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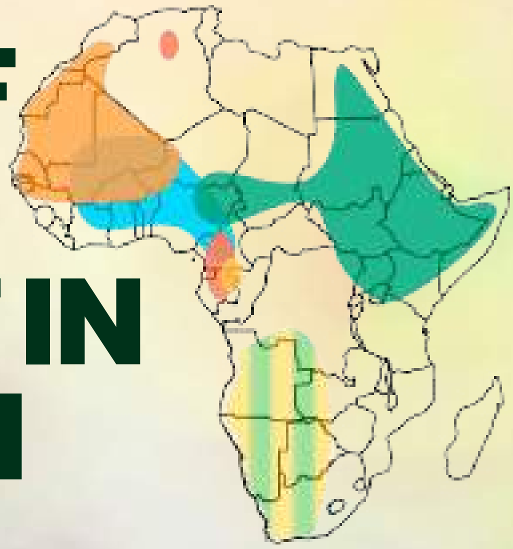

HANDBOOK OF BUSINESS AND MANAGEMENT IN SUB-SAHARAN AFRICA.

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Chapter 1

Turnaround Management in Nigeria

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1. Introduction

Turnaround is addressed in this chapter from a managerial standpoint. The chapter discusses the notion of a turnaround, the warning signs and symptoms of corporate decline, and the importance of turnaround management. The many turnaround strategies and tactics, such as financial restructuring, were also highlighted. The experience Nigeria had with turnaround management is covered, as well as potential support from governments and industry associations. An analysis and recommendations for turnaround strategies are provided in the conclusion. A successful turnaround occurs when a business posts two consecutive years of better ROA without help from outside sources, gets acquired by another business, or posts more than two consecutive years of negative ROA.

All parties should pay serious attention to the widespread corporate sickness in Nigeria. Every sphere of the economy is affected by the corporate disease. It worsens the financial system's problems, pushes up unemployment, slows down industrial expansion, and discourages entrepreneurship. Indeed, with many businesses reporting enormous losses, the corporate sector's performance fell to an unprecedented low level'. For instance, in Nigeria, manufacturing industries in sectors such as vehicle assembly plants,, sugar processing, household items, medicines, paper and packaging, ceramics, batteries, textiles, and oil mills have either shut down operations or are experiencing a loss of revenue (Abdullahi, 2001).

2. Turnaround Concept

Turnaround management is known by various names such as corporate renewal, restructuring, reengineering, and crisis management. Corporate turnaround or turnaround management, as defined by Belyh (2009), is the process of transforming a loss-making company into a profit-making. It is structured, well-planned and methodological approach to the revival of a company and is achieved by following a step-by-step approach that takes time, investment and the participation of people. Turnaround is simply the method to corporate renewal that is aimed at saving a troubled company. It is about a company that is on the brink of collapse. It is largely about a company whose recent past or projected future financial performance is unacceptable to the owners / creditors (Sloma, 2000). So, Turnarounds are organisational recoveries from declines. More significantly, turnaround management is more relevant for mature organisations than younger ones. This is because the mature organisations or companies are likely to experience decline more than the younger companies.

Turnaround involves management review, activity based costing, root failure causes analysis, and SWOT analysis to determine why a company is failing (Boyne & Meier, 2009)). The analysis stage is ensued by a long term strategic plan and restructuring plan aimed at turnaround. A company is in crisis when it begins to break down. The first sign of the break down may be observed almost anywhere but ultimately it becomes a financial problem. For example, problems may originate from sales or marketing; production, ordering, or scheduling; delivery or distribution; quality control or legal liability; or strategic failure. Once a crisis surfaces, a company must confront its problems because denial generally exacerbates adversity, and crises breed ne problems.

Companies in crises may seek to solve their problems by either appointing an internal person to manage the crisis or soliciting the assistance of a person who has prior experience in corporate turnaround management. A hired turnaround manager, even if on a consulting basis, may be preferred to an appointed internal manager for a number of reasons. This is because the stakeholders such as bankers, creditors, investors and employees may have lost patience and trust in existing management, and internal manger is likely to bring biases and established alliances. Although internal managers may grasp the business better, they lack experience in containing and resolving a crisis. Thus no matter what brought about the corporate decline, a mere change of the Chief Executive Officer (CEO) bolsters the confidence of the stakeholders bankers, creditors, investors and employees that something positive is being done to improve the performance of the company. Therefore, turