic decisions in their lives. Thus, better consumer education was advocated for, in order to reduce the level of ignorance and inadequate information about Islamic practices and products. On their parts, Tahir and Abu Bakar (2009) investigated the perception of Islamic bank management on quality of service to customers and discovered that customers' perspective is of significance to Islamic banking operations and that customers were unsatisfied with the quality of Islamic bank service. The study of Ahmad et.al (2010) examined the perception of bank customers regarding service quality of NIBs as well as conventional banks in Pakistan. Their study revealed that the customers' perception of NIBs is higher than that of conventional banks, which was as a result of interest free products, risk sharing practices and strong ties to the religion.

Methodology

The research design used in this study is exploratory survey design which examines the influence of students' perception on the survival of interest free banking services in Kwara State. The population of this research comprises of students in all Universities located Kwara State. The choice of students in Kwara State Universities was based on researchers' accessibility to these students as teachers in the academic institution. Hence, the sample of this study consists of students from the four Universities in the state. The universities are; Kwara State University (KWASU), Malete; University of Ilorin (UNILORIN), Ilorin; Al-Hikmah University, Ilorin and Landmark University, Omu-Aran. These four universities are located across the three senatorial areas of state.

The study made use of primary and secondary data, Primary data were collected through the administration of survey questionnaires. The questionnaire consists of three sections. The first section was designed to gather demographic information from the respondents; while section two elicited responses about the perception of NIBs from Students in these universities. The third section gathered information on the perceived important role expected of the Central

Bank of Nigeria in facilitating the survival of NIBs. The study used Likert-scale with a five-point. The rating scale range from strongly disagree to strongly agree. Strongly disagree is represented by 1, disagree 2, Indifferent 3, Agree 4, and strongly agree 5.

260 questionnaires were administered on postgraduate and undergraduate students of these four universities and 236 usable questionnaires were returned. Table, frequency distribution, and descriptive statistics were used to present the responses of the respondents on their perceptions of NIBs. The reliability test was conducted using Cronbach's Alpha statistic and the study's hypotheses were tested through one sample t-test and independent samples t-test. The data were analyzed through SPSS version 20.0.

Data Analysis:

Table 1: Profile of Respondents

S/n	Items	Number of Responses	%
1	**Universities:**		
	University of Ilorin	78	33
	Al-Hikmah University	66	28
	Kwara State University	52	22
	Landmark University	40	17
	Total	**236**	**100**
2.	**Programme:**		
	Degree	102	43
	Master	54	23
	PhD	80	34
	Total	**236**	**100**
3.	**Age:**		
	18-25	72	31
	26-35	45	19
	36-45	74	31
	46-55	33	14
	55 above	12	05
	Total	**236**	**100**
4.	**Gender:**		
	Male	179	76
	Female	57	24
	Total	**236**	**100**

Source: Authors' computation (2015)

The table 1 above shows the breakdown of the returned questionnaires. It indicates that 33% of the respondents are from University of Ilorin, 28% are from Al-Hikmah University, while the remaining 22% and 16% of the respondents are from Kwara state University and Landmark University respectively. Table 1 also shows the number of the respondents undergoing Degree programme to be 43 percent, while master programme students are 23 percent. The remaining 34 percent students are undergoing Ph.D. programme. The table further indicates that 31 percent of the respondents are between the ages of 18- 25, while 31 percent of the respondents are between ages 36-45. In addition, 24 percent of respondents are females, while the remaining 76 percent of the respondents are males.

Variables Measurement and model specification:

Table 2: Result of Reliability Test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.801	.805	14

Source: Author's Computation (2015)

The result of reliability test in the above table shows that the study's instrument of data collection satisfies the requirement of Cronbach's Alpha test. The Cronbach's Alpha value of .805 falls above .70 which is the threshold.

Test of Hypotheses

H_{o1}: The Students perceptions of NIBs do not have significant influence on its survival

To test this hypothesis, questions in part B of the questionnaire were selected using the t – test at 95% confidence interval. The result of the test of this hypothesis is shown in the table 3 below;

Table 3: One –Sample Test

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Perception-on NIBs	9.737	235	0000	2.106	1.68	2.53

Author's computation, 2015

The perception dimension has 9 items (see appendix) was used for this hypothesis. From the result obtained above, p value is 0.000 which is less than p value of 0.05. With this result, the null hypothesis which states that the Students' perceptions of NIBs do not have significant influence on its survival should be rejected while the alternative hypothesis that states that the Students' perceptions of NIBs have significant influence on its survival should be accepted. On the basis of this, it is concluded that, the perception of students of NIBs is of importance to its survival; hence, for NIBs to survive students' interests, supports and patronage are important.

Test of Hypothesis Two

H_{o2}: *The perceived role of CBN is of no significance to the survival of NIBs*

To test this hypothesis, questions in part C of the questionnaire were selected to test this hypothesis. The result of the test of this hypothesis is shown in the table 4 below;

Table 4 One Sample Test

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Perceived_role_CBN	25.178	235	.000	1.936	1.78	2.09

Source: Author's computation, 2015

The perceived role of the CBN which is made up of 5 items on the questionnaire (see appendix) and these were adapted to test this hypothesis. From the results obtained from table 4 above, p value is 0.000 which is less than p value of 0.05. With this, Null hypothesis which states that *the perceived role of CBN is of no significance to the survival of NIBs* should be rejected while the alternative hypothesis which states that *the perceived role of CBN is of significance to the survival of NIBs* is accepted. Based on this, the study concluded that the perceived role of CBN is significant to NIBs survival, thus CBN must play this expected role for NIBs to survive.

Discussion of results

Students as stakeholders in Nigeria economy have important role to play in the survival and growth of interest free banking system because the students' perceptions of NIBs in the study area were found

to have significant influence on the survival operations NIBs in the country. This finding is not strange because it is consistent with the findings of the work of Bley and Kuehn (2004) which discovered that students who are more educated tend to be more knowledge about concepts of interest free banking services (Islamic financial concepts) and this knowledge invariably aid them in making better informed economic decisions regarding NIBs services.

In addition, the study also discovered that CBN as the regulator in the Nigeria financial sector must play her expected role to ensure the survival of NIBs in Nigeria. This result is also consistent with the findings of previous studies on NIBs conducted by Chapra (2009), Obiyo (2008), Usman (2003) and Yasin (2006) that found that CBN has important role to play in the growth and survival of NIBs in every economy. In fact, INCEIF (2006) stressed that under an Islamic system, the role and operations of the CBN are multi-dimensional and complex than its role in the traditional banking system.

Conclusion and Recommendations

On the basis of the above findings, the study concluded that:

i. the Students' perceptions of NIBs in the study area have significant influence on the survival of the activities of NIBs.
ii. students in the study area are aware of the existence of NIBs in the Nigerian banking industry.
iii. CBN as the regulator in the Nigerian financial sector needs to play a significant role for NIBs operations to survive in the Nigerian banking industry.

From the findings and conclusions of the study, it is recommended that:

I. there is the need for CBN and other government agencies such as National Orientation Agency to intensify more efforts towards increasing the level of youths' awareness on the potential benefits of NIBs to the economy of Nigeria and they should also be orientated to invest in NIBs.
ii. CBN and management of non-interest banks should exploit the strong positive students' perceptions of the NIBs to project the bank services as the future students' banking option because of it zero interest services.
iii. Management of non-interest banks and CBN should also encourage and support adequate research interests in the area of NIBs among the academia, practitioners and students. This is

imperative because researches in this area are likely to provide necessary inputs for a robust policy formulation and legal framework on NIBs in the country.

iv. CBN should play proactive and pragmatic role to ensure that the staffers of NIBs receive the relevant training required to facilitate rapid growth of the new banking subsector.

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CSR AND FIRMS' PERFORMANCE NEXUS: A THOUGHT OF CARROLL PYRAMID IN THE CONTEXT OF NIGERIAN DEPOSIT MONEY BANKS

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Abstract
Although, Corporate Social Responsibility (CSR) may have no strong proclamation of the law, it has nonetheless been espoused by banks to give an impression that they show their concerns for the development of their immediate environments and the nation at large. Often, CSR is embarked upon to gain customers' patronage and enhance their performance among their peers. This study examined the impact of CSR (in terms of four CSR dimensions identified by Carroll, 1991) on Banks' performance. The study employed secondary data that is, audited financial statements of ten Nigerian Deposit Money Banks representing the sample size. Using inferential statistics (regression analysis), the study found no significant relationship between CSR and Banks' performance. Government legislation on mandatory CSR for banks is therefore recommended so that banks will not see their obligations ending with profit making and shareholders' wealth maximisation.

Key words: *Corporate social responsibility, bank's performance deposit money banks and customers patronage.*

Introduction

Corporate Social Responsibilities [CSR] has remained highly contemporary and contextual issue to all stakeholders including government, corporate organization itself, and the general public. The public contended that the payment of taxes and the fulfilment of other civic rights are enough grounds to have the liberty to take back from the society in terms of CSR undertaken by other stakeholders. Corporate Social Responsibility (CSR) has received increased attention from numerous authors at local and international levels.

Various definitions have been developed in order to specify the role of business in the society. According to Maignan (2005) cited in Galan (2006) there is no consensus as regards the term society, thus, the concept of stakeholders personalizes social responsibilities by delineating the specific groups that a business should consider in its orientation.

The performance of business organizations; banks for example, is affected by their strategies and operations in market and non-market environments. Hence, the extent to which company's directors and managers should consider social and environmental factors in making decisions is debateable (Uadiale and Fagbemi,2012). As such, Corporate Social Responsibility (CSR) may be described as an approach to decision making which takes into account both (social and environmental) factors. It can therefore be inferred that CSR is a deliberate inclusion of public interest into corporate decision making, and the honouring of a triple bottom line which are People, Planet and Profit (Harpreet, 2009). Corporate social responsibility is represented by the contributions undertaken by companies to society through its core business activities, its social investment and philanthropic programmes and its engagement in public policy {Asian-oceanic Computing Industry Organisation (ASOCIO), 2004}.From the perspective of ASOCIO Corporate Social Responsibility has been viewed as a "a give and take" scenario where companies undertaking Corporate Social Responsibility pay back to the society.

In recent years CSR has become a fundamental business practice and has gained much attention from larger international companies. They understand that a strong CSR program is an essential element in achieving good business practices and effective leadership. Companies have determined that their impacts on the economic, social and environmental landscape directly affect their relationships with stakeholders, in particular investors, employees, customers, business partners, governments and communities.

At an earlier point in history, societal expectations from business organizations did not go beyond efficient resource allocation and its maximization. But today, it has changed and modern business must think beyond profit maximization toward being at least socially responsible to its society.

Today's heightened interest in the role of business in society has

been promoted by increased sensitivity to the awareness of environmental and ethical issues. Thus, society has become increasingly concerned that greater influence and progress by firms have not been accompanied by equal efforts and desire in addressing important social issues including problems of poverty, drug abuse, crime, improper treatment of workers, faulty production output and environmental damage or pollution by the industries as it has overtime been reported in the media. It is therefore very essential for all to realize that public outcry for increased social responsibility will not disappear if business organizations fail to respond to the challenges these had posed to the society. In view of the perceived information gap, it is therefore worthwhile collating and aggregating in a more organized manner, the contributions of Nigerian corporations [using banking sector] to the well-being of the society. This is necessary if only to show, in a graphic and mathematical ways that the sector seriously identifies with the aspirations of the communities and the general public.

Statement of research problem

A typical capitalist oriented business/environment is characterized by profit drive. This is not unconnected with the openness of market and the influx of competitors into any thriving industry. The banking industry is no exception to this. Although, Corporate Social Responsibility may have no strong proclamation of the law, it has nonetheless been espoused by banks to give an impression that they show their concern for the development of their immediate environments and the nation at large so as to gain customers' patronage and enhance their performance among their peers. Academic literature for instance Banyte, Brazionience and Gradeikiene (2010) is replete with the practice of CSR of organizations specifically as most of them disguise advertisement as CSR. In order to actualize the correct practice of CSR, Carroll (1991) in his pyramid of CSR indentified four different dimensions an organization must fulfil, namely; Economical, legal, ethical and philanthropic dimensions. An organization that majorly disguises its extant advertisement as CSR will most probably be failing in all or most of these four dimensions and as a result may hamper its performance. The peculiarity of a bank's performance is that it is usually measured in terms liquidity and/or profitability and failure of a bank in any of the four dimensions may put the bank at the risk of failure. The four dimensions will enhance a bank's easy spread and growth as every environment it intends to operate will find at least one of the dimensions a complete match for its needs at least at a micro level. Hence, a bank that focuses majorly on any specific aspect of the four dimensions may find its CSR lopsided and having a complete semblance of advertisement which may not suit the diversity of business environment. It appears there is paucity of empirical evidence linking CSR to banks' performance using secondary data source. The effect of CSR on banks' performance given the four dimensions of a good CSR is the focus of this work.

LITERATURE REVIEW

Corporate social responsibility has enjoyed no universal definition and its theorization has not been perfectly defined to drive systematic research. Hence the practice of CSR has been incoherent and its reporting has not followed a systematic and clearly defined framework of reporting (Helg,2007).

The motivations behind company's CSR investment have attracted a great deal of scholarly and constructive debate. According to Kuskii (2007), legal obligations, the common practice within a sector and the institutional pressures of the foreign markets or foreign partners are the main institutional factors influencing companies' social responsibility practices in developing countries. However, regardless of the forces influencing companies' social responsibility practices, the market rewards firms for these practices. This conclusion is equally consistent with the findings of Wahba (2008).

Recent debates have been on whether the investment in social initiatives negatively or positively affects the firm's bottom line. According to Kallan and Gomas (2009), corporate social performance and corporate financial performance should not be seen as antagonistic issues. Firms measurably benefit from their socially responsible decisions, if these decisions are recognized and rewarded by relevant stakeholders (Kallan and Gomas, 2009). Sizeable numbers of authors who conducted researches in the area of CSR and firm's performance relationship have equally found that CSR has positive implications' on the financial performance of firms. These authors include: Graves and Waddock (1994), Hart and Ahuja (1996),

McWilliams and Siegel (2000), Bagnoli and Watts (2002) and Siegel and Vitaliano (2005) cited in Leyira, Owaoma and Olagunju (2011).

Conceptual Framework

According Mirfazli (2008) cited in Udiale and Fagbemi (2012)
CSR has been defined in various ways. Majority of these definitions integrate the three dimensions: economic, environmental and social aspects into the definition,what is usually called the triple bottom line. The triple bottom line is considering that companies do not only have one objective, profitability, but that they also have objectives of adding environmental and social value to society. (p. 44)

Also, Frederick (1960) as cited in Carroll (1999) holds that:

[Social responsibilities} mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Social responsibility, in the final analysis, implies a public posture toward societies economic and human resources and willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms(p. 271)

Frederick's definition is a part of the reflection on earlier perception of social responsibility. It is in a way borrowing from the vantage point of the stakeholder theory. Another view by some of these earliest exponents of social responsibility takes on the ethical side of corporate business activities. Davis and Blomstrom (1966) defined social responsibility as:

Social responsibility, therefore, refers to a person's obligation to consider the effects of the decisions and actions on the whole social system. Businessmen apply social responsibility when they consider the needs and interest of others who may be affected by business actions. In so doing, they look beyond their firm's narrow economic and technical interests (p. 12).

In this definition, the ethical nature of an action is what tells whether an actor is socially responsible or not. Unfortunately, corporate social responsibility enjoys no unique definition. Several viewpoints have been held regarding the social dimension of companies' activities but none seems to be unanimously merging the interests of all its exponents. Dahlsrud (2008) analysed thirty seven definitions of corporate social responsibility, major dimensions included in these definitions range from one to five dimensions. These dimensions according to Dahlsrud (2008) are; the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension and the environmental dimension. The stakeholder dimension upholds the company's pursuit and representation of the interest of all stakeholders. The social dimension expresses the impact of the company's engagements on the society while the economic dimension explores the rationalism of the profit orientation as the basis of corporate social responsibility investments. The voluntariness dimension examines the company's engagement in eleemosynary activities and the environmental dimension relates to the assessment of a company's environmental footprint and its submission to accept responsibilities for those footprints. Corporate social responsibility involves managing relationships with the stakeholders, catering for the environment, investing more into human capital and going beyond the legal confinements or expectations (Commission of the European Communities, 2001). This definition and the one that follows below are some of those considered as most adequate definitions of corporate social responsibility as it encompasses the five basic fundamental issues around which debates oscillate (see Dahlsrud, 2008).

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders (United Nations Industrial Development Organisation, 20 J J).

In this definition, corporate social responsibility is viewed as a strategic business management concept rather than a charity, sponsorship or philanthropy (UNIDO, 2011). The concept of corporate social responsibility goes beyond these three concepts even though these concepts also prove to be of strategic advantage to the firm. Other authors that have contributed towards defining corporate social responsibility include: Abbott and Monsen (1979), Fitch (1976), Carroll (1979), Epstein (1987) and Carroll (1991). An examination of all these definitions submits to the fact that the basic foundation of corporate social responsibility is that businesses should be responsible to other stakeholders beside the wealth owners even though their theoretical premise or methodical perception may differ.

Performance may refer to the extent of effective and efficient achievement of the set objectives or goals within the given time frame (Investopedia, 2013). The issue of performance measurement is a debatable concept as it lacks uniform parameters or indicators. What is acceptable as a performance yardstick in one organisation may not be applicable or appropriate in another organisation, hence, the concept has over time not enjoyed consensus. Khandwalla (1977) has identified eight yardsticks (including financial and non financial) for measuring performance. These include employee's job satisfaction, employees' commitment or loyalty to the firm, public image and goodwill, growth rate, sales or revenues (profit), product (or service) quality, employees' productivity and financial strength. The best performance measurement for banks and other financial institutions may be in term of their profitability. Gover and Kudre (1982)

Characteristics of CRS

According to Adeyanju (2012) the European Foundation for Quality Management [EFQM] presents some common characteristics for CSR which include: meeting the need of current stakeholders without compromising the ability of future generations to meet their own demand, adopting CSR voluntarily, rather than as legal requirement, because it is seen to be in the long-term interests of the organization, integrating social, environmental and economic policies in day to day business and accepting CSR as a core activity that is embedded into an organization's management strategy. In the light of the above CSR can be seen as encompassing three major responsibility dimensions; vis-a-vis economic, social and environmental responsibilities.

Rationale for Investment in CSR

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses which need healthy economies, markets and communities. (ASOCIO,2004).

The definitions posited by various authors and organizations suggest some links between long-run profitable survival of the business and corporate social responsibility investment. It is argued that the motive for investing in social goods is not to enhance social welfare but rather to further increase an organisation's selfish pursuitof profit (Friedman 1970). To Friedman (1970), the end is profit and social responsibility as may be remonstrated by any agent of a corporation operating within capitalism is merely a means towards achieving the ultimate end (profit). Corporate social responsibility is rather a way of dispensing revenues that would otherwise be taxed. Among other benefits ascribed to social responsibility are: reputation enhancement or image improvement, morale enlivenment, brand strengthening, share price maximization, attraction and retention of excellent workforce, opportunity to input premium into prices, customers loyalty and secured long-term survival of the business. Porter and Kramer (2006) noted that the current practice of social responsibility, as advocated by various schools of thought, suffers a common weakness, the focus on the tension between business and society. In their own opinion, such disconnectedness of social involvement of business organizations and their strategies, a product of a focus on tension between business and society, neither yields a desired social impact nor provokes long-term competitiveness of a firm. The mutual dependence of corporations and society implies that both business decisions and social policies must follow the principle of shared value", (Porter and Kramer,2006, p 5). Behaving in a socially responsible manner, has been seen to be crucial in sustaining the long-term survival of the business (Adams and Zutshi, 2004). Societies are increasingly exerting a great influence on firms' profitable survival as they are becoming more aware of the effect organizations have on them through their actions or inactions. This is substantiated by the growing interest of world known large companies in producing corporate social responsibility reports.

Globalisation has increased the power of companies and the influence or impacts they have on the political, social, and ecological environment of companies in which they operate. This increasing growth in companies' expansion across borders has created, in return, an increasing expectation from societies for companies to act responsibly and be accountable for the impacts they have on the society (Adams and Zutshi, 2004).

An increasing influence of non-government organizations on organizations' strategy formulation or decision making process (for example through the purchase of shares that entitles them to vote) has equally reorient companies toward recognizing and admitting their responsibilities to the society (Adams and Zutshi, 2004).
Lastly, for most multinational companies, engagement in corporate social responsibility is dependent on peculiar factors. Amaechi, Adi, Ogbechie and Amao (2000)
As typical of MNCs, the motivations to engage in CSR are varied - response to market forces, globalization, consumer and civil society pressures, etc. The activities of these .firms are therefore visible because of their global reach. As such, there is a higher incentive to protect their brands and investments through CSR. (p. 8)

Carroll's Pyramid of Corporate Social Responsibility

One of the most used and quoted model is Carroll's (1991) Pyramid of Corporate Social Responsibility. In indicates that CSR constitutes of four kinds of social responsibilities; economic, legal, ethical and philanthropic. Carroll considers CSR to be framed in such a way that the entire ranges of business responsibilities are embraced. Carroll suggests that CSR consists of four social responsibilities; economic, legal, ethical and philanthropic. These four responsibilities can be illustrated as a pyramid.

The economic component is about the responsibility to profit and this responsibility serves as the base for the other components of the pyramid. With regard to the legal aspect, society expects organisations to comply with the laws and regulations.

Ethical responsibilities are about how society expects organisations to embrace values and norms even if the values and norms might constitute a higher standard of performance than required by law.

Philanthropic responsibilities are those actions that society expects for a company to be a good corporate citizen by committing parts of its resources to benefit host communities and/or societies.

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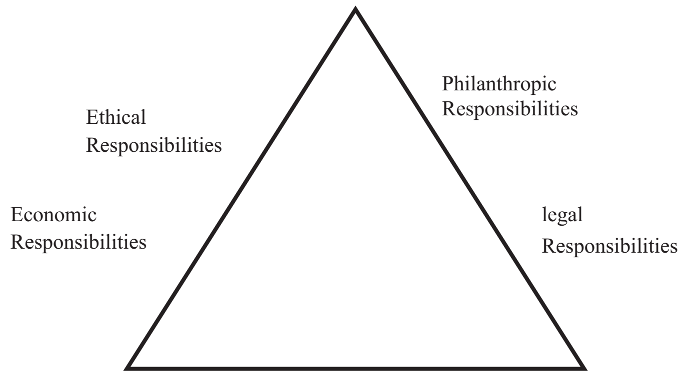

Figure.1: **The Pyramid of Corporate Social Responsibility** ***(Carroll, 1991with modification)***

The pyramid illustrates the four components of CSR with economic performance as the basic block. Next is the responsibility to be ethical. At its most fundamental level, this is the obligation to do what is right and to avoid harming stakeholders. Finally, business is expected to be a good corporate citizen. This is embedded in the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and to improve the quality of life.

Theoretical Framework

The shareholders' value maximization as the sole objective of corporate existence has attracted criticisms from many corners. Opponents of this view like Freeman (1984) argued that organizations should not only consider the interest of shareholders alone but also consider the interest of those affected by its actions or inaction (Stakeholders). This concept is called the stakeholder theory. A firm cannot maximize value if it ignores the interest of its stakeholders (Jensen, 2001). The stakeholder theory is an extension of the legitimacy theory as it broadens the scope of an organisation's responsibility beyond giving to the society alone to giving to the individual group of stakeholders. Suchman (1995, p. 574) defines legitimacy as "..... a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." Stakeholders are individuals or groups of individuals that can affect the achievement of an organisation's objective or are affected by an organisation's actions or inactions (Freeman, 1983). The idea of stakeholder having claims is still an unclear issue. What these claims are, are still dependent on a number of factors and hence an organisation's action may be perceived as either right or wrong by different individuals or groups. The ethical branch of the stakeholder theory assumes that all stakeholders should be treated fairly and the issue of stakeholder power is not relevant (Tilt, 20 IQ). Ethical CSR advocates an impartial moral reflection that preaches altruism (Windsor, 2006). "Economic CSR restricts purely fiduciary agents to computing net market gains on jointly utilitarian and investor's property right rationales" (Windsor, 2006). The economic CSR or the

shareholder approach (Marrewijk, 2003) or the classical view advocates a profit maximizing social responsibility. It follows that corporations invest in social responsibility activities to increase their profit (Friedman, 1962) or maximize shareholders' wealth (Jensen, 2000). This idea or view point is consistent with the 'expedient' (Gray, Owen and Adams, 1996) who invest in the CSR only to the extent that it is consistent with the long - term objective of the firm (i. e. wealth maximisation). Gray Owen and Adams (1996) further explain the various perceptions of decision makers that direct, motivate or de-motivate them from investing or disinvesting in a corporate social responsibility investment. The Pristine Capitalist shares the shareholders approach. Social responsibility investments are construed as a misuse of shareholders' investment, profit is the end and social responsibility investment is not a means to achieving this end. The expedient follow the instrumental view of stakeholders. According to Campbel(2008):

> *"The instrumental view of stakeholder relations is that organisations take stakeholders opinions into account only in sofar as they are consistent with others, more important, economic objectives (e.g. profit maximisation, gaining market share, compliance with a corporate governance standard). Accordingly, it may be that a business acknowledges stakeholders only because acquiescence to stakeholders opinion is the best way of achieving other business objectives".* (p. 64)

The social contractarians hold that businesses are licensed to operate in an environment as long as the norms of the society are still being abided by such businesses. An attempt to act otherwise (against the contract terms) may lead to the withdrawal of license. The social ecologist according to Campbell (2008) holds that businesses through their operations have some social and environmental footprints. Hence, they should admit the responsibility to minimize such footprints.

Corporate Social Responsibility in Nigerian Banks

The perception of corporate social responsibility tends to vary in different environments and are most times dictated by the type of business and the level of societal awareness (Amaechi et al, 2010). Corporate social responsibility is mostly perceived by Nigerian banks as a form of philanthropy. Writing on its CSR practice and philosophy, one of the first four banks in Nigeria states:

> *At Zenith, Corporate Social Responsibility is not just a buzzword; it is a way of life. To emphasize this belief, Zenith Bank set up Zenith Philanthropy, a fully functional department responsible for identifying areas, sectors and causes deserving of philanthropic aid. ... Zenith philanthropy is the channel through which Zenith Bank gives back to society. One would invariably ask why we have to set up a department just to give money out? At Zenith Bank, we see giving back to society as a serious and passionate cause.* 1

CSR as perceived as a form of philanthropy in Nigeria has been linked to some factors including, traditional socio-cultural heritage of the indigenous firms and religious influences. However, regardless of this general inclination towards philanthropy, the wave of the development actions in line with awareness is distributed among low, medium and high. According to the interview conducted by Amaechi, Adi, Ogbechie and Amoo (2010),85 percent of the respondents said that there is an awareness of CSR in Nigeria but without significant actions, while 7.7 percent either claimed there is almost no awareness of CSR or there is high awareness with significant actions. CSR's involvement in Nigerian banks centres around five major areas as shown in the table below:

Table 2.1: Distribution of CSR's Involvement in Nigerian Banks

Current Issues Addressed	%
Education (including training and skill development)	46
Provision of health care	38
Infrastructure development	31
Sports Arts and Culture	·23
Poverty alleviation	8

Source: (2010) Amaechi, et al (2010)

Empirical Evidence.

The study of relationship between CSR and firm performance has attracted considerable interests from various previous researchers. In general, the empirical results show a positive relationship between CSR and firm's performance for example, Griffin and Mahon (1997) for a survey of the pre-2000s research. Also, Orlitzky, Schmidt and Rynes (2003) performed a meta-analysis of CSR and performance studies and found a positive relationship between them. Subsequent studies by Deckop, Merriman and Gupta (2006), Shen and Chang (2009) , El Ghoul, Guedhami, Kwok and Mishra (2011) also revealed a consistent findings.

Other CSR studies have focused on more specific questions. Barnea and Rubin (2010) studied the relationship between CSR's investment and firm's characteristics. They found that insiders are likely to over-invest in CSR's initiatives when the personal benefits are high and the personal costs are low; this could be seen as a form of green-washing, or focusing on the style of CSR investment and not the substance. This over-investment is beneficial to the individuals but not to the firms.

Uadiale and Fagbemi (2012), examined the impact of CSR's activities on financial performance measured with Return on Equity (ROE) and Return on Assets (ROA) using a sample of forty audited financial statements of quoted companies in Nigeria and found that CSR has a positive and significant relationship with the financial performance measures.

However, out of the sizable numbers of researches on relationship between CSR and firm performance only a few studies have considered CSR of financial institutions. One of the studies for instance, Ahmed, Islam and Hasan (2012) showed a positive, although insignificant, relationship between operating performance and CSR for a very small sample of banks in Bangladesh.

In Nigeria context, the study of relationship between CSR and bank performance using secondary data (specifically annual reports and accounts or financial reports) is close to non existence. Plethora of empirical literature in this area relies majorly on primary data source. Akanbi and Ofoegbu (2012) employed primary data source (questionnaire) using only one bank (UBA Plc) and found that the dimensions of corporate social responsibility have effect on organizational performance. Also Adeyanju (2012) used majorly primary data source with small sample size to study the relationship.

As a result of the aforementioned gaps, this research adopted the use of secondary data with a very large sample size (i.e 10 out of the 21 banks representing 49% of total number of banks in Nigeria) to study the relationship between CSR and banks' performance.

Methodology

The research design is content analysis which involves tracing of sentences of each component of the corporate social responsibility disclosed in annual reports of Nigeria banks in the sample. This study is based on the voluntary disclosure index constructed using the annual report of the sampled banks.

The population of this research work is made up of all listed Nigerian Banks. Since this study is on the impact of corporate social responsibility on financial performance, a sample of 10 banks was selected, these include Guaranty Trust Bank Plc, Zenith Bank Plc, Fidelity bank Plc, Access Bank Plc, Stanbic IBTC Bank Plc, First Bank Plc, Union Bank Plc, United Bank For Africa Plc, Unity Bank Plc and Wema Bank . The choice of the sampled banks was based on Stock exchange Capitalisation ranking, 2011 Performance ranking using CAMEL by Business world and generation classification of banks (the first five representing new generation while the remaining five representing the old generation banks).

Purposive sampling technique was used in selecting the ten (10) banks representing 49% of the research population. Secondary sources of data were adopted in the study. Dependent variable of the study is financial performance which is represented by ROA (measured as the proportion of Profit after tax to total assets). The independent variables/parameters are dimensions of CSR of Caroll(1991) including Economic CSR, Legal CSR, Ethical CSR and Philanthropic CSR.

The regression Model is represented as below;

$ROA_i = B_{Oi} + B_1ECSR_i + B_2LCSR_i + B_3ETCSR_i + B_4CSR_i + e_i$

Where;

ROA= Return on Asset

Bo=intercept B_1, B_2, B_3 and B_4=coefficients of independent variables

ECSR =Economic CSR

LCSR =Legal CSR

ETCSR= Ethical CSR

PCSR =Philanthropic CSR.

e= error term

The entire data analysis was done with the use of Stata Statistics/Data Analysis.

Analysis and Presentation of Results

Number of obs= 10
Prob>F = 0.9551
R-squared = 0.1070
Adj R-squared = -0.6074

Roa	Coef	Std. Err.	T	P> $\|t\|$	95% Cont .Interval	
economic	-.0046	.313432	-0.01	0.989	-.8103026	.8011026
Legal	-.3027	.5933172	-0.51	0.632	-1.82787	1.22247
Ethical	.1781	.470148	0.38	0.720	-1.030454	1.386654
philanthropy	-.1631	.2393876	-0.68	0.526	-.7784655	.4522655
Cons	.8947	.5197682	1.72	0.146	-4414066	2.230807

Source: STATA statistics/data analysis results, 2015

The result depicted in the above table shows the regression of the relationship between each of the four dimensions of CSR identified by Caroll (1991) and the performance of the selected sample banks. The Ethical CSR shows a positive relationship with the performance of the banks while other dimensions of CSR show a negative relationship. However, the result shows an insignificant relationship between the performance of Nigerian banks and the identified dimensions of CSR. More so, the R^2 of the model shows that the entire independent variables have only 10 percent effect on the variability of the performance of Nigerian banks.

Conclusion

The aim of this study is to empirically examine the impact of Corporate Social Responsibility on the performance of Banks. In achieving this aim, the study gathered data on both dependent variable and independent variables. The dependent variable as a measure of performance was represented by the Return on Assets (ROA) obtained from the respective Annual Reports and Accounts of the sampled Nigerian banks. The independent variable (i.e. CSR) was proxied by four CSR dimensions as identified by Carroll (1991); these include Economic CSR, Legal CSR, Ethical CSR and Philanthropic CSR. The study focuses on Deposit Money Banks in Nigeria specifically using a sample of ten (10) audited financial statements of the sampled banks for 2011. The thrust of the study is to examine the impact of CSR activities on financial performance measured with Return on Asset (ROA). The results show no significant relationship between CSR and Banks' performance. This is in consistence with the works of Ullman (1985), Waddocket' al (1997) and Mc Williams and Siegel (2000) who found no significant relationship between corporate social responsibility and corporate financial performance. Since the study found no significant impact of CSR on the banks' performance, it implied that Nigerian banks might have handled their CSR's involvements with levity. They may even be discouraged to involve in CSR activities since it contributes no positive impact to their profitability which is main purpose of their operations. However, failure of banks to engage in CSR could hamper the benefit that host communities or societies derive from them and this will not be in conformity with the Stakeholders theory, hence there is a need for governments involvement to legislate on mandatory CSR to ensure that banks comply accordingly.

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EXPLORING THE RELATIONSHIP BETWEEN ADOPTION OF E-MARKETING AND CUSTOMER SATISFACTION – EVIDENCE FROM MTN NIGERIA

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Abstract

This study investigated the relationship between the adoption of electronic marketing and consumers' satisfaction in MTN Nigeria. The objective of the study is to determine if e-marketing has any significant impact on consumers' satisfaction. Primary data were obtained through the use of questionnaire from students who are subscribers on the mobile network of MTN, Nigeria. Pearson Product Moment Correlation Coefficient (PPMCC) and Multiple regression analysis were used to analyze the data with the aid of STATA 11.0 statistical computer software package. The result indicates that e-marketing adoption which entails benefits and services like ease of use, Information, FAQ, and Customer Care/ Help Line is significantly correlated to customers satisfaction. The study concludes that with the rate of globalization in the 21st century, e-marketing adoption is germane in improving consumers' satisfaction. This study recommends that organisations should adopt the use of this platform to sustaining their timely delivery of services.

Keywords: *Electronic Marketing, Customer Satisfaction, Information Technology.*

Introduction

The world has become a global village with the permeation of the web, therefore making it impossible to rule out the impact of the internet. The internet has provided firms with an unprecedented ability to communicate directly with customers. With the relatively widespread adoption of the electronic marketing, businesses of all sizes have the opportunity to build competitive advantage. The internet is assumed to be an important channel for marketing and distribution of products and services. This is, among other things, due to the cost-effectiveness of the internet and the convenience for customers. With the electronic marketing, marketers can reach out to a broad customer base, locate target customers, identify their needs and communicate with them at a relatively low cost. Increasing digitalization will make it progressively easier to experimentally alter particular aspects of a business and quickly observe how customers respond (Wyner, 1999).

At the present level of globalization, there is a trace of adoption of the society in technological advancements and the use of internet. The main reason for this dramatic shift has been its perceived usefulness in terms of ease of transaction, security and privacy provided by the telecommunication industry. With the relatively widespread adoption of the electronic marketing, businesses of all sizes have the opportunity to build competitive advantage. The internet is assumed to be an important channel for marketing and distribution of products and services. This is, among other things, due to the cost-effectiveness of the internet and the convenience for customers**.** Strauss and Frost (2001) defines it as the use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals. Saha and Zhao (2006) see customers' satisfaction as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. In other words, it is a result of a cognitive and affective evaluation where some consumption standards are compared to the actually perceived performance.

With the emergence of more telecommunication firms in the Nigeria, Telecommunication sector after its liberalization, there is a need for organization to go back to the drawing board and come out with new innovations to be able to compete successfully in the highly competitive industry. One of the innovations adopted is E-marketing. But unfortunately, despite the importance attached or attributed to E-marketing in a number of ways, there seems to be limited studies about e- marketing especially in the Nigerian context. Given the high level of financial stakes involved in adopting and using this technology (internet), the investigation of the impact of internet investment on firms' performance has been, and will continue to be, a

major research concern for practitioners and researchers. Empirical studies from both developed and developing countries present contradictory findings. These inconsistent findings have caused many debates among e-marketing researchers over time. However**,** most of their empirical studies were conducted in developed countries rather than in developing countries.

Existing literature on e-marketing in Nigeria indicates that despite its growing use and adoption by many organisations attempting to be technologically driven, no significant effort has been made to understand whether the customers whom the technology are meant for, are satisfied or not (Gao and Owolabi, 2008) and/or what factor(s) determine their satisfaction. It is against this background that this study attempts to investigate the impact of e-marketing adoption on customers' satisfaction in the Nigeria Telecommunication Industry.

Literature Review

Concept of E-marketing

E-marketing has been variously defined. Nothnagel (2006), described internet marketing as an umbrella term encompassing the commonly used internet marketing methods which are e-mail marketing, web advertising, on line branding, use of search engines as well as newsletters for marketing hospitality services. Kotler, Armstrong, Saunders, Wong (1996) defined it as the management process which identifies, anticipates and supplies customer requirements efficiently and profitably.

Electronic marketing (E-marketing) can be viewed as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the internet and other electronic means. By reviewing the relevant literature it is noticed that definitions of electronic marketing (e-marketing) vary according to each author's point of view, background and specialization. Strauss and Frost (2001) defines it as the use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

Concept of Customers' Satisfaction

Customer satisfaction provides a leading indicator of consumers' purchase intentions and loyalty. It is a measure of how products or services meet or surpassed customers' expectations. In a competitive market like the telecommunication industry, it consists of various strategies aimed at keeping, meeting or exceeding customers' expectations. Saha and Zhao (2006) see customers' satisfaction as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. In other words, it is a result of a cognitive and affective evaluation where some consumption standards are compared to the actually perceived performance. Thus, if the perceived performance is less than expected, customers will be dissatisfied, and where the perceived performance exceeds expectations, customers will be satisfied and this would lead to positive behaviours or outcome (Saha and Zhao, 2006; Yau, McFetridge, and Chow, 2000)

Consumers post evaluation of a purchased product or service, given pre-purchase expectations (Kotler, 2001). Striving for customers' satisfaction is no different than good marketing. By "marketing" is not means only the Four Ps but rather marketing in the classic sense of being customers' oriented and market driven. Attempting to find out what customers want and then trying to deliver the same may be seen as striving for customers' satisfaction or simply doing good marketing. Today's most successful companies' are raising consumers' expectations and delivering quality performance to match. These companies are aiming for TCS – Total Customer Satisfaction. The challenge is to create a company's culture such that everyone within the company aims to delight the customers.

Theoretical Framework

The Expectancy Disconfirmation Theory

An approach in defining and developing consumer satisfaction is provided by Expectancy Disconfirmation Theory (EDT), which has indeed become one of the most important and frequently cited theories in the literature. It is upon this theory that this present study hinges. Expectancy-Disconfirmation Theory (EDT) suggests that consumers purchase goods and services because of their expectations about the anticipated performance of the product. The expectation level is used as a standard to judge the performance of the product. That is, once the product or service has been used, outcomes are compared against expectations. If the performance matches the expectation, *confirmation* occurs (satisfaction). Where there is a difference between expectations and performances, disconfirmation occurs (dissatisfaction). A customer is either satisfied or dissatisfied because of positive or negative difference between expectations and perceptions. Thus, when service performance is more than or outperform what the customer had initially expected, there is a positive disconfirmation between expectations and performance which results in satisfaction, whereas when service performance is as expected, there is a confirmation between expectations and perceptions which results in satisfaction. However, when service performance is not as good as or falls short of what the customer expected, there is a negative disconfirmation between expectations and perceptions which causes dissatisfaction.

The four main constructs in this theoretical model are: expectations, performance, disconfirmation, and satisfaction. Expectations reflect anticipated behaviour (Churchill and Suprenant, 1982). They are predictive, indicating expected product's or services' attributes at some points in the future (Spreng, MacKenzie and Olshavsky, 1996). Expectations serve as comparison standard in EDT, that is, what customers use to evaluate performance and form a disconfirmation judgment (Halstead, 1993). Disconfirmation is hypothesized to affect satisfaction, with positive disconfirmation leading to satisfaction and negative disconfirmation leading to dissatisfaction. Apart from customer satisfaction literature, this theory has found great support from researchers in other disciplines and has been widely used to evaluate satisfaction with different product, or services (Bhattacherjee, 2002).

E-Value Theoretical Model

The E-value model, which is a multi-dimensional model, provides the overall framework of measuring the value of e-commerce on the performance of businesses. Salwani, (2009) proposed the E-value model after noting the gaps in the Resource Based View(RBV) theory and the Technological, Organisational and Environmental model (TEO). Thus, this model is a combination of the

RBV theory and the TEO model. The general assumption regarding this model is that the usage of e-commerces is influenced by multiple factors which range from internal factors to external factors. The model combines the pre-adoption issues and post adoption issues of e-commerce usage and introduces the effect of a moderating variable (experience) on the relationship between the usage of e-commerce and business performance. It also introduces the effect of a mediating variable (back-end integration) on the relationship between e-commerce usage and business performance. The model then further links e-commerce usage to business performance.

The main advantage of this model is that it is a multi-dimensional research model which considers the pre-and post-adoption issues of e-commerce usage, its direct and indirect effects and the effect of the moderator and mediating variables. Salwani (2009) argued that experience of implementing e-commerce has a strong contingent effect on the relationship between e-commerce usage and business performance, thus they included e-commerce experience as a moderating variable on the relationship between e-commerce usage and business performance in the model. They also proposed that the nature of the relationship between e-commerce usage and business performance is clarified by e-business capability such as back-end integration and subsequently included back-end integration as a mediating variable in the model. .

Methodology

The population of the study constitutes the entire students of Al-Hikmah University, Ilorin. The choice of students is because of the perceived relationship they have on the general use of Information and Communication Technology (ICT). Convenience sampling was used to select the sample of the students which constitutes the entire Faculty of Education Students at the Igbaja Campus of the University while purposive sampling was used to choose students that subscribed to the MTN, Nigeria mobile network. This study adopted a survey research design, therefore it made use of primary data which were sourced through the use of questionnaire that was distributed to 115 student subscribers using MTN mobile network. However, only 80 respondents filled the questionnaire adequately and were used for our data analysis. Multiple regression analysis and Pearson Product

Moment Correlation Coefficient (PPMCC) was used to analyze the data collected with the aid of STATA 11.0 computer statistical package.

Model Specification

$CS = f(X_1, X_2, X_3, X_4) + U_1$.........equation (1)

$CS = a_o + a_1 \text{ Ease} + a_2\text{Info} + a_3\text{FAQ} + a4\text{Cc/Help} + U_1$……equation (2)

Where:

CS = Customer Satisfaction

Ease = Ease of Use

Info = Information Adequacy

FAQ= Frequently Asked Questions

Cc/Help= Customer Care/ Help Line

Results and Discussion

Ho: Adoption of electronic marketing does not have a significant impact on customers satisfaction

Table 1: Regression Analysis Results of the Impact of E-Marketing on Customer Satisfaction

Model	R-Squared	Adjusted R Squared			Root MSE	
1	0.8027	0.7922			.37753	
Source	Sum of Square	Df	Mean Square		F	Probability
Model	43.4975998	4	10.8743999		76.29	0.0000
Residual	10.689902	75	0.142532003			
Total	54.1875	79	0.68591722			
Variable	Coef.	Std. Error	T	Sig	Beta	
Ease of Use	0.2961687	0.0635737	4.66	0.000	0.455103	
Information	0.4276609	0.1623688	2.63	0.010	0.2189244	
FAQ	0.0799815	.0475752	1.68	0.037	0.148262	
Customer Care/ Help	0.7859452	.0911105	8.63	0.000	0.7616384	
_Cons	1.640937	.4952143	3.31	0.001	.1018272	

Source: Researcher's Analysis, 2015 Using STATA 11.0 (Statistically significant at 5%)

The regression table shows that the explanatory variables accounted for 80% variation in the level of customers satisfaction as a result of adoption of e-marketing. The result was affirmed to be significant at 5% with an F-value of 76.29 which reflected a higher proportion of the variations as compared to the residual value. Thus, the model adequately captured the regression analysis. Given the adjusted R^2 of 80% with 0.0000 at 5% level of significance. This is an indication that the independent variables in the model jointly and significantly explain the impact of e-marketing adoption on customers satisfaction.

The null hypothesis is rejected and the alternative hypothesis is accepted which states that adoption of electronic marketing has an impact on customer satisfaction. This is in line with previous studies of Casalo, Flaviam and Guiraliu (2008) which contend that higher level of Website usability can lead to higher levels of consumers' affective commitment to the Website as well as a direct and significant relationship between satisfaction in previous interactions and the consumers 'commitment to a financial service Website.

Correlation Matrix showing relationship Adoption of E-Marketing and Customers Satisfaction

	Customer Satisfaction	Ease of Use	Information	FAQ	Customer Care/ Help
Customer Satisfaction	1.0000				
Ease of Use	0.7125	1.0000			
Information	0.8555	0.7793	1.0000		
FAQ	0.6595	0.9632	0.7083	1.0000	
Customer Care/ Help	0.7709	0.9208	0.8789	0.8400	1.0000

Source: Researcher's Analysis, 2015 Using STATA 11.0

This table shows the correlation matrix which is an indication of how the individual variables are related. It shows that quality of e-marketing which entails services like ease of use (71%), Information (86%), FAQ (66%), and Customer Care/ Help Line (78%) is significantly correlated to customers satisfaction. This implies that adoption of e-marketing is contributing positively to customers satisfaction. The association between them is positive and significant. This is consistently in line with the findings of Raman, Alan and Maphil (2008), Saha and Zhao, (2006); and Casalo, Flaviam and Guiraliu (2008) contends that higher level of Website usability can lead to higher levels of consumers' affective commitment to the Website as well as a direct and significant relationship between satisfaction in previous interactions and the consumers' commitment to a financial service websites.

Conclusions and Recommendations

In this study, efforts were made to evaluate the relationship between e-marketing and consumers' satisfaction in the Nigeria

telecommunication industry. Based on findings from this work, it shows that the adoption of e-marketing service by MTN, Nigeria has led to an increase in consumers' satisfaction and consumers are satisfied with the development. This study concludes that e-marketing adoption is an essential service for increasing consumers' satisfaction and loyalty to the organisation. The adoption of e-marketing improves the customers satisfaction which invariably would lead to improved organisational performance.

This study recommends that telecommunication firms and organisations operating in an environment that has been described as turbulent, discontinuous, highly competitive and globalized must maximize the benefits of Information and Communication Technology (ICT) which is a primary driver of E-marketing by adopting it, sustaining its adoption and improving it in order to sustain their timely delivery of services to their customers.

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MARKETING RESEARCH: A CATALYST FOR INDUSTRIAL GROWTH OF A NATION

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Abstract

Dynamism in the socio-economic aspect of our economy has tasked marketers on how to cope with the needs and expectations of consumers in terms of provision of products and services that will satisfy them. The facts remains that, taste, and fashion of consumers are fast changing as a result of the constant change in the environment. It is therefore imperative for marketers to embark on relevant and aggressive marketing research activities that will help to meet-up with these challenges. This paper discussed marketing research as catalyst to the growth and development of a nation's industrial sector. The paper further discussed the scope and contents of marketing research, roles of marketing research and steps in marketing research process.. This paper employed the use of well-structured questionnaire to collect relevant data from the respondents, while other information was collected from the internet, relevant texts and journals. The use of simple percentages and the use of chi-square were employed as method of data analysis. Two hypotheses were tested in null form. Findings from the first and second hypothesis tested using chi-square analysis revealed that theY^2 cal. value of 25.18 and 15.34 is greater than the Y^2 tab.Value of 9.488 and 13.277 respectively. Therefore, the two tested null hypotheses were rejected. It therefore means that having department of marketing research and proper funding of the department affects the growth and development of a nation's industrial sector. Therefore, this research has revealed that marketing research is of a great importance for the economic growth of the nation. The paper recommends that industries should have effective and well-funded marketing research department that will specialize in research and

hence enhance economic growth and development of the nation.

Key words: *Marketing research, questionnaire, hypothesis, catalyst, growth and development.*

Introduction

Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers. It is the creation of time, place, and possession of utilities. (Kotler, 2003) AMA(1987) defined marketing as the process of planning, and executing the conception of pricing, promotion, and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives. Marketing exists at both macro and micro levels because it affects organizations and human beings. Looking at marketing at macro level, it looks at customers and organizations that serve them. Perreault and Macharty (2000), define marketing at macro level as the performance of activities that seek to accomplish organizations objectives by anticipating customers or clients' needs and directing a flow of needs. Adedoyin and Ogidi (2009), said that marketing at macro level is a social process that direct an economy's flow of goods and services from producers to consumers in a way that effectively matches supply and demand and accomplishes the objectives of the society. Therefore, in order to achieve the above intention of marketing, constant marketing research must be greatly employed because the challenges that face both private and public enterprises is enormous, thus, it requires constant and prompt researches that will help to cope with the challenges (Ishola, 2007). The essence of managing in any economy is to satisfy the citizenry of that country and beyond. There cannot be effective management of the economy without adequate and reliable information which can only be achieved through effective marketing research.

AMA(1987) defined marketing research as the function which links the consumers, customers, public and government in the market through information which is to identify and define marketing opportunities and problems, generate, refine and evaluate marketing actions, marketing performance and improve understanding of marketing as a process. Kotler (2003) defined marketing research as the systematic design, collection, interpretation and reporting of information to help marketers solve specific marketing problems or

take advantage of any opportunities that will be of benefit to the general public. The use of marketing research in government, parastatals, and business organizations has grown continuously over the past 70 years, and managers has painfully learnt the cost of market's ignorance.

Many government's parastatals and companies failed in the past because they have not been making use of marketing research. It is therefore imperative for managers of Nigeria economy and other professions to employ and rely more on marketing research which will help to make better decisions. The objective of this study is to examine how marketing research serves as catalyst for industrial growth of a nation.

Hypotheses Formulated

Ho_1. Non existence of marketing research department in most of the government parastatals does not affect industrial growth of the nation.

Ho_2. Lack of adequate attention and funding of government parastatals does not affect Industrial growth of the nation.

Literature Review

Marketing research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company. (Kotler, 2001).Perreault and McCarthy (2000) defined marketing research as "procedure to develop and analyse new information to help marketing managers make decisions.

Oyebode(2014) describe marketing research as the systematic collection or gathering, recording, analyzing, and interpreting of data about problems relating to distribution and sales of goods and services.

Marketing research is conducted on a special project basis, with the research methods adopted to the problems being studied and to changes in the environment.

The Market Research Society defines marketing research as the collection and analysis of data from a sample of individuals or organizations relating to their characteristics, behaviours, attitudes, opinions or possessions. It includes all forms of marketing and social research such as consumers' and individual's surveys, psychological investigations, observational and panel studies (The Market Research Society, Great Britain). 7

AMA (1967) defined marketing research as aspect of management that collects record, analyses process objectively and systematically studies data related to marketing problems. The most common activities of the marketing research according to Kotler, (2001) are:

Determination of market characteristics , Measurement of market potential Market-share analysis, Sales analysis, Studies of business trends, Short-range forecasting, Competitive-product studies, Long-range forecasting, Pricing studies, and Testing of existing products.

Osuagwu (2002), said, marketing research can be seen as market research plus research on the marketing mix elements plus research on the uncontrollable factors of marketing.

Scope and Contents of Marketing Research

Marketing research covers almost all the sectors of the economy today, because there is no place where buying and selling, is not taking place. The market is becoming more dynamic and sophisticated in terms of consumers' tastes and wants, new products, new technology and competition. Marketing research has the following coverage areas:-

Marketing Research and Target Market. Research here tends to find out:

- ❖ Who are the target consumers/customers?
- ❖ How do we identify the target market?
- ❖ Which of the target market should business focus on?
- ❖ Who are the competitors in the target market?
- ❖ What are the strengths and weaknesses as of these competitors?
- ❖ Which target market has the potential of capturing larger market in future?

To answer the above questions effectively, marketing research must carry out investigations on

Customers and consumers –would – be buyers

- ❖ Sales forecasting – ability to forecast the firm likely sales within specific period of time.
- ❖ Profitability level – ability to know the firm's performance in terms of making profit or loss.
- ❖ Geographical analysis of the market in terms of territory, quota, location, size etc.- This will help effective distribution of products and services effectively in their area of coverage.

- ❖ Market segmentation – ability to know the features of the heterogeneous consumers so as to change to homogenous one where each section's needs can be satisfactorily met.
- ❖ Market's competitors – ability to find out firms producing similar products or services.

Marketing Research and Communication, Promotion and Advertising. For effective marketing research, adequate information is needed. This includes:-

- ❖ What advertisement channel should be used?
- ❖ What type of advertisement message should be chosen?
- ❖ What advertisement support should a company use?
- ❖ The size of advertisement's budget?
- ❖ What will be the effectiveness of advertising campaign?

To answer the above questions effectively, marketing research must revolve round the following areas:-

- ❖ Types of advertising media – e.g. television, radio, newspaper, magazine etc.
- ❖ Effective choice of message (contents, symbols etc.).that will be clear and simple.
- ❖ Distribution of advertisement budget among the chosen media, to allow for wider coverage.

Marketing Research on Products and Services

- ❖ What types of product does a company have?
- ❖ How does a company modify existing products to extend its lifespan?
- ❖ Which product should be sustained, added to or killed in the product life?
- ❖ How do we modify branding and packaging of a product or service?
- ❖ How do we establish guarantee and loyalty?

Marketing research that will answer these questions :-

- ❖ Testing and creation of new products and services-could be new products or innovations
- ❖ Effectiveness of existing products in terms of its quality and quantity – to meet customers' needs and to be able to compete well.
- ❖ Research concerning market coverage and demand for existing

products- good distribution and logistics

❖ Research concerning the new usage for existing products/services- to extend the span of the product
❖ Research concerning the position of company's products- in term of quality and competitive ability.
❖ Research concerning consumers' preferences (taste) – how to meet consumers' needs.
❖ Research concerning the management of the product line – adequate budgeting, and monitoring
❖ Research concerning packaging, guarantee, branding and after-sales- service – having good packages, branding that allows for good competition and attract customers.

Marketing research on marketing logistics, the questions that will determine the type of research to be carried out here include:-

❖ What will be the state of demand in the short, medium and long-term?
❖ Where to produce, warehouse and how to distribute?
❖ To produce or contract production out to some other companies?
❖ To lease or to buy?
❖ How much is available for new product development?

To answer the above questions, researches are carried out on:

❖ The four marketing-mix elements – product, price, distribution and communication i.e. (Place, promotion).
❖ Researches on products – life-cycle – introductory, growth, maturity and decline stages.
❖ Researches on product quality, so as to be able to meet customers' needs.
❖ Researches on existing company's capital base – how strong are they financially to allow for diversification and face stiff competition.
❖ Researches on government regulations on business. Knowing the rules and regulations guiding their business operations.
❖ Researches on existing products acceptability and share of market – information on how the company is fairing among competitors.

Research on marketing planning. Questions that can be posed here are:

❖ How do we determine sales objectives?
❖ How do we determine appropriate budget?

❖ How do we segment the market (territories, regions etc)?
❖ How do we know sales quota?
❖ How do we determine salesmens' remunerations?

To answer these questions, marketing research is carried out in the following areas:

❖ Sales force selection- employ qualified and experienced salesmen
❖ Sales force training and management – for them to be conversant with the dynamic market
❖ Researches on the environment- know the socio-demographic, economic and political situations in the business environment.
❖ Researches on the types of existing market for the existing products- ability to retain existing market and opportunity to penetrate new one.
❖ Marketing research as Catalyst to economic of nation

Economy means the state of a country or region in terms of the production and consumption of goods and services and the supply of money. An entire network of producers, distributors, and consumers of goods and services*wwwbusinessdictionary com/definition.* It is the large set of inter-related production and consumption activities that aid in determining how scarce resources are allocated. *Wwwinvestopedia.com/economy.* Simply put, economy is the process or system by which goods and services are produced, sold and bought in a country or region. *wwwmeman.webster.com/.../economy*. From the above definitions, it is evident that economy of any nation needs to be strengthened and sustained to allow for growth and development. We can deduce from the definitions that, resources (money, materials),needs to be effectively managed to enhance good production system and services that will help to satisfy the people's needs, improve their standard of living and help to boost and improve the nation's business activities.

Ability to achieve this will help to solve the economic problem of unemployment, inflation, unfavorable balance of payment and trade, stiff competition, poverty and resources wastages through corruption and other societal evils.

Marketing research serves as catalyst to proffer solutions to the challenges in the market. The word catalyst which means – ***a person***

or thing that causes a change is appropriate here because it is through marketing research that the economy can be buoyant, thus helping in steady growth and development. Information that will help reduce wastages of resources and takes better management decisions can only be gathered through effective marketing research. The feature of a good economy is one where all available resources (money, man, and materials) are effectively combined and utilized to improve the system. Goods and services are available, low cost of living, while standard of living increases, low rate of unemployment, no inflation, boost in local and international business and political stability.

Roles and Benefits of Marketing Research

❖ Identifying marketing behavior. Businesses are dynamic every day in the market, thus, the behavior of consumers as per their taste and needs change constantly. In order to meet with these changes and dynamism, a constant marketing research is desirable.

❖ Good marketing research helps to provide and produce products that meet the needs of the consumers. Organizations having identified the needs of the consumer/customers, direct their resources into meeting these need, putting into consideration the tastes, values, culture, religious and norms of the consumer/customers, into consideration.

❖ Marketing research helps in guiding the policies of the organization. Policies on what to produce, when to produce, quantity to produce and how to produce will get to the targeted market. It helps organizations to be well focused and makes effective and judiciously use of their resources (human and materials).

❖ Marketing research helps to solve production problems such as shortage production, poor quality, and poor competitive ability.

❖ Effective marketing research helps to detect the weaknesses and strengthes of the firm in the market in terms of production capacity, strength of competition; image creation, sales level, profit level, market share and assets and liabilities position etc.

❖ Good marketing research helps management to take good and useful decisions that will assist the firm to meet the needs of the market and that of the organization.

❖ Good marketing research helps the firm to capture larger market. Having identified the need of the market and directing resources towards achieving these needs, there is every tendency that the firm will be well focused, make useful decisions and eventually help or leads to capturing larger market Good profits will be made also.

❖ Marketing research helps to evaluate various marketing activities. This may be to determine how viable they are, whether any adjustment is needed, whether to drop some or to invest more on some areas that help the growth of the organization. Some of these activities include promotional activities, and strategies, advertising, public relations, personal selling, pricing policies, branding and packaging activities, product/services lifecycle, diversification and expansion policies, etc.

❖ Marketing research helps organizations to know the appropriate marketing strategies to employ in the sales of their products sales promotion, publicity, communication and advertising strategy, the methods of distribution using intermediaries or not, pricing strategies, packaging, labelling and branding strategies.

❖ It also helps to improve in the quality and quantity of products and services. This is achieved through comparison with other products in the market. For a company to compete favourably, it must produce quality produce quality at all times.

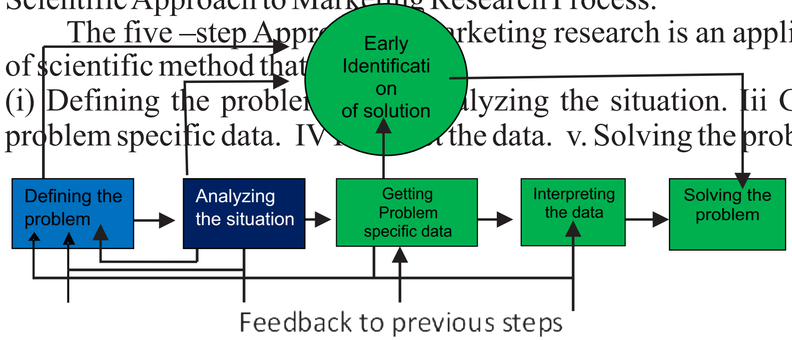
❖ Marketing research helps to identify new and improved distribution networks which help to make organizational products/services get to their target markets with minimum efforts and cost.

❖ Marketing research no doubts helps organizations to compete favourably with others in the markets. Firms are able to constantly compare them their products/services with others with close substitutes, thus, knowing their weaknesses (run away and prevent it) and strengthes (harvest it).

Marketing Research Process

There are various postulations by various scholars on what should be the ideal steps in marketing research process: However, this study adopted that of Jerome and McCarthy (2000) titled – Five- Step Scientific Approach to Marketing Research Process.

The five –step Appr rketing research is an application of scientific method that (i) Defining the proble lyzing the situation. Iii Getting problem specific data. IV the data. v. Solving the problem.



Source: Perreault, W.D and McCarthy. Five-Step Approach to Market Research

Five-step Approach to Marketing Research

1. Defining the problem. This entails ability of the organization to have a clear objective of the research so that managers will not confuse symptoms with problems. It requires more understanding of the market. e.g., target market, marketing mix ingredients, etc. Problem to be solved must be definite and clearly stated.eg, why sharp fall in sales?

2. Analyzing the situation. It is an informal study of what information is already available in the problem area. It involves intelligent information gathering from the relevant stakeholders such as business people, customers, middlemen etc. The information that helps analyzing the situation may include secondary data such as companies reports, sales data, and company's files, marketing information system, journals, textbooks, libraries, institutions, professional bodies and internet services. It could also be primary data such as questionnaires, personal survey, interviews, mails, phone and observations. (Jerome et al 2000; Oyebode, 2014).

3. Getting problem specific data. This is an extension to

analyzing the problem. A more qualitative primary data are collected especially through well-structured open ended questionnaires to targeted respondents already identified. A more versatile skilful interview methods from groups, individuals, and corporate organizations are required.

4. Interpreting the data. It is often not possible for researcher to collect information needed from the entire population. Scientific marketing researcher will study only a sample which should well represent the entire population so as to give true picture of the problem. Also, this is the step where statistical packages are employed depending on the nature of the problems to be solved. Some problems may require simple statistical tools such as mean, mode, media, standard deviation, graphs and charts while some may require inferential statistical tools such as chi-square, analysis of variance(ANOVA), regression and correlation analysis, etc.

5. Solving the problem. Here, managers apply the result of the analyses and findings to solve the problem. Marketing manager should be able to apply the findings in marketing strategy planning.

Research Methodology

Some selected companies and parastatals from Lagos, Oyo and Kwara were asked to indicate whether their companies/parastatals conduct marketing research or not in carrying out their activities. They were also asked if adequate attention and fundings were given to the area. A total number of 100 questionnaires were drawn and administered to the randomly selected respondents. Out of the 82 questionnaires returned, 50 questionnaires came from the respondents (customers), while the remaining 32 questionnaire came from the marketing and production managers of the selected parastatals of the chosen states which were used for the analysis.

Data Presentation and Analysis

The following represent the questions put before the respondents, their answers which represent the data used for the analysis.

- ❖ Non-existence of marketing research department in your organization
- ❖ Nonchalant attitude of the government towards research
- ❖ Lack of adequate attention and funding of marketing research in your organization

- ❖ Lack of ethical standard in conducting research in your organization
- ❖ High level of illiteracy among respondents about marketing research
- ❖ Lack of adequate information on marketing research

Data Analysis

Table 1

Major factors affecting conducting effective marketing research as reported by Managers and Respondents Randomly Selected From Three States.

FACTOR	NO OF RESPONDENTS	% OF RESPONDENTS
Nonexistence of Marketing Research Department	82	100
Nonchalant attitude of the government	78	95.12%
Lack of adequate attention and funding	72	87.80%
Lack of ethical standard	80	97.56%
High level of illiteracy	72	87.80%
Lack of adequate information	54	65.85%

VARIABLES	CALCULATED CHI - SQUARE	Y^2 TABLE VALUE	LEVEL OF DECISION
Non-existence of Marketing Research Department.	25.18	9.488	Rejected
Lack of adequate attention and funding	15.34	13.277	Rejected

Source: Filed Work 2015

Source: Field Work 2015

All critical value is at 4 degrees of freedom

$X^2 .05 = 9.488$ $X^2 .01 = 13.277$

$X^2 .025 = 11.143$ $X^2 .005 = 14.860$

Results

From the above result, Y^2 calculated is greater than X^2 above, we hereby reject the null hypothesis and concluded that Non existence of marketing research department in most of the government parastatals and lack of adequate attention and funding of government parastatals

have affected the growth and development of the nation.

Findings

From the analysis above, three basic acts have been established which are:

1. Nonexistence of marketing research department in most government parastatals has affected industrial growth of the nation'
2. Management failed to give enough attention and has not been making adequate provisions financially for marketing research thus, affecting the growth of the economy.
3. It therefore meant that most managements have been relying more on intuition and judgment than on research to approach marketing problems.

Conclusion

For any country to develop economically, socially, politically and technologically, and in business, there is need for information, and correct, current, relevant and adequate information can only be sourced through marketing research.

In a nutshell, effective marketing research must always be employed in managing an economy of any nation, and to enable them sustain the wind of the competitive environment that is blowing around the whole world.

Recommendations

In the light of what has been discussed and the roles marketing research could play in management of Nigeria economy, the following recommendations are made:-

- ❖ Government and private sectors should give priority towards establishing marketing research departments, to have firsthand information that will help to solve marketing problems.
- ❖ Adequate attentions and better funding should be given to this area, as we all know that information is essential for good decision

to be taken.

❖ Both public and private sectors should try to gear or discover new opportunities through marketing research which will help economic growth and development.

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Performance Evaluation Of Construction Firms In Nigeria Using Non-Financial Measurement Approach: A case study of Kano State

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Abstract

Performance evaluation implies ascertaining the goals set of an entity at the start of the business year against the goals achieved by the end of the accounting period. It is a routine activity for all enterprises: profit or non-profit, being a feedback mechanism between the various stakeholders in achieving the goal of the organization. Evaluating performance of entities is traditionally being carried out by adopting financial ratios. Following its criticisms, a non-financial approach were advocated leading to Kaplan and Norton (1996) developing a Balanced Scorecard System (BSC) as an alternative approach. This study therefore evaluated the performance of construction firms in Nigeria using a non-financial approach with Kano State a case study. The BSC concentrated on four major aspects: financial, internal business processes, learning and growth and customer satisfaction. We however, only focused customer satisfaction for this study. The study employed a primary data through administering questionnaires while the responses were used to test our hypotheses using a One Sample T-Test via Stata 13. The results show that performance of the construction firms is not encouraging when measured non-financially as indicated in only quality of work done above average out of delivery, efficiency and satisfaction. It was recommended among others that firms' performance evaluation should be non-financial or a combination of the two.

Keywords*: Performance, financial and non-financial measurements, Balance Scorecard System (BSC)*

Introduction

Performance is a reference to ascertaining the work done over a period of time. Its measurement is necessary in order to compare the actual work done against the target set to achieve by the end of a period. Measuring performance is therefore as important as the work done. It is a feedback mechanism set in order to evaluate and compare the level of the activities achieved in relation to the expected. Performance measurement tools are considered to be essential in evaluating the accomplishments of enterprise goals, devising next line of actions or strategies for development and rewarding managers. Performance evaluation ensures performance management which is a key aspect of management accounting. Performance management involves determining organizational structure, assigning responsibilities, setting up a system on performance measures and targets and reviewing performance and acting accordingly.

Corporate entities are mandatory to report their performances to the stakeholders periodically in form of final accounts which give details of their activities for the period under review hence permits measurements of various parameters in line with the organizational set goals. This is because corporate reporting is essentially meant for stakeholders' digestions to evaluate and compare performances, make realistic decisions and reward or punish their responsible employees. It is a communication or a feedback mechanism which must be comprehensive, open and effective devoid of any ambiguities and anomalies, if it is to enhance decision making. A good corporate reporting therefore enhances stakeholders' trusts and confidence in both the company and employees.

Traditionally, performance is measured using financial ratios, the information that is easy and accessible on the balance sheet, income statement and related footnotes. However, banking industry being a highly competitive sector, posed a challenge of rethinking an alternative way to measuring performance outside financial measures. This according to Umar and Olatunde (2011) was after an audit conducted by Central Bank of Nigeria in 2009 on the Nigerian banking sector where nine banks failed. This, coupled with customer awareness of varying services offered by banks, limitations of the financial measures and rising prominence of intangible assets gave

birth to performance assessment via non-financial measures (Niven, 2006; Drury, 2004; Kaplan and Norton, 1996). Therefore, performances of entities are measurable using either financial or non-financial measures.

Kaplan and Norton (1996) produced a Balanced Scorecard System (BSC) usable in measuring entities' performances using non-financial measures. The BSC is a strategic planning and management system used to align business activities to the vision statement of an organization. It attempts to translate the vision and mission statements of a company into practices thereby managing the business better at all levels. BSC adopts a holistic approach to organize and co-ordinate MDIs- Metric-Driven Incentives to ensure an all-inclusive efficiency in an organization. Generally, it has four major perspectives. These include: financial, internal business processes, learning and growth and customer.

Several studies have been conducted to assess the usefulness of non-financial measurements in determining the performance of listed companies Nigeria. However, to the best of our knowledge, none of these studies has assessed performance of other sector asides financial sector with most attention on Deposit Money Banks. This study is therefore born to evaluate performance of construction sector in Nigeria using non-financial measures by adopting the BSC approach.

Hence, the main objective of the study is to evaluate the performance of the construction firms in Nigeria with a focus on such companies in Kano State, Nigeria via non-financial measures using BSC. Related to this main objective, the study aims at:

a. evaluating the relationship between performance of construction firms in Nigeria and delivery of completed projects
b. evaluating the relationship between performance of construction firms in Nigeria and their efficiency
c. evaluating the performance of construction firms in Nigeria and the quality of their completed projects
d. evaluating performance of the construction firms in Nigeria and the customers' satisfaction In order to facilitate the study, we put forth the following null hypotheses thus:

a. there is no significant relationship between performance of construction firms in Nigeria and delivery of the completed projects
b. there is no significant relationship between performance of construction firms in Nigeria and their efficiency
c. there is no significant relationship between performance of construction firms in Nigeria and quality of their completed projects
d. there is significant relationship between performance of construction firms in Nigeria and customer satisfaction

Significantly, the results of this study, would proffer regulatory bodies, business corporations, corporate investors and academicians clear pictures of investors' desires for non-financial information. The results would also inform choices about which regulatory approach might best be applied to non-financial reporting. Nevertheless, the study would be a contribution to the existing literatures regarding performance of business entities and measurements.

Literature review

Concept of measurement

Going by Wikipedia (2008), measurement refers to estimation of the magnitude of certain attribute of a phenomenon which is mostly based on scaling and comparative statements concerning the characteristics of such in social and applied sciences. Meyer (2005) however, states that performance of a firm is fundamentally different from others because it is neither observable nor measurable.

Performance measurement can be financial or non-financial. Financial performance measurement system relies on financial ratios only, the information that is readily available on the published financial statements. However, Umar and Olatunde (2011) asserted that using only financial measurement does not fit todays' business environment. According to Brancato and Fisher (1995), many firms believe that financial measures are too historical and backward for lacking predictive ability to explain future performance, reward short-term or incorrect behavior, provide little information on root causes or solutions to problems, give inadequate consideration and difficult to quantify intangible assets such as intellectual capital.

Also according to Nanni and Dixon (1992), Lynch and Cross (1995), Neely (1999) and Otley (1999), due to the following factors, traditional performance measurement system does not seem to adequately reflect the effectiveness of companies operating in today's rapidly changing, dynamic and competitive environment. These factors include: (a) the fact that it overlooks elements of non-financial measures, strategies and operations, (b) It relies heavily on the use of accounting-based or financial performance measures, (c) increasing pressure from domestic and global competitors, (d) high demands for quality and reliable products from customers, (e) high expectation from stakeholders, (f) usage of new and advanced manufacturing technology, (g) changing nature of work, (h) use of specific improvement initiatives, national and international awards, (i) changing organizational roles and (k) power of information technology.

As a result, many researchers have introduced several new performance measurement systems or models in order to cater for today's needs. The most popular performance measurement system today seems to be the Balanced Scorecard (BSC) developed by Kaplan and Norton in 1992. The BSC has received worldwide recognition as a performance measurement tool which is essentially multi-dimensional in nature that links measures to organizational strategy (Kaplan and Norton, 1996). The BSC translates an organization is mission and strategy into a comprehensive set of performance measures that provide the framework for a strategic measurement and management system (Kaplan and Norton, 1996).
Non-financial performance measures provide managers with timely information that is centred on the causes and drivers of success and can be used to design integrated evaluation systems (Kaplan and Norton, 1996; Banker et al., 2000) though limited compensation scheme as it is often problematic to relate non-financial data to accounting performance (Hofmann, 2001).

According to Ittner and Larcker (2000), non-financial measures offer four clear benefits over measurement systems based on financial data. Firstly, it is closely linked to organizational long-term strategies. Secondly, it shows the efforts of the organizational success drivers. This comes as critics of traditional measures argued that drivers of success in many industries are intangible assets such as intellectual capital and customer loyalty rather than the hard assets on the balance sheets. Thirdly, non-financial measures can be better indicators of future financial performance. Fourthly, the choice of measures should be based on providing information about managerial actions and the level of noise in the measures which refers to changes in the performance measure that are beyond the control of the manager or organization, ranging from changes in the economy to luck: good or bad.

Benefits of Performance Measurement

Why must we measure performance of employee/corporate entities? Answers to this are as follows:

a. Control: It helps to reduce variation.
b. Self-Assessment: It is used to assess how well a process is doing, including improvements that have been made.
c. Continuous improvement: It is used to identify defect sources, process trends and to determine process efficiency and effectiveness as well as opportunities for improvement.
d. Management assessment: It helps to certain either or not management are making value-added objectives and/or are being effective and efficient.
e. It helps to know where improvements need to be made. Where can we do better? How can we improve.

Organizational Performance

Organizational performance refers to the ability of an enterprise to meet the target set at the start of a business year by the end of its accounting period. Georgopoulos & Tannenbaum (1957) viewed organizational performance as the extent to which organizations fulfilled their objectives. Un-breaking performance is the aim of any organization because they are able to grow and progress. Performance evaluation in the 40s was focused on work, people and organizational structure. However, In the 60s and 70s, organizations have begun to explore new ways to evaluate performance and as such performance was seen as the ability to exploit environment for accessing and using the limited resources (Yuchtman & Seashore, 1967). In 80s and 90s, identification of organizational objectives was more pronounced making managers to understand that an

organization is successful if it accomplishes its goals (effectiveness) with least resources (efficiency). This is why organizations that achieve its objectives despite the constraints of limited resources are more recognized (Lusthaus & Adrien (1998) making profit one of the many indicators of performance. Lebans & Euske (2006) defined the concept of organizational performance; as a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and results which is dynamic and require judgment and interpretation.

Factors that affect Organizational Performance

Some of the factors that affect performance of an enterprise include the following: strategy, performance measurement, IT, leadership style, innovation power, employees' composition, products quality, corporate governance, suppliers, business uncertainties, etc.

1. Strategy

Impact of strategies on performance may be considered from two separate angles. One, by looking at strategy on performance and secondly, by analyzing correlation between strategy and business performance. Both categories indicate a strong positive impact on performance as in the case of Prescott (1986; 1980).

2. Performance Measurement

The mode of measuring performance of an entity determines its performance. According to Bourne et al. (2005) found that performance measurement has positive impact on business success. This implies that measurement process and procedures affect the performance itself. A firm's performance measured financially may be better when measured using non-financial measurement.

3. **Information Technology**

One of the IT device in recent use is integrated Enterprise Resource Planning (ERP) system, a software that provides integrated transaction process and access to varying information (Wu and Wang, 2006). According to Dehning and Richardson (2002), IT has positive effects on organizational performance. The impacts, however, may be insignificant at the early stage but to be visible after it is intensified over a period of time.

4. Leadership.

Many studies such as Weiner and Mahoney (1981) and Nohria et al., (2003) have observed that entity's style of leadership goes a long way to affect its performance. They argued that leadership style affects firm's profitability and share prices in the market.

5. Innovation and Development

The strength of innovation on development and consequently performance on an enterprise cannot be over emphasized. Deshpande et al. (1997) and Kotler (2003), innovation is very critical in explaining differences in performance of firms within regions and countries. A firm with high powered innovative staff is bound to perform better than a less innovative company.

6. **Employees**

Employees being the engine to firm's success and failure determine to a great extent its performance.

A company that gathered employees, whom easily get angry and frustrated may perform less than one that has gathered employees with courage to surmount any grievances and frustrations. In same vein, company with skilled and experienced staff is bound to perform better with a company with less skilled and experienced staff.

Stakeholder Theory

Corporate entities have individuals or groups who directly or indirectly benefit from or harmed by, whose rights are respected or violated by corporate actions. Freedman and Reed (1983) distinguished two broad categories of stakeholders which are: those who are vital to the survival and success of the enterprise and those who can affect or are affected the corporate decisions and actions. According to Atkinson et al., (1997), employees and suppliers are internal stakeholders, who participate in planning and implementing company's policies while external stakeholders include shareholders, customers and communities.

The stakeholder theory approaches performance measurement from the concept of stakeholdership. Stakeholders are individuals or group within or outside an enterprise, who have a stake there-in and can influence its performance. Stakeholders are of two categories:

internal and external. Neely and Adams (2002), like other management oriented scholars, such as Chadler and Jensen believe that performance measurement begins with stakeholders by starting to define objectives and expectations for each group with stake in a corporation. Thereafter, strategies to fulfill these objectives and expectations follow. The stakeholder approach therefore starts with stakeholders' objectives and secondly defines strategy to meet shareholders' expectations.

Stakeholder Theory believes in the applicability of BSC in measuring the performance of business entities. BSC goes in depth to recognize the vision/mission statements of entities and align it with expectations of the entities and all with stakes. The theory therefore agreed to the essentiality and important roles play by each stakeholder in achieving the overall goal of the concern. It further deduced that stakeholders are the engine of the enterprise and should be taken seriously given them priority by defining their goals and objectives in the organization thereby making them perform excellently.

Methodology

Research methodology highlights the blueprint to achieve research objectives and test research hypotheses. It is therefore a master plan that specifies methods and procedures for collecting and analyzing needed information. We employed a survey research method in this study which was conducted by administering questionnaire to targeted respondents.

This study centered on evaluating the performance of construction firms in Nigeria with emphasis on such firms operating on the four walls of Kano State, Nigeria. The choice of the state was based on it being the commercial nerve centre of the northern Nigeria.

BSC emphasizes four areas of assessing performance of enterprises. These include: finance, internal business process, learning and growth and customers' satisfaction. For the purpose of this study, we concentrated only on customers' aspects this is because customers are the end-users and are therefore to be in the best position to assess performance of these firms. These customers in this study cut across the entire population of Kano State (9,013,534) as released on the website of the informationhood being the official population figure of the state in last general population census dated 2006.

Since the study centered on assessing customers' satisfaction of the completed projects in Kano State by these construction firms, a carefully designed questionnaire totaling 400 was administered. The number of questionnaires was computed using the Yemane (1967) formula as follows:

$$n = \frac{N}{1 + N\,(e)^2}$$

Where:

N = study population (total population of Kano State which was 9,013,534, the official figure released by informationhood)

e = marginal error

n = sample size

Now, computing the sample size at 95% confidence level (i.e. e = 0.05), we have:

$$n = \frac{9{,}013{,}534}{1 + 9{,}013{,}534\,(0.05)^2}$$

$$= \frac{9{,}013{,}534}{22{,}534.835}$$

n = 399.982. Therefore, 400 questionnaires were administered.

Results and Discussions

The number of questionnaires completed and returned by the respondents was 278 which represent 69.5% of the total questionnaire distributed.

After testing the hypotheses by adopting a One Sample T-Test using Stata 13, the trio of delivery, efficiency and satisfaction are below average (see appendix). This implies that they are not significant. However, quality is above average indicating a significant relationship (see appendix).

This implies that, given the results, period between commencement and completion of projects in Nigeria is not encouraging. A simple manifestation of this is a close looks at various projects awarded over the years but are begging for delivery by the

populace. Many factors may however be responsible for this among which is untimely settlement of project funds by awarders. Efficiency is a function of both internal bureaucracy and external judgment, which given our results is below average. The general public is less interested in what transfers between the contractors and government at various level of projects undertaking, all they are after is reaping the dividends of the disturbances and inconveniences they have been subjected to over the time in the name of providing social relief. Though the quality of the works is rated above average, given the results, the satisfaction derived by the end users does not correspond. This was as the satisfaction is less than average.

Conclusion and Recommendations

Performance and performance evaluation is a strategic element of success to every serious entities. They provide targets, how they are to be achieved and measured. Whether a profit or non-profit organization, improved performance remains the hallmark of their endeavours. In measuring, emphasis is always laid on financial perspective using financial ratios. However, in recognition of the verse responsibilities of the corporate entities in the 21st century, financial ratios alone may not be enough in evaluating performance.

Non-financial factors have turned more important in recent years to measure the overall performance of any entity. Hence, inclusion of non-financial factors such as customer satisfaction, management and leadership styles add more values to the measurement of overall performance of firms rather than limiting the measurement to financials elements alone. As this study uncovered, adopting non-financial approach such as BSC in measuring firm performance reveals more than financial approach. As a matter of fact, financial measures are deficient in measuring duration of projects completion and how end-users get satisfied. Therefore, given the findings and objectives of this study, performance of construction firms in Nigeria is not encouraging when measured via non-financial approach.

Scholars such as Nanni, Dixon, Lynch, Cross, Neely and Otley have argued that the traditional measurement approach does not reflect adequately the effectiveness of the entities operating in this century for reasons earlier mentioned in this study, we therefore recommend that:

I. financial experts should speed up awareness on non-financial measurement approach in assessing corporate entities performance.

ii. firms' performance evaluation be measured by a combination of non-financial and financial approaches.

Areas of further studies

Kaplan and Norton (1996) developed four aspects through which performance of corporate entities can be measured non-financially. These aspects include: finance, internal business process, learning and growth and customer. For this study however, attention was paid to only customer satisfaction. Therefore, this study may be improved upon by considering the other aspects as proposed by the scholars as a whole or in pieces.

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The Impact of Monetary Policy on The Stock Prices of Deposit, Money Banks in Nigeria

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Abstract

This study examines the impact of monetary policy on the stock prices of deposit money banks in Nigeria between 2001 and 2015. The study utilizes secondary data obtained from Nigeria Stock Exchange's annual reports, Central Bank of Nigeria's statistical bulletin and Securities and Exchange Commission's reports. Ordinary least square regression was used to examine the impact of monetary policy instruments on stock price of selected deposit money banks. The findings of the study showed that monetary policy has impacted on the stock prices of Deposit Money banks in Nigeria. The study, therefore recommends improvement and strengthening of the monetary policy in Nigeria to improve stock prices. This can be done through policy change, implementation, monitoring, and evaluation about the key areas that will improve monetary policy.

Keywords: *Monetary policy, Deposit Money Banks, security, exchange commission and stock prices*

Introduction

The Central Bank of Nigeria (CBN), since its establishment in 1959, has been playing a traditional role expected of a central bank, which is the regulation of the economy in a way to enhance the social and industrial welfare of the country. The achievement of full-employment equilibrium, rapid industrial growth, price stability and external balance is anchored on the use of monetary policy.

In order to simulate the productive sectors and thereby stem inflationary pressures, the Central Bank of Nigeria allocates bank credits, fixing of interest rates at relatively low levels in order to promote investment and growth in the industrial sectors: The popular instrument of monetary policy is the insuance of credits which set the rates of change in the component and aggregate commercial banks loans and advances to the private sector. Occasionally, special deposit is imposed to reduce the amount of free reserves and credit creating capacity of the banks. The industrial sector in Nigeria is regarded as the engine of economic growth and the financial sector is widely acknowledged as the lubricant of that engine. There cannot but be a synergetic relationship between these two sectors. For this synergy to take place, a sound monetary policy is a pre-requisite (Udeala, 2002).

Monetary policy has emerged as one of the most critical government responsibilities; monetary policy is seen as providing a flexible and powerful instrument for achieving medium-term stabilisation objectives, in that it can be adjusted quickly in response to macroeconomic developments (Philip 2010).

One of the major objectives of monetary policy in Nigeria is price stability. But despite the various monetary regimes that have been adopted by the Central Bank of Nigeria over the years, inflation still remains a major threat to Nigeria's industrial growth. The monetary policy implemented in the economy over the past years has been detrimental to and inconsistent with the developmental needs of the economy (Apata, 2007). This concern has exerted pressures on the national monetary authorities in Nigeria to re-examine and re-evaluate their domestic monetary policies with the view of finding possible solutions. As a result of this, the Structural Adjustment Programme was introduced in Nigeria in 1986 in order to correct structural imbalances in the economy and to liberalize the financial system. Despite various actions used by the monetary authorities in administering monetary policy in Nigeria, there are still limits to the effectiveness of monetary policy.

There has been a wide discrepancy between target and outcome due to the fact that the Central Bank has not been able to achieve the various objectives it set out for itself. For instance, the target for M1 (money supply) was fixed at 10.2 percent in 1998 but M1 rose by 20 percent that year. In 2001, M1 target growth rate was 4.3percent but rose by 28.1 percent. The same pattern of failure is observed for M2 (broad money) series. There has been a problem also hitting the inflation target. For example, the target for inflation in 2007 was 7 percent but the performance was about 19 percent. Stocks react to

monetary policy when the announcement does not aligned with market expectations. When the announcement aligns with expectations, the movement due to the policy is minimal.
There are several sectors that are sensitive to interest rates. As a result, a change in the rates will also impact the stocks for companies in these sectors. These sectors include banking and financial services, consumer discretionary, real estate, and automobiles. Therefore, this research work is set to examine the monetary policy framework and to see how monetary processes, and (if possible) suggest ways (from the wealth of experiences of renowned economists in their write ups both in Nigeria and abroad) to solve the problem of ineffectiveness and inconsistencies in the evaluation of monetary policy in Nigeria.

The objective of the study is: to examine the impact of monetary policy on stock prices of money deposit banks in Nigeria in line with the above objectives, the study sought to test this null hypothesis.

H_{01}: The Monetary policy instrument (Interest rate) does not have significant impact on stock prices in Nigeria.

This research work will entail a survey of monetary policy in Nigeria. It will take into consideration the stock prices of deposit money banks and its evaluation and review the relevant literature on monetary policy. The research work, in addition, will look briefly at the limitations. This study seeks to cover a period of 15 years, 2001-2015.

Theories of Monetary Policy

The Keynesian view of monetary policy

In the Keynesian analysis, monetary policy plays a crucial role in affecting economic activity. It contends that a change in the supply of money can permanently change such variables as the rate of interest, the aggregate demand and the level of employment, output and income.

Keynes believed in the existence of unemployment equilibrium. This implies that an increase in money supply can bring about a permanent increase in the level of output. This rise in the supply of money, its first effect is in the rate of interest which tends to fall. Given the marginal efficiency of capital, a fall in the rate of interest will

increase investment. The increased investment will raise effective demand through the multiplier effect, thereby, increasing income, output and employment. Keynes also analysis what causes the rate of interest to change in his monetary policy. In the Keynesian analysis, the rate of interest is determined by demand for the supply of money. If either the demand for money or the supply of money changes, the equilibrium rate of interest would change. The supply of money is determined by the monetary authority which is normally fixed in the short-run. In other words, money is the desire to hold cash for the transaction, precautionary and speculation purposes. The speculative and transactionary demand for money depends on the rate of interest or bond prices. "Keynes also alleged that the theory's framework was too rigid for analysing the effect of changes in the money supply in expenditures and the price level" (Anyanwu 1993).

According to (Jhingan 1986) "If you are tempted to assert that money is a link which stimulates the system of activity, we must remind ourselves that there may be several steps between the cup and the lips". This limitation becomes more serious during depression and this monetary policy become ineffective.

That is why Keynes favoured investors on public project during the depression. " I am now somewhat skeptical of the success of a merely monetary policy directed toward influencing the rate of interest". In fact, the advocate supplementing of monetary policy in fiscal policy depression.**The classical view of monetary policy**

According to the classical view on monetary policy, money is a veil. It is neutral in its effect on the economic growth. It simply affects the price level. An increase in the supply of money, leads to an increase in the price level, but the real level income, the rate of interest and the level of real economic activity remains unaffected. In terms of the quantity theory of money, the main function of money in classical system is that money is to act as a medium of exchange. It also helps to determine the general price level at which goods and services will be exchanged. The relationship between money and the price level can be explained algebraically as.

$MV = PT$.

Where M – exogenous variable (the supply of money), V – Velocity of circulation, P – Level of prices and T – The volume of transactions

The equation above tells us that the quantity of money M, is determined independently of any other variable (M is an exogenous variable), velocity of circulation V is taken as constant, the volume of transaction, T is also considered constant.

Also in the static classical model, regardless of the investment schedule, there always exists a generation (Patinkin, 1969; Anyanwu, 1993). That is, there is always a price decline whose effect is stimulatory. Automatically attaining full employment level of purchasing through such a decline in commodity prices requires that money wages is maintained but the real balance effect will ensure that the subsequent decline in commodity prices would be less than any fall in the level of money wages.

The monetary view of monetary policy

Monetarist believes that fluctuations in the money supply are responsible for largest fluctuation in the economy. They argue that slow and steady growth in the money supply would yield stable output, employment and prices.

The Keynesian regards money supply as passive factors in the economic system whose economic effects are highly unpredictable. On the other hand, in the monetary revolution "only money matters for three reasons.

1. The quantity of money is capable of being controllable fairly and accurately by deliberate policy.
2. Changes in the quantity of money can produce substantial changes in the flow of income, prices and others.
3. That the relationship between the stock of money and other assets are relatively stable and dependable.

The monetarist revolution possesses the following characteristics. Money supply is crucial determinant of economic activity in the short -run. It is the money that determines total spending and therefore output, employment and price lead. Thus, there is a direct link between the money supply and the natural income. If the content velocity of money which is expressed as Y/M. as a result of the stability of monetary velocity change total spending and national income by predictable amount. The demand for money is a transaction demand for money and it is determined by the level of income. If the Central Bank (CBN) increases the money supply by purchasing securities, people will find their holdings of money have increased. They will therefore spend their excess holding of money

partly in assets and partly on consumer goods and services. This spending will reduce their money balance and at the same time raise the national income. On the contrary, a reduction in this supply of money by selling securities on the part of the Central Bank will reduce money holdings of the buyers of securities. Therefore, increase their money holding partly by selling their assets and partly by reducing their consumption expenditure on goods and services. This will reduce the national income but the demand for money remains the same. According to Friedman (1968), a change in the money supply causes a proportionate change in the prices level of income. Given the demand for money, if the economy is operating at less than full employment level, an increase in the money supply will raise output and employment with a rise in total expenditure in the short-run. An increase in money supply causes national income to rise because with excess money supply, people start spending more until the demand for money and supply of money is equal.

Thus, an increase in the money supply in the short-run raises output, employment and income. Not a rise in the money supply in the long-run, with a further increase in the demand, prices and wages will increase in the expectation of inflation due to inappropriate increase in money supply. This is why the monetarist regards the point of revolutionary as against the Keynesians view in monetary policy because the rate of interest plays no part in influencing either the demand for money or supply of money. Moreover, changes in money supply influence economic activities. It could be directly or indirectly through changes in the rate of interest like Keynesians.

Objectives of Monetary Policy in Nigeria

The objectives of monetary policy may vary according to the level of development of the economy involved, but invariably; they include the attainment of price stability, maintenance of external payments equilibrium, as well as promotion of employment and output growth, and sustainable economic development. Irrespective of the type of economy, these objectives are critical for the attainment of internal and external balance and ultimately the promotion of long-run economic growth. Where the stability of the financial system is threatened, these short and long term objectives could be subordinated to the overriding objective of achieving financial stability.

In pursuit of the provisions of the CBN Act 2007, the primary objective of monetary policy has remained the maintenance of monetary and price stability. Generally, the monetary policy of the CBN is anchored on four main pillars:

(i) Inflation as a monetary phenomenon;
(ii) The public expectation of future inflation (this is crucial in the setting of current wages and prices). A corollary to this is that there is no long-run trade-off between unemployment and inflation; to anchor expectations;
(iii) Proactive and rule based monetary policy (for instance, under the Taylor rule, for monetary policy to stabilize prices, the nominal interest rate must be raised by more than the level of inflation); and
(iv) The need for monetary policy to be undertaken outside the control of the political authorities i.e. independence of the Central Bank to conduct monetary policy.

Instruments of Monetary Policy

The monetary policy instruments are as follow:

1. Open Market Operation (OMO)

The major instrument of indirect monetary control in Nigeria is the OMO. The OMO was introduced at the end of June 1993 and is conducted wholly on Nigeria treasuring bills (NTBS) including repurchase agreements. These operations involve the sale or purchase of government securities in the open market depending on whether the economy is inflationary or deflationary respectively. The effect is that when the monetary authorities sell securities to the market, banks reserves decline and when they buy banks reserves increase. In this way open market operations reduce or enhance the banking system's ability to create credit and hence monetary control in an economy with well-developed money and capital markets.

2. Reserve Requirement (RESERVE RATIO)

The reserve requirement otherwise known as the reserve ratio can be manipulated by monetary authorities to reduce the ability of commercial banks to make loans to the public by simply increasing the ratio and enhancing their lending position by reducing the rate. In this connection, reserve requirement is both an instrument for liquidity management and prudential regulation. The reserve requirements are cash reserved ratio while the former is computed as apportion of the total deposit liabilities. The case reserve requirement is a very potent instrument and has been progressively increased from 6% in 1995 to 8% in 1997 and then to 12.5% in 2001.

3. Discount Rate

The discount rate is the rate of interest the monetary authorities or the Central Bank charge the commercial banks on loans extended to them. If the Central Bank wishes to increase liquidity and investment, it reduces the discount rate. This in turn, reduces the interest rate charged by commercial banks thus resulting in attractive borrowing or low cost of borrowing and hence expansion in liquidity and instrument and vice versa.

4. Selective Credit Controls

Selective credit controls or guidelines involve administrative order whereby the Central Bank, using guidelines, instruct banks on the cost and volume of credits to the specified sector. This selective credit controls are example of the use of monetary policy to influence directly the allocation of resourse, indicating a lack of faith in the working of the free markets. The aim of the flow of banks credits from speculative and other purposes to socially desirable and economically useful purposes.

5. Moral Suasion

This involves the employment of persuasions or friendly persuasive statements, public pronouncement or outright appeal on the part of monetary authorities to the banks requesting them to operate in a particular direction for the realization of specified government objectives. For example, the Central Bank or the government may appeal to the banks to exercise restraint in credits expansion by explaining to them how excess expansion of credit might involve serious consequences for both the banking system and the economy as a whole.

Monetary Policy Target and Implication to the Nigerian Economy

According to Anyanwu (1993), monetary policy target is a desired value of a variable chosen by the monetary policy market and which is observed with little or no time lag. The question of monetary policy target is the result of the realization that the ultimate objectives of monetary policy are not directly and immediately affected by monetary policy actions. This monetary policy target is a proxy (target) variable to move in a given direction or to be taken on a given value, the ultimate goal is that variable will respond appropriately. He also noted that there are certain characteristics the monetary policy target must possess to function properly. These are:

I. It must be readily observed and measurable with little or no time lag.
ii. The monetary authorities should be capable of affecting the target variable directly and in right magnitude.
iii. The monetary authorities should also be able to neutralize the effects of any change in the target variable that is related to the policy.
iv. It must be related to the ultimate goal variable unambiguously.

The choice of a monetary policy target variables requires some theoretical hypotheses as to the interrelationship between the target variable and the ultimate goal variable. Though the candidate for target variable includes those of the indicator variable, interest rate, free reserve, the money supply and total reserves. The most likely ones are the monetary aggregates such as money supply and interest rate. Therefore, the implication is that the monetary authorities should be capable of affecting it directly and in right magnitude and be able to neutralize the effect of any change in the target variable that is not related to policy. Otherwise it will expose its integrity in the impediment inherent in this control.

Factors that militate against the effectiveness of Monetary Policy in Nigeria

The effectiveness of monetary policy in Nigeria have been constrained or militated by various internal and external factors. These factors include:

1. **Instability of the Financial Sector**
   This is as a result of political instability in the macro-economy, which has attributed to bank distress and lack of managerial efficiency, resulting to financial institutional failures. Subsequently, violent in government, dictatorship and the low level of participatory democracy sustained ineffective of the

financial system especially with regard to its inability to perform its international roles.

2. **Poor State of Economic Infrastructure**
   This results from past neglect especially in rural areas where there are absence of financial resources for the success of the financial market.

3. **Non-Harmonization of Monetary and Fiscal Policies**
   Monetary expansion is used to overcome a recession, or a depression or a deflationary gap. It is used to attain favourable balance of payments, pressure on the exchange rate, etc. Both measures are used to decrease the cost and availability of credits in the money market, and improves the economy.

4. **Increase in Government Expenditure**
   A deficit in the balance of payments implies an excess of expenditure over income. Between 1990 and 1993, the level of Federal's deficits increased tremendously and resulted in a high level of growth in monetary aggregates.
   This put excessive pressure on money supply. The monetary authorities were to constrain in controlling generally domestic price level through the use of monetary policy instrument.

Impact of Monetary Policy on the Economy

The sluggish recoveries from the past recessions suggested that monetary policy might have limited impact on economic activity. Ogwuma (1994) accepted the idea that the most relevant criterion for assessing the impact on monetary policy on the Nigerian economy was the achievement of the ultimate target of economic policy. He concluded that the ultimate goals of macroeconomic stability and sustainable growth so far, remained elusive. Turning to the impact of monetary policy on the intermediate target variables, he note that the relevant monetary aggregates have grown above the target set for them, the market interest rate remained high and that the naira exchange rate has depreciated almost persistently since the mid 1980 to date.

Concept of Stock Prices

Market agents' expectations play a key role in providing a link between monetary policy and the stock market in general. For instance, an expansionary monetary policy decreases the rate of interest and increases output. The effect of this on the stock market lies on whether or not the expansion is being anticipated in the market. The stock market will not respond to anticipated expansionary monetary policy because such changes had already been incorporated in setting the prevailing prices. Expectations will not be affected since the policy action has already being anticipated, i.e. nothing changes and stock prices will remain constant. If the expansionary policy actions are at least partly unanticipated (say, in quantum or coverage), the stock prices will increase, because an expansionary monetary policy entails lower rate of interest for some time and also implies higher output for sometimes, thus higher dividends (Blanchard, 2006).

Movements in interest rates implying monetary policy changes may directly affect the equity cost of capital as well as the expectations of corporate profits, thus leading to swings in stock prices. An increase in money supply which raises inflationary expectations causes a decline in the future real value of dividends paid to stock holders, making the stocks less attractive and hence reduction in prices (Berument and Kutan, 2007). In a similar view, Duran *et. al.,* (2010), identify the transmission of policy decisions to financial markets as an integral component of monetary policy transmission mechanism in the sense that the greatest impact of monetary policy was on the share prices of the financial sector's firms.

In the words of Patelis (1997), stocks represent claims on future economic output and so if monetary policy has real economic effects; it then follows that stock markets should be influenced by monetary conditions. Hence, Central Bank's policy contains information about future path of monetary policy, future path of output and inflation, agent's expectations in the stock market are altered, and hence stock prices respond.

Therefore, Central Bank's pronouncement has effect on stock prices. As argued in Born*et.al.,*(2011), pronouncement by the apex bank has significant impact on financial sectors prices. Specifically, Financial Stability Reports (FSRs), a particular type of policy creates information which moves the stock market in the appropriate direction and also reduce noise (uncertainties) in the stock market. Kohn and Sack (2003) provided evidences to show that a Central Bank pronouncement has important repercussion on the volatility of various assets' prices (shares, interest rate and exchange rate).

Monetary Policy (MP) and Stock Prices (Sps)

This section of the paper reviewed previous works on impact of monetary policy on stock price. Laurenceson and Hui (2011) investigated whether monetary policy exerts an influence on assets' prices using data from China. Using Structural Vector Auto Regression (SVAR) modelling technique, their results showed that monetary policy has significant impact on assets prices and this effect was more pronounced than on general goods and services prices. They however asserted that the wealth effect which politically transmited assets' price fluctuations to real economy appeared modest. This is in line with Blinder's contention that interest rate and asset prices affect the economy gradually. Also, Duran *et. al.,* (2010) provided empirical evidence on the impact of monetary policy on assets prices. They employed the Heteroskedasticity-based estimation technique to estimate the impact of monetary policy on the Turkish bond, currency and stock markets. Their results indicated that consistent with the theory, a rise in policy rate led to a decrease in stocks prices, and stressed that the monetary policy impact was greatest on the share prices of the financial sector's firms.

Kholodilin*et. al.,* (2008) employed the Rigobon (2003) Heteroskedasticity based approach to assess the impact of the European Central Bank's monetary policy on the stock market. They found that tighter monetary policy exerted a heterogeneous effect on the Euro Area Sectors on the day monetary policy was announced to the public. They went further to give statistical evidence against the adoption of the event study approach when assessing the impact of monetary shocks on the stock market as the given assumptions could be rejected for the stock market aggregate and for most of the sectoral stock market indices. Maskay (2007) used a two-stage regression model to analyze the effects of change in money supply on stock prices. The result from the first model showed that a positive nexus existed between changes in money supply and stock prices which supported the real activity theorist's argument as presented in the paper, i.e., a rise in money supply, increases stock prices and vice versa. The result from the second model showed that both anticipated and unanticipated changes in the money supply were directly related to stock prices. The conclusion reached from the model was that, contrary to the theory, anticipated changes in money supply matter more than unanticipated changes.

Another empirical work conducted to examine the impact of monetary policy on stock prices was that of Ioannidis and Kontonikas (2006). They investigated the impact of monetary policy on stock returns using thirteen OECD Countries over the 1972 – 2002 periods. Using descriptive statistics, their results suggested that periods of tighter monetarypolicy were associated with contemporaneous declines in stock market value in 80% of the countries under review.

Rezessy (2005), carried out an empirical investigation to estimate the immediate impact of Hungarian monetary policy shocks on three forms of asset prices-the exchange rate in relation to the Euro spot and forward government bond yields and the index of the Budapest Stock Exchange. He employed the Heteroskedasticity based technique as described by Rigobon and Sack (2004) as analytical technique. The results indicated a significant impact on the exchange rate in one day i.e. a rise in the policy rate led to an appreciation of the domestic currency. Monetary policy exerted a positive effect on spot yields, which dies out gradually in longer horizons. It also indicated a positive impact on short term forward yield and negative effect on long-term forward yields showing a situation of rotation in the forward curve as a result of a surprise change in policy rate. The method did not provide interpretable and

significant results for the stock exchange index. Rigobon and Sack (2004) used the Heteroskedasticity based generalized method of moments (GMM) and instrumental variables method (IV) as an alternatives to the event study (ES) approach, given their requirements for weaker assumptions when compared to the event study approach. The results obtained from these techniques in Rigobon and Sack, suggested that policy rate increased result to a decrease in stock indices.

Odozi (1993) says that the main stay of any country's monetary stability lies on the economic programme of a country, typically defines the main objectives in terms of the economic output or outcome for real growth in gross domestic product (GDP), inflation and balance of payment. This is irrespective of whether direct or indirect approach is being used to control money and credit. To achieve the macroeconomic targets, the monetary authorities implement a set of fiscal and other economic structural policies. The Central Bank's roles are to conduct appropriate monetary policy, which is consistent with the above objectives. In this regard, the Central Bank determines the amount of money supply that is consistent with the country's macroeconomic objectives and manipulates the monetary instruments in its disposal in order to achieve the desire results.

Ituwe (2003) in his analysis between liquidity rate and the rate of money supply studied on the effectiveness of monetary policy as a tool of controlling economic activities in Nigeria between 1985 and 2001, established that monetary policy measures have aided the reduction of price level in the economy.

However, his analysis showed the co-efficient of determination to be 16.1 percent which denoted a weak relationship between the two variables regressed. Hence the conclusion from the study could not be dependable since the variable used did not affect the economic growth.

Oyido (1993), a major aspect of the liberalization of the financial system is the adoption of indirect techniques of monetary management which operation and discount rate mechanism? Credit ceiling has since September 1992 been removed for banks adjudged to be healthy. Also by the first half of 1993, the conduct of monetary policy by open market operation commenced.

The CBN will conduct open market operations using all the three existing government securities. Treasury bills, certificate and development bills. Apart from the open market operations as an important instrument of monetary policy, the rediscount rate is another important instrument. This is the act at which the CBN stands readily to pre-loan accommodations to commercial banks.

Batten and Hofer (1983) also discussed the relative effectiveness of the monetary policy in some developed countries. In their studies, they found out that monetary action had a greater influence on the national GNP. However, the result from the study could not be generalized for the developing countries since they have significantly different economic and political structure. The above study however confirmed the work of Dewald and Marchon (1978).

Contrary to these results, is work of Anderson and Jordan (1986). They tested empirically the relationship between the measures of fiscal policy and monetary actions and total spending for United States. This relationship was developed by regressing quarter to quarter change in GNP on quarter to quarter changes in money stock and the various measures of fiscal actions namely; high employment budget surplus (R-E), high employment expenditure (E) and high employment receipt (R). The analytical activity occurred faster than that of monetary action.

Parking and Zin (1976) in two different works recommended that monetary policy has impact on price level. They used an expectation augmented Philips relations whereby price level was regressed on some proxy for excess aggregate demand and on a measure of the expected rate of price level.

Duck et al (1976) in addition to expectation augmented Philip relation, used pooled quarterly data for a group of ten countries from 1953-1971 and concluded that monetary policy has impact on price level and could control it.

Udoh (1990) fine-turned the views of different economists in research work done on how monetary policy influenced economic activities.According to him, liquidity affects interest rate, credit and exchange rate (short and long-run). In this way, the initial monetary impulse is transmitted to the economic activities, consumption and investment etc. The credit channel works mainly by portfolio adjustment in books of households and forms balance sheet in favour of assets that have higher returns during this period of monetary fluctuations. Under normal circumstances, those assets commanding higher demand would be produced more and thus stimulate the economy. A special case of credit channels is the banks loan in which a credit squeeze forces banks to ration credits. In such a situation, customers who depend on banks loans would have their economy activities curtailed.

In relatively open economics, exchange rates transmit monetary changes to internal and external sectors of the economy. Basically, the existence of interest rate differentials, resulting from monetary policy measures, induces substitution between domestic and foreign goods and services. The various channels do not work in isolation but reinforce one another in promoting the objectives of monetary policy.

Ajayi (1978) stressed that in developing economic in which Nigeria is a typical example, the emphasis is always on fiscal policy rather than monetary policy. In his work, he estimated the variables of monetary influences are much larger and more predictable than fiscal influences. This result was confirmed with the use of better coefficient that changes in monetary action greater than fiscal action. In essence, greater dependence should be on monetary action.

Therefore, an integration of monetary and financial private sector as well as integrating the financial sector with real productive sector must be a goal to be vigorously pursued by monetary authorities.

Problems of Stock Prices in Relation to Monetary Policy

This section dwells on the problems of stock prices in relation to monetary policy. If there is an increase in rate people tend to keep a higher proportion of their disposable income in the form of bank deposits, thus, as a result, there will be a reduction in the level of investment, thus a reduction in the amount of stocks that will be purchased and vice versa.

Movements in interest rates implying monetary policy changes may directly affect the equity cost of capital as well as the expectations of corporate profits, thus leading to swings in stock prices. An increase in money supply which raises inflationary expectations causes a decline in the future real value of dividends paid to stock holders, making the stocks less attractive and hence reduction in prices (Berument and Kutan, 2007).

Methodology

For the purpose of this work, quantitative data was used This is concerned with the collection of quantitative data for the purpose of describing and interpreting existing conditions, prevailing practice, beliefs, attitudes, ongoing process (Ndagi 1990)

Population of the Study

The population of the study comprises of 18 banks currently listed on the floor of the Nigerian Stock Exchange as at 31st December, 2014. This includes those banks that have recapitalized through issuance of common stocks, merger and acquisition. The justification for considering the population was born out of the fact that they have all reached the target of twenty five billion naira minimum capitalization requirement as stipulated by the Central Bank of Nigeria.

Sampling Procedures and Sample Size

Judgemental sampling was adopted in collecting sample for the study. The sample were based on the criteria that firms are:-

i. They are in existence during this period of the study (2001-2015)
ii. They were listed on the Nigeria Stock Exchange through the period of the study Based on the above, filtered criteria 5 banks are selected and they include:-

i. First Bank of Nigeria Plc
ii. United Bank for Africa Plc
iii. Union Bank Plc
iv. Guaranty Trust Bank Plc
v. Wema Bank Plc

The study utilized secondary source of data collection. Data were collected through the use of annual reports of the banks under consideration ranging from 2001-2015.

The researcher used Ordinary Least Square in this study as a technique of data analysis.
The model used in the study is specified thus:
The regression model is this
$SP_{it} = {}_{0} + {}_{0i}MPR_{it} + {}_{02}CRR_{it} + E_{it}$
Where:
SP = Stock Price
I = period
t = time
B_0 = Constant
$B_I – B_3$ = beta coefficient
MPR = monetary policy rate
CRR = Credit reserve ratio

Decision Rule

The calculated p-value (significant value) is compared with the level of significance which is usually at 0.05(5%). Where the p-value is higher than 0.05, it means that they are not significant, meaning that there is no difference between the variables compared. Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected. But where it is lower than 0.05, it means they are significant and the null hypothesis is rejected while the alternate hypothesis is accepted.

Data Presentation

This section present the analysis of data collected in the course of the study. The data collected was analyzed and the result was tested and discussion of findings followed there under.

Descriptive

Table 1: Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
MPR	179	6	19.00	11.9859	3.47730	-.213	.182
AVERAGE STOCK PRICE	179	115.93	850.89	312.1791	162.36507	1.640	.182
Valid N (listwise)	179						

The above table 1 shows the description of the data. The data comprises of the monthly results ranging from January 2001 to November, 2015, which sum up to 179 months. The minimum shows that minimum value which each of the respective variables have attained in these months while the maximum shows the maximum values. The mean and standard deviations are presented in their respective columns against the cell of each variable. The skewness gives a negative statistic for MPR which indicates that MPR is skewed to the left (having higher values in the later years) while the stock prices, being positively skewed indicates that they are skewed to the right (having higher values in the earlier years. Correlations

Table 2: Correlation Matrix

		AVERAGE STOCK PRICE
MPR	Pearson Correlation	-.076
	Sig. (2-tailed)	.041
	N	179

Source: Data analysis using SPSS, version 20

The table above **shows the relationship between all pairs of variables used in the regression model.**

The Pearson correlation coefficient, -0.076, gives a p-value (Sig. two tailed) of 0.041, which is less than a 95% confidence level (0.05 level of significance). This implies that there is a significant relationship between them. However, the coefficients (r) is negative and very weak hence, an increase in MPR is likely to lead to a very slight decrease in stock prices.

Test of Hypothesis

H_0: The Monetary policy instrument (Interest rate) does not have significant impact on stock prices of deposit money banks in Nigeria.

Regression

Table 3: Regression Results

Variable	Coefficient	Std. error	t-statistics	Significance
Constant (Intercept)	354.847	0.108	16.322	.000
Monetary Policy Rate	-3.560	0.081	-2.043	.041

Source: Data analysis using SPSS, version 20.

With the coefficients, we present the model thus:

$$SP = 354.847 - 3.56\,MPR$$

Where SP is Stock Prices of the Banks under study

MPR is Monetary Policy Rate

From the model, MPR has a coefficient of 3.56 which is negative. As such, an increase in the monetary policy rate will lead to a decrease in stock price.

The t-statistics for the Monetary Policy Rate is -2.043 given the p-values of 0.05. This indicates that the coefficient of monetary policy in the model above is statistically significant at 95% confidence level (being at 0.05 level of significance).

Based on the above analyses, we, therefore, reject the null hypothesis, H_0, which states that the monetary policy instrument (Interest rate) does not have significant impact on stock prices of deposit money banks in Nigeria.

Table 4 Model Summary

Variable	Coefficient	Significance
Model Fitness (F)	4.098	0.052^b
Coefficient of Determination (r^2)	1.005	
Adjusted r^2	1.003	

Source: Data analysis using SPSS, version 20.

From the regression analysis, the Model Fitness tests (F) give a significance-value of 0.052 which indicates that the model fits the data used.

The coefficient of determination, r^2, is 1.005 and Adjusted r^2 value of 1.003 indicating that the variation in stock prices of the banks under study can be explained by monetary policy rate. The implication of the above is that monetary policy lead to reduction of stock prices in Nigeria.

Conclusion and recommendations

Empirical evidences from secondary data on monetary policy and stock price in this study showed that monetary policy impacted negatively on the performance of the stock prices of deposit money banks in Nigerian economy.

This study concludes that there is symmetric negative relationship between monetary policy and stock price of deposit money bank and the economic growth of Nigeria. In order to achieve an efficient and effective monetary policy, the Federal Government, through the monetary authorities, should revive all monetary policies that affect all sectors in the economy. They should eliminate those ones having little or no effect and modify the significant ones, also taking into consideration the relevance of creation new policies designed for the growth of the economy as a whole.

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Effect of Stock Market on Economic Growth in Nigeria (1980-2015)

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Abstract
The stock market is a general feature of a modern economy and it is expected to perform some necessary functions, which promote the growth and development of the economy. This study examines whether the stock market has link with economic growth in Nigeria between 1980 and 2015.To achieve this objective, the study set out by testing the time series properties of the series using the ADF tests. In addition, the Engle and Granger and Johansen, Juselius Co-integration Procedures and OLS were applied. Empirical results showed that all the series are I(1) and evidence of co-integration was established using the Johansen and Juselius methodology. It was further revealed that stock market accounts for both short run and long run variance in the dependent variable. By implications, the long run variation in the growth of economic activities is explained by the independent variables. The results of the study, suggest that the Government should pursue policy reforms geared towards rapid development of the stock market. Also, all sectors of the economy should act in a collaborative manner such that the optimum benefits of linkages between the stock market and economic growth can be realized in Nigeria.

Keywords: *Stock market, economic growth, securities.*

Introduction

The stock exchange is a special market for the buying and selling of securities. These securities are stocks and shares which represent ownership interest in businesses, debentures and government bonds. Investing in securities is one of the major forms of investment in a civilized society in contemporary times. It makes it possible for people who do not have the financial capabilities or for those that are

not willing to go through the complex procedure of registering and running a company the opportunity to own one Aliyu (2009). Through the purchase of the minimum shares, a peasant can become a co-owner of a multinational corporation with the relative right to input and bring about change in it. It is the desire of companies and even the government to raise money for business expansion and development projects through public and individual investors. One of the advantages that public limited liabilities in related to other smaller firms have, are that the former can issue their shares to the public to subscribe. In this way, the company is able to raise the capital they need for investment (Stiglitz, 1985).

The stocks are listed and traded on stock exchanges which are entities of a corporation or mutual organization specialized in the business of bringing buyers and sellers of the organizations to a listing of stocks and securities together. The largest stock market in the United States, by market capitalization, is the New York Stock Exchange (NYSE) (Demirguc-Kunt and Levine, 1996).

The Nigeria Stock Exchange (NSE) was established in 1960 under the name "the Lagos Stock Exchange". It was established as a company limited by guarantee with its head office in Lagos. It has branches in Lagos, Kaduna and Port Harcourt with each branch providing a trading floor (Rouseau and Wachtel, 2000). Recent branches of NSE should be mentioned.

Also economic growth contributes to the development of stock markets. Economic growth leads to improvement in both standard of living and cost of living of the citizens of a country. A reduction in the cost of living will increase the income of the labourers as a result of this, they will have more money to invest in the stock market by purchasing shares and other securities. This will lead to increase in capital stock (David, 2005).

Theoretical models and a number of empirical evidences have shown that stock market's performance is connected to economic growth. They suggest that a well performing stock market is expected to promote economic growth. However, statistical and empirical evidences suggest a different outcome in the Nigeria stock market.

For instance, the trend analysis of the market showed that in 1999, the share index rose by 1096%, at the end of March 2008 (growth of 121% every year in 9 years) declined by 50.09% at the end of December 2008 and further declined by 33.78% at the end of December 2009 (Vision 20:2020 and CBN, 2010). Also in 1999, the market capitalization grew progressively by 4023.05% at the end of March 2008 before declining by 74.29% at the December 2008 and further declined by 28.29% at the end of December 2009. While economic growth has not shown consistent pattern, in 1999, the Gross Domestic Product (GDP) rose by 66.68% at end of 2008 and by 1.71% at the end 2009 (Aliyu (2009), Vision 20:2020, Volume 1 and CBN, 2010).

Studies conducted by Osinubi (2001), Ndaku(2010) and Zervo (1997) showed a positive link between the Nigeria stock market and economic growth. The work of Osinubi (2001) was conducted prior to the growth and crash experienced by the Nigeria stock market in the last decades. However, other studies, for example, Nyong (1997) and Donwa and James (2010) showed a negative link between the Nigeria stock market and economic growth following the global financial crisis. Due to the contradictory conclusions of various studies in this area the outcome of the studies cannot be generalized. Because of arrival of new data, our study is to find out the link between the Nigerian stock market and economic growth comprising the periods prior to the growth, during the growth and after the crash. In this regard, the study aims at providing responses to the following question: what is the relationship between stock market development and economic growth?

H_o= Nigeria Stock Market has no significant effect on Economic Growth

Theoretical Literature

Neoclassical Growth Model

Following the seminal contributions of Solow (1956, 1957) and Swan (1956), the neoclassical model became the dominant approach to the analysis of growth, at least within academia. Between 1956 and 1970, Economists refined 'old growth theory', better known as the Solow neoclassical model of economic growth (Solow, 2000, 2002).

Building on a neoclassical production function framework, the Solow model highlights the impact on growth of saving, population growth and technological progress in a closed economy setting without a government sector. Despite recent developments in endogenous growth theory, the Solow model remains the essential starting point to any discussion of economic growth. As (Mankiw, 1995, 2003) noted, whenever practical macroeconomists have to answer questions about long-run growth they usually begin with a simple neoclassical growth model (see also Abel and Bernanke, 2001; Jones, 2001: Barro and Sala-i-Martin, 2003).

The key assumptions of the Solow model are:

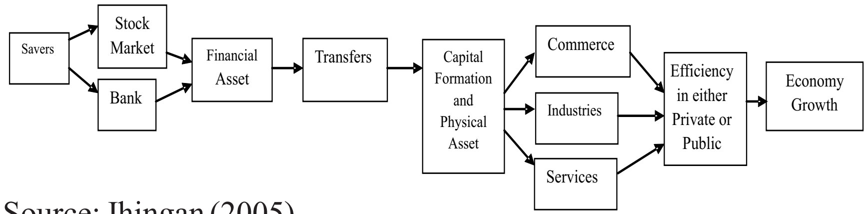
i. For simplicity, it is assumed that the economy consists of one sector producing one type of commodity that can be used for either investment or consumption purposes.
ii. The economy is close to international transactions and the government sector is ignored;
iii. All output that is saved is invested; that is, in the Solow model, the absence of a separate investment function implies that Keynesian difficulties are eliminated since exante saving and *ex ante* investment are always equivalent;
iv. Since the model is concerned with the long run there are no Keynesian stability problems; that is, the assumptions of full price flexibility and monetary neutrality apply and the economy is always producing its potential (natural) level of total output;
v. Solow abandons the Harrod–Domar assumptions of a fixed capital–output ratio (K/Y) and fixed capital–labour ratio (K/L);
vi. the rate of technological progress, population growth and the depreciation rate of the capital stock are all determined exogenously. Given these assumptions we can concentrate on developing the three key relationships in the Solow model. The Solow growth model is built around the neoclassical aggregate production function and focuses on the *proximate* causes of growth:

$$Y=AtF(K,L)$$

Where, Y is real output, K is capital, L is the labour input and At is a measure of technology (that is, the way that inputs to the production function can be transformed into outputs) which is exogenous and taken simply to depend on time. Sometimes, *At*is called 'total factor productivity'. It is important to be clear about what the assumption of exogenous technology means in the Solow model. In the neoclassical theory of growth, technology is assumed to be a public good. Applied to the world economy, this means that every country is assumed to share the same stock of knowledge which is freely available; that is, all countries have access to the same production function, in his defence of the neoclassical assumption of treating technology as if it were a public good.

Transmissions Mechanism

Figure 2.2: The Transmission Mechanism



Source: Jhingan (2005)

The savers or surplus units save their money directly in either bank or use it to buy shares, stocks, debenture, treasury bills, etc. In the stock market, the savings become financial asset and it will be transfered to capital formation and physical asset. The asset will be invested in either commercial sector, industrial sector or services sectors of the economy. These will lead to efficiency in both the private and public sectors and finally these will lead to economic growth in the long-run.

Review of related studies

Several conscious attempts have been made to examine the impact of stock market performance on economic growth. A number of past studies, such as Levine and Zervos (1996) examined whether there was a strong empirical association between stock market development and long-run economic growth. The study used pooled cross-country time-series regression of forty-one countries from 1976 to 1993 to evaluate this association. The study toed the line of Demirgüç-Kunt and Levine (1996) by conglomerating measures such as stock market size, liquidity and integration with world markets, into index of stock market development. The growth rate of Gross

Domestic Product (GDP) per capita was regressed on a variety of variables designed to control initial conditions, political stability, investment in human capital, and macroeconomic conditions; and then include the conglomerated index of stock market development. The finding was that a strong correlation between overall stock market development and long-run economic growth existed. This means that the result is consistent with the theories that imply a positive relationship between stock market development and economic growth.

Guglielmo et al: (2004) used VAR to test for the causality between stock exchange and economic growth in seven countries. The evidence revealed that a well-developed stock market could foster economic growth in long run. The evidence also provided support to the theories that well functions stock market could promote economic development by fuelling the engine of growth through faster capital accumulation.

Ake and Deliam, (2010) used granger causality to find the relationship between stock market and economic growth in Euro next countries. The result showed a positive link between the stock market and economic growth for countries which the stock market were liquid and highly active but the relationship was negative for countries which the stock markets were small and less liquid.

Laura, Victor and Dalia (2010) used VAR to examine the correlation between capital market and economic growth in Romania. The results showed that stock market development was positively correlated with economic growth.

Hamid and Sumit, (2008) examined the relationship between the stock market and economic growth for developing countries. The result showed a positive relations between several indicators of stock market performance and economic growth both directly and indirectly boosting private investment behaviour.

Randall K.et al (1996) examined the relationship between stock market performance and economic growth by using Granger-causality for developing countries. The result showed positive and significant causality for relationship between stock market development and economic growth.

Ndaku (2010) used VAR and VECM to examine the long run causality between financial development and economic growth for Nigeria and South Africa. The result for Nigeria showed a unidirectional causality using bank credit. While using liquid liability it was bidirectional causality between financial development and economic growth.

Osinubi (2001) used the OLS to examine the relationship between stock market and economic growth in Nigeria. He based his study on neoclassical growth theory. The results of the study showed a positive link between the stock market and economic growth.

Donwa and James, (2010) examined the impact of capital market on the socio economic development of Nigeria using the capital market indices. Their results did not impact significantly on the G.D.P.

Efforts were also made by Nyong (1997) to develop an aggregate index of capital market development and he used it to determine its relationship with long-run economic growth in Nigeria. The study employed a time series data from 1970 to 1994. For measures of capital market development, the ratio of market capitalization to GDP (in percentage), the ratio of total value of transactions on the main stock exchange to GDP (in percentage), the value of equities transaction relative to GDP and listings were used. The four measures were combined into one overall composite index of capital market development using principal component analysis. A measure of financial market depth (which is the ratio of broad money to stock of money to GDP) was also included as control. The result of the study was that capital market development was negatively and significantly correlated with long-run growth in Nigeria. The result also showed that there existed bi-directional causality between capital market development and economic growth.

It should be noted that most of these studies emphasized the importance of stock market in the economic growth process, they do not simultaneously examine the contribution of individual sector as a critical factor when considering the effect of stock market and economic growth in a unified framework, which is the rationale for this study. However, the degree of impact of stock market on economic growth depends on supporting governmental policies and a

conducive economic environment for investment activities. This notwithstanding, more pressing question is whether stock market development through banking sector has any long term effects on economic growth in Nigeria, and more also, whether there is causal relationship between stock market and economic growth in Nigeria? Therefore, there is a need to know which of these variables causes the other and the direction of causality in Nigeria.

Methodology

This study used annual data covering 1980 to 2015, 35 years period mainly from the secondary sources on the Nigerian economy and the Nigerian stock market. The choice of these secondary sources is based on their authenticity and reliability. The sources are Central Bank of Nigeria Statistical Bulletins, **statement of account and annual reports (various editions),** Federal Bureau of Statistics, Statistical Bulletins, World Bank's data **as well as relevant websites.**

The study used neoclassical growth theory model, to establish the linkage between stock market and economic growth in Nigeria. (Samuel (1996); Demirguc-Kunt and Levine (1996); Levine and Zervos(1996), Obadan (1998), Onosode (1998) and Emenuga and Chidozie (1998)). The national accounts form the basis of the economies to be analyzed and it is used in conjunction with the aggregate production function. This approach has got a wide application in econometric analysis for example, Levine and Zervos (1996); Obstfeld (994).

Using a production function approach, it is stated that the growth rate of output (GDP) is principally determined by the following factors:

The rate of growth of gross labour and/or the rate of growth of its quality, multiplied by the labour income share; the rate of growth of gross capital input and/or the rate of growth of its quality, multiplied by the capital income share; and change in technology or total factor productivity (TFP).

This is given as: $g = f(A_t, K^{\alpha,} L^{1-\alpha})$ --------------------- Equation 1

Where: g = growth of GDP

L = labour

K = capital formation / investment

A_t = technology

Where: αand 1- α are weights reflecting the share of capital and labour in national income. Assuming constant returns to scale, output per worker (Y/L) is not scale of output, and for a given technology, A_{t0}, output per worker is positively related to the capital-labour ratio (K/L). We can therefore rewrite the production function, equation 1, in term of output per worker as shown by equation: 2

$Y/L=A(t_0)\,K^{\alpha,}\,L^{1-\alpha}/L=A(t0)(K/L)^{\alpha}$------------- Equation 2

etting y=Y/L and k=K/L, we finally arrive at the intensive form of the aggregate production function show in equation: 3

$Y\,A(t_0)\,K^{\alpha}$----------------- Equation 3

For a given technology, the equation tells us that increasing of capital per worker (capital deepening) will lead to an increase in output per worker. The impact of exogenous technological progress is illustrated in by a shift of the production function between two time period (t_0- t_1) from $A(t_0)\,K^{\alpha}$ to $A(t_1)\,K^{\alpha}$, raising output per worker for a given capital-labour. Continuous upward shift of the production function, induced by an exogenously determined growth of knowledge provides the only mechanism for explaining the steady state growth of output per worker in the neoclassical model.

The study used Co-integration to analyse the long run relationship between capital market and long run output of GDP. The variable was subjected to the following test before estimation:

The application of this method, however, has been extended to incorporate other determinants of economic activities such as stock market development (proxy: by stock market development index); technology (openness); and Labour (L) proxy by Labour force Collier and Gunning, (1998); Demirguc-Kunt and Levine, (1996); Emenuga and Chidozie 1998; Filler et. al., (1999).

In line with the above specification, our model is specified thus:

g = f(cmi, gk, pce, openes, L)

Where:

g = growth rate of GDP;

cmi = capital market index proxy by market capitalization;

gk = gross capital formation;

pce = public capital expenditure;

opennes = openness proxy by the sum of export and imports as a ratio of GDP;

L = labour Force;

The estimate form of the model is as given below:

$g= (\alpha o + \beta 1 cmi + \pi 2\ gk\varphi 3 pce + \gamma 4\ opennes + \varphi 5\ L\ \varepsilon t)$

Where: $\alpha 0$, $\beta 1$, $\pi 2$, $\varphi 3$, $\gamma 4$, $\varphi 5$, are the parameter estimates and εt is the error term.

The a priori expectations are as follow: $\alpha 0, \beta 1, \pi 2, \varphi 3, \gamma 4, \varphi 5, > 0$

4. Results and discussions

Having explained the methodology of the study, we present and discuss the data used in the study in line with our hypothesis.

Unit Root Tests

The results of unit root test showed that all the variables were stationary at first difference (that is, they were integrated of order one). The results of the stationary tests for the variables are presented in Table 4.1.

Table 1: Augmented Dickey Fuller Unit Root Tests Results

Augmented Dickey-Fuller (ADF) Test				
Variable	Levels	Critical value 5 %	1^{st} dif.	Critical values at 5%
Gdp	-0.398373	-2.951125	-3.078410	-2.954021
Cmi	-0.256282	-2.951125	-4.425619	-2.954021
Pce	-1.081432	-2.951125	-5.930525	-2.954021
Openness	-0.961113	-2.951125	-6.274970	-2.954021
L	0.734060	-2.998064	-3.869660	-2.998064
Gk	0.757718	-2.951125	-4.708452	-2.957110

Source: Computed by the Author using E-views

DF test is that the error terms U_t are independently and identically distributed. The ADF test adjusts the DF test to take care of possible serial correlation in the error terms by adding the lagged difference terms of the regress

Co-integration Test

This study used the Johansen and Juselius framework to determine the number of co-integrating vector using two likelihood ratio test statistics, the trace and maximal eigen value test statistics were utilized to determine the number of co-integrating vectors. However, it is commonly acknowledged that the statistical properties of the Johansen procedures are generally better and the co-integrating test is of higher power compared to that of the Engle-Granger. Because co-integration is sensitive to lag length, we determined the lag length using the three traditional model selection information criteria (AIC, SIC, AND HQIC) the final prediction error and the likelihood ration from the estimation of unrestricted VAR in levels. We find the optimal lag length that makes the residual free from autocorrelations to be two. Lag two was having the smallest value by the four information criteria and lag two was also selected by unrestricted VAR as the best. The results of the trace and maximal eigen value tests statistics are presented in Table 4.2

The full estimation results of the Co-integration are shown in the Appendix. 1

Table 2: Summary of Co-integration Estimation

Maximum Eigen Value Test				Trace Test			
Null	Alternative	Statistic	95% critical values	Null	Alternative	Statistic	95% critical values
r=0	r≥1	38.43024	33.87687	r=0	r≥1	90.07758	69.81889
r≤1	r≥2	25.24725	27.58434	r≤1	r≥2	51.64734	47.85613
r≤2	r≥3	18.66576	21.13162	r≤2	r≥3	26.40010	29.79707
r≤3	r≥4	5.427745	14.26460	r≤3	r≥4	7.734338	15.49471
r≤4	r≥5	2.306593	3.841466	r≤4	r≥5	2.306593	3.841466

Source: Computed by the Author using E-views

From the model (GDP CMI PCE OPENNES L) it was observed that the null hypothesis of no co-integration, for r=0 and r≤1 was rejected by the trace statistics and the maximum eigen-value statistics did not reject the null hypothesis r≤1. The statistical values

of these tests were greater than their critical values. The null hypothesis of no co-integration, for r≤2 r≤3 and r≤4 was not rejected by both the trace statistic and maximum eigen value. The statistical value of the trace statistics and maximum eigen-value was greater than its critical value at r≤ 2 r≤ 3 and r≤ 4. The results of the co-integration test therefore indicated that there are two co-integrating equations by both maximum eigen-value statistics and the trace statistics at 5%. The implication of this is that there is the possibility that a long run relationship may exist among economic growth(G), Stock market(CMI), openness and Labour force(L).

Because the Johansen test suggests that there are two cointegration equations, an identification problem arises.ie which two of the four potential endogenous variables in our vector are actually endogenous? The establishment of the identification problem was rather cumbersome hence, we applied the first stage of the second stage Engle-Granger to estimate, using OLS, the Long Run equilibrium relation between GDP and CMI and other variables. This is because according Engle-Granger, although these variables are non-stationary, the presence of cointegration makes OLS estimation of the parameters super consistent.

Long Run Co-integration Relationship

The long run equilibrium relationship estimated using OLS estimation is shown below:

Table 3: Long Run Co-integration Relationship

Variables	Coefficient	t-Statistic
Constant	-6.378934	(-0.538999)
CMI	8.785435	(-2.963875)
L	1535.530	(2.049226)
Opennes	-0.083462	(-1.282140)
PCE	10.86490	(1.641076)
R-Squared	0.322360	
Adjusted R-Squared	0.181186	
Durbin-Watson stat	1.710489	
F- Statistic	1.070346	

Source: Computed by the Author using E-views

Table 4.4 reports the estimates of regression. The results showed that a positive relationship existed between (CMI) market capitalization and (g) growth rate of GDP in Nigeria. This implies that, as stock market grows, GDP also grows.

This also conforms to our expectation, the relationship between stock market development and economic growth is derived from the services the stock market provides to the economy as a whole. For example, it assisted in mobilizing resources in the economy and allocating such resources in the most efficient and effective ways to competing sectors of the economy

expectation, the relationship between stock market development and economic growth is derived from the services the stock market provides to the economy as a whole. For example, it assisted in mobilizing resources in the economy and allocating such resources in the most efficient and effective ways to competing sectors of the economy

In addition, the regression suggests that public expenditure and labour force have the expected positive relationship with economic growth. Openness, however, has negative signs, suggesting that as the economy increases its exposure to the rest of the world, its growth rate of GDP falls. Although contrary to the theoretical expectation, the result appeared plausible in Nigeria, given the rising imports and their composition. The rising dominance of consumer finished goods in the country's import basket implies that the country is exporting jobs to China and India, which should in the long run reduce its GDP growth.

Conclusion and recommendations

In line with our findings, we hereby conclude that:

In the first instance, improvement in stock market has a long run effect on economic growth since there is evidence of co-integration between the variable which is consistent with theory and also is supported by some of the empirical works reviewed in chapter two.

Also, it is clear that economic growth has positive effect on the stock market and this is supported by the result of OLS test.

Besides, in the short run, some of the independent variables such as CMI and PCE have explanation for variation in the dependent variable, while L and OPENNES have only long run effect on the dependent variable.

Furthermore, the result showed that due to excessive importation of goods and services, Nigeria exports job to foreign country such as China, India, USA, etc.

The study puts forth the following recommendations:

(i) The recent adjustments in the stock market have been hailed in many quarters as one of the best things to happen to the stock market in recent times, hence, government should put more efforts in the changes to make stock market more effective and efficient.

(ii) There is the need also for the government to promote greater deepening of the market and its integration with other global markets across the world. Government and regulators should prepare the market against such backlash of huge withdrawals as it was witnessed towards the end of 2008.

(iii) The demand for the services of the stock market is a derived demand. With the existence of a positive relationship between stock market development and economic growth, it is pertinent to recommend that there should be sustained efforts to stimulate productivity in both the public and private sectors.

(iv) The stock market is known as a relatively cheap source of funds when compared to the money market and other sources. The cost of raising funds in the Nigerian market is however, regarded to be very high. There should be a review the cost of raising funds downward, so as to enhance its competitiveness and improve the attractiveness as a major source of raising long term capital.

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DETERMINANTS OF GOVERNMENT EXPENDITURE IN NIGERIA

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Abstract

The motive to improve the quality of lives of citizens through the numerous expenses of government has motivated the study of the determinants of government expenditure in Nigeria. Across the world over, government expenditure has been on the increase without a corresponding increase in the infrastructural development of these nations especially in developing nations. This situation has also stimulated research in the area of government expenditure and development. Therefore, the study empirically examines the determinants of government expenditure in Nigeria. An econometric model, which was estimated with time-series data from 2000 to 2015 from Central Bank of Nigeria (CBN) Statistical Bulletin within the period of the study Ordinary Least Square (OLS) and Johansen Co-integration test were utilized for the analyses of the data using E-view version 7. Findings from the study showed there were elements of poor governance in recurrent expenditure. Thus, the study concluded, that real expenditure was the most determinants of the Real gross domestic product that government should explore more avenues of generating revenue rather than incurring huge debts either internally or externally. The study recommended that government should cut down on its recurrent expenditure and spend more on capital projects and investments which will go a long way in providing a conducive platform for business activities to thrive in our economy.

Keywords: *Government Expenditure, Recurrent expenditure,* Money Supply

Introduction

Government expenditure remains an important demand management tool and, if well managed, it could put an economy on a long-term sustainable growth and development trajectory. Prudent government spending, through an efficient allocation of its resources to the different sectors of the economy, translates into an inclusive and sustainable growth pattern, which serves as a driver for eradicating poverty and inequality within society. The pattern of government expenditure in Nigeria over the years has, to a large extent, been driven by crude oil endowments, which are reflected in the generated revenue (Akanbi, 2014). This study aims to establish the determinants of government expenditure, by further disaggregating expenditure into two components: capital and recurrent expenditures.

Government expenditure could be broadly classified into recurrent expenditure and capital expenditure. The expenditures of government which occur regularly throughout the year are referred to as recurrent expenditure. They must be made regularly if the functions of government should be maintained. They include regular salaries of all employees, money spent on the running of essential services or regular maintenance of infrastructural facilities and money spent on administration. Capital expenditures, on the other hand are the expenditures of government on the acquisition of things of permanent nature (Nwaeze 2010). They include all expenditures on capital projects such as buildings, construction of roads, bridges and all permanent structures and assets. These usually involve large sums of money and also form the basis of the physical development of a nation.

The issue is that, since independence, the revenues accruing to Nigeria have been on the increase annually. Nigeria budgets and spends high level of its income on economic activities. In other words, Nigeria is suffering from economic underdevelopment. Among the identified problems that necessitated the study is the poor and low output of goods and services in relation to the demand for them, basic social and economic services are grossly inadequate, the level of technology is very low and as a result primitive technology is till to date being used in agriculture. Low productivity also prevails and there is a high degree of unemployment in the country. Also, there are no functional firms, basic infrastructures such as good roads, health facilities are lacking and power epileptic is still an issue under contention in Nigeria.

The motive is to improve the quality of lives of citizens through the numerous expenses of government as motivated by the study of the determinants of government expenditure in Nigeria. Across the developing countries including Nigeria, government expenditures have been on the increase without corresponding increase in the infrastructural development of these nations. This situation has also stimulated research in the area of government expenditure and development. It is in the light of the above scenario and the huge sums of money spent by the Nigerian government over the years that this study examines the determinants of government expenditure on Nigeria's development from 2000 to 2015.

However, the distinctive feature of this study, compared to other empirical works carried on Nigeria, is the adoption of the government choice framework in estimating the determinants of government expenditure. The study aims to augment the literature by looking at the determinants of government expenditure priorities in Nigeria, with a specific focus on capital, recurrent expenditures, inflation and foreign debts between 2000 – 2011.The hypothesis is, therefore, Ho: There is no significant determinants of government expenditure in Nigeria.

1. Literature and Theoretical Review

This section examines relevant related literature and theoretical framework on the relationship between government expenditure and economic growth. According to the classist's model, government fiscal policy does not have any effect on the growth of the national output. Converse to this view, the Keynesian model argued that increase in government expenditure will lead to higher economic growth. The implication of this is that government fiscal policy (through intervention) will help improve the failure that might arise from the inefficiencies of the market.

Since Richard Musgrave (1989) published The Theory of Public Finance, it has been a tradition for economists to classify governmental functions in the three classes of allocation, stabilisation and redistribution as proposed by Musgrave. The pursuit of the other three functions was assumed to automatically generate a natural long-run rate of growth. However in recent decades, growth has acquired great prominence in many countries. As a consequence, various policies that do not easily fit into Musgrave's categories have been introduced. It is high time to recognize economic growth as an explicit, fourth objective to be added to Musgrave's trio (Musgrave, 1989).

Indeed, if appropriately managed and utilised, government expenditure has significant positive effect on real GDP growth, especially in less developing countries where there exist inadequate and underdeveloped infrastructural facilities and where private sector is not matured enough to play the expected role in the economy. The government's action to the economic growth maybe beneficial and at the same time be detrimental. The beneficial side of government action can result in: the use of fiscal policies like income taxes and transfer payments which can lead to more equitable redistribution of income; the supply of pure public goods which may constitute a sizeable component of aggregate demand; government often acts as a facilitator in the markets with asymmetric and imperfect information (Husnain, Khan, HaqPadda, Akram, &Haider, 2011). The action of the state may also impede economic growth. This is possible as a result of competition between the less efficient public sector and the private sector in the credit market which may increase interest rate thereby disallocating private investment and eventually reducing economic growth. Also, taxes imposed by the state can equally distort market prices and effective resources allocation (Husnain et al., 2011).

Determination of total government expenditure and its patterns is complex and may include many factors, such as fiscal conditions and political, cultural, demographic and economic factors. Most governments have continued to rely on external assistance to finance some of their public expenditures. A stronger association of aid with higher government consumption rather than with public investment would suggest both a “flypaper effect” and fungibility. This may imply that aid recipient governments view foreign aid like any other source of revenue and consequently use it for increased consumption, tax reductions or reduced fiscal deficits (future tax obligations) (Hindriks, 2004).

Abdullah (2000) who examines the relationship between

government expenditure and economic growth in Saudi Arabia” discovered that the size of government is an important determinant of the performance of the economy. Therefore, he concluded that government should increase its spending on infrastructure, social and economic activities as well as encourage and support the private sector to accelerate economic growth.

Folster & Henrekson (2001) in their study on growth effects of government expenditure and taxation in rich countries, using different econometric approaches confirmed that more meaningful results are generated. In the same vein, Dar Atul & Amirkhalkhali (2002) emphasized in theendogenous growth model that fiscal policy is an important determinant of economic growth.

Hindriks, (2004) posits that determination of total government expenditure and its patterns is complex and may include many factors, such as fiscal conditions and political, cultural, demographic and economic factors. Most governments have continued to rely on external assistance to finance some of their public expenditures. A stronger association of aid with higher government consumption rather than with public investment would suggest both a “flypaper effect” and fungibility. This may imply that aid recipient governments view foreign aid like any other source of revenue and consequently use it for increased consumption, tax reductions or reduced fiscal deficits (future tax obligations).

According to Mitchell (2005), US government expenditure has grown too much in the last couple of years and has contributed negatively to her growth. It was then suggested that government should cut its spending, especially on projects that generate least benefits or impose highest costs.

Several scholars have examined the implications of government expenditure on economic growth. For instance, Komain & Brahmasrene (2007) examined the association between government expenditures and economic growth in Thailand, by employing the Granger causality test. The results showed that government expenditures and economic growth are not co-integrate. Hence, it further exposed the unidirectional relationship as causality runs from government expenditures to growth. Finally, the results expressed a positive effect of government spending on economic growth.

Closely related to this is the work of Gregoriou & ghosh (2007) on the impact of government expenditure on growth; empirical evidence from heterogeneous panel. The authors used GMM technique and found out that countries with large government expenditures tend to experience higher growth but the effects varied from one country to another.

Liu et' al (2008) examined the causal relationship between GDP and public expenditure for US data from 1947 – 2002. The result revealed that total government expenditures caused growth of GDP while growth of GDP did not cause expansion of government expenditures. Thus, they concluded that judging from causality test, Keynesian hypothesis has more influence compared to Wagner's law.

Furthermore, Tracy & Kester (2009) investigated the interrelationship between total government expenditure and total tax revenue in Barbados applying Granger Causality on both bivariate and multivariate co-integrating models. The result of the multivariate error correction model suggested that a unidirectional causality existed from tax revenue to government expenditure.

Recent study by Abu & Abdullahi (2010) showed that total capital expenditure, total recurrent expenditure and government expenditure on education have negative effects on economic growth. Also, on the contrary, expenditure on transport, communication and health resulted to an increase in economic growth in Nigeria.

Emelogu & Uche (2010) studied the relationship between government revenue and government expenditure in Nigeria using time series data from 1970 to 2007. They utilized the Engel-Granger two-step co-integration technique, the Johansen co-integration method and the Granger causality test within the Error Correction Modeling (ECM) framework and found a long-run relationship between the two variables and a unidirectional causality running from government revenue to government expenditure in Nigeria.
Saeed &Somaye (2012) assessed the causality and the long-run

relationships between government expenditure and government revenue in oil exporting countries during 2000-2009 using P-VAR framework. Using oil revenue as proxy for total revenue, their result revealed that there was a positive unidirectional long-run relationship between oil revenue and government expenditures.

Ogujiuba & Abraham (2012) investigated the revenue-spending hypothesis for Nigeria using macro data from 1970 to 2011. Applying correlation analysis, Granger causality test, regression analysis, lag regression model, vector error correction model and impulse response analysis, they reported that revenue and expenditure were highly correlated and that causality run from revenue to expenditure in Nigeria. The vector error correction model also proved that there was a significant long run relationship between revenue and expenditure. The second is the spend-and-revenue hypothesis, a reverse of the revenue-and-spend hypothesis in which revenue responds to prior spending changes. This hypothesis suggests that government would raise the funds to cover its spending, and therefore, higher government expenditures lead to higher government revenues. Thus, empirical results are expected to show a unidirectional relationship running from government expenditure to revenue. If the spend-revenue hypothesis holds, it suggests that government's behaviour is such that it spends first and raises taxes later in order to pay for the spending.

Several studies have tried to establish this relationship Zinaz & Samina, (2010). Mithani & Khoon (1999) incorporated the effect of seasonality to examine the causal relationship between quarterly government revenue and government expenditure in Malaysia between 1970 -1997. They reported evidence of seasonal cointegration of biannual frequency while the seasonal error correction model indicated a unidirectional causal influence from government expenditure to government revenue. The implication of this result is that spending decision determines the size and growth of the public sector and consequential tax burden as well as fiscal deficit in Malaysia.

In the case of Pakistan using data range of 1972 and 2007, Zinaz & Samina (2010) employed Granger causality test on a bivariate model to study the causality between government expenditure and tax revenue. They concluded that there existed a unilateral stable long run relationship running from expenditures to revenues in Malaysia.The third hypothesis, the fiscal synchronization hypothesis or the fiscal neutrality hypothesis indicates bidirectional relationship between revenue and spending. If the bidirectional causality between government revenue and government expenditure does not hold, it means that government expenditure decisions are made independent of government revenue decisions and vice versa.

Al-Qudair (2005) examined the long run equilibrium relationship between government expenditure and revenues in the Kingdom of Saudi Arabia using cointegration technique, Error Correction Model (ECM) and Granger causality test. The cointegration test indicated the existence of long run equilibrium between government expenditure and revenues. The causality tests showed the existence of a bi-directional causal relationship between government expenditure and revenues in the long and the short run.

In Romania, Hye&Jalil (2010) adopted the autoregressive distributive lag approach to cointegration, variance decomposition and rolling regression method to determine the causal relationship between expenditure and revenue of government. The results indicate that bidirectional long run relationship existed between government expenditure and revenue. The variance decomposition result further suggested that government revenue shock has sharp impact on the government expenditure compared to the revenue collection response to shock in government expenditure.

Nwaeze (2010) posited that capital expenditure are expenditures of government on the acquisition of things of permanent nature. They include expenditures on capital projects such as buildings, construction of roads, bridges and all permanent structures and assets while others are micro economic variables.

Elyasi1 & Rahimi (2012) also investigated the relationship between government revenue and expenditure in Iran by applying the bounds testing approach to cointegration. They showed that there was a bidirectional causal relationship between government expenditure and revenues in both the long run and short run. Al-Qudair (2005), Elyasi1 &Rahimi (2012) however, could not give relevant policy prescriptions on the implications of their results. The final hypothesis is the institutional separation hypothesis where decisions on revenue are taken independently from allocation of government expenditure, and therefore no causal relation between revenue and spending is expected.

Empirical work to test this hypothesis had been done in the case of Pakistan by Ali &Shah (2012), who examined government revenue and expenditure nexus using annual data for the period 1976-2009. They applied the Johansen co-integration and Granger causality techniques and found no relationship among the variables both in the long run and the short run granger. This result supported institutional separation hypothesis.

The researcher examined the empirical evidence concerning the determinants of government expenditure on defense have led to inconclusive results. Some studies argued that recurrent and capital expenditure spendings have a negative effect on economic growth. However, others found a positive relationship, hence the study will rely on the result of the analysis to justify the empirical assumptions.

Evidently, there is little empirical study in the case of Nigeria to determine the appropriate hypothesis that can establish the right framework that explains this relationship. Nonetheless, most of the studies that tested these hypotheses do not recognize the underlying structures that could influence revenue and expenditure relationship. This paper tries to examine this relationship in Nigeria using a desegregated framework to account for the different sources of revenue in Nigeria.

Methodology

The data used in this study were obtained from published Central Bank of Nigeria (CBN) Statistical Bulletins covering the period between 2000 and 2015. The data used were in billions but lagged for the purpose of regression diagnostic. This study adopted the ex-post facto design which enables the researcher to observe variables over a long period of time (time series). E-view version 7was used to analyze the determinants of government expenditure. Thus, this paper specifies a functional relationship between Real Gross Domestic Product (RGDP) as dependent variable whilethe determinants is recurrent expenditure (REXP) and current expenditure (CEXP). Control variables were introduced as money supply (MSUP), foreign debt (FDEB) and inflation (INF) which both formed as independent variables.

Model Specification

Generally, the model is specified as:

RGDP = f (REXP, CEXP, MSUP, FDEB, INFL)……….....1

The mathematical form of this model is thus:

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The mathematical form of this model is thus:

$$RGDP_t = \beta o + \beta_{1Log}REX_t + \beta_{2Log}CEX_t + \beta_{3Log}MSU_t + \beta_{4Log} FDE_t + \beta_{5Log}INF_t + \varepsilon ………...2$$

Where:

RGDP	=	Real Gross Domestic Product
REXP	=	Recurrent Expenditure
CEXP	=	Current Expenditure
MSUP	=	Money Supply
FDEB	=	Foreign Debts
INF	=	Inflation

t	=	Time Series data
β1 – β5	=	Regression Coefficient
Log	=	Natural Log of 10
$\square$	=	Error term or stochastic terms

Results and Discussions

This section presents the regression result of the dependent variable (RGDP) and the independent variables of the study (recurrent expenditure, current expenditure, Money supply, foreign debts and inflation). It follows with analysis of the association between dependent variable and each independent variable individually and cumulatively. Summary of the regression of RGDP and REXP, RCEX, MSUP, FDEB and INF result is presented in Table

Dependent Variable: RGDP
Method: Least Squares
Date: 09/23/16 Time: 03:33
Sample: 2000 2015
Included observations: 16

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.769557	2.943111	2.639913	0.0247
REXP	-0.043479	0.678314	-0.064098	0.0002
CEXP	-0.462561	0.636789	-0.726396	0.4843
MSUP	0.317166	0.413185	0.767612	0.4605
FDEB	-0.020851	0.456215	-0.045704	0.9644
INFL	-0.021951	0.033897	-0.647590	0.5318

R-squared	0.885386	Mean dependent var	6.100000
Adjusted R-squared	0.828079	S.D. dependent var	0.854010
S.E. of regression	0.354101	Akaike info criterion	1.041526
Sum squared resid	1.253874	Schwarz criterion	1.331247
Log likelihood	-2.332210	Hannan-Quinn criter.	1.056362
F-statistic	15.44992	Durbin-Watson stat	2.550634
Prob(F-statistic)	0.000200		

Source: EViews7 Output by Author(s), 2016.

The result of the table 1 above revealed that the REXP with t-Statistic of value of -0.064098 and P-value of 0.0002 is highly significant when compared to all other variables which are having P-value > 0.05 (i.e. 0.000 < 0.05) thereby not rejecting null hypothesis (Ho) and concluded that other variables under consideration are not highly significant in determining the real gross domestic product of the country. Therefore, the model of RGDP = 7.769557, -0.043479$\beta_{1,}$-

0.462561β_2, 0.317166MSUP, -0.020851FDE, -0.021951of the regression coefficient revealed that all the variables under consideration are not highly significant. Therefore, for every 1 decrease, the RGDP increases. The regression estimated resultsis presented in Table 2 below:

The result of F-statistic stood at 15.44992 with P-value of 0.000200which shows that the null hypothesis (Ho) was rejected, all variables considered under the study are rejected at 0.05 level of significant alpha and concluded that all the variables are significantly, having effect on the RGDP.

Table 2: ADF Unit Root Test Result

Variables	t-statistics	Probability	Order of Integration
RGDP	-6.307289	0.0003	I (2)
REXP	-8.920584	0.0000	I (2)
RCXP	-4.623552	0.0007	I (2)
MSUP	-7.395695	0.0001	1 (2)
FDEB	-3.898255	0.0132	1 (2)
INFL	-7.305888	0.0000	1 (1)

Source: Computation from Eviews7 output by Author(s) (2016).

The Table 2 result above showed that the variables RGDP, REXP, RCEX, and MSUP were stationary at second difference while INFL became stationary at first difference.All the variables are integration of order I.

The test for unit root using the Augumented Dickey Foller (ADF) indicated that some explanatory variables have the same order with the dependent variable, and as a result of this, there may be traces of co-integration between the dependent variable and any of the explanatory variables which have the order with it. Meanwhile some of the explanatory variables were stationary at second difference, having the other of 1 except the last variable that was stationary after at first difference, order of 1 (2). At this all the variables were significant at both 1%, 5% and 10% respectively.

Conclusion and Recommendation

The study of determinants of government expenditure in Nigeria concluded that, recurrent expenditure is positive and significant with gross domestic product while capital expenditure is positive and statistically insignificant.

Based on the findings and conclusion of this study, government needs to increase its allocation to the capital expenditure i.e. provision of infrastructures (roads, electricity, housing health, education, agriculture, industry etc.) as a priority for the economic growth of Nigeria. Therefore it will help to stimulate growth in area of over reliance in foreign importation which has dominated our economy settings in Nigeria. In the same vein government should lower spending by way of cubing excess in government structures and eliminate corruption of any form from the system of corporate governance.

Finally, with proper handling of the above, it will be easier for the government to manipulate macroeconomic variables such as, exchange rate, inflation and so on, to ensure steady and accelerated growth and attract more foreign investment to Nigeria.

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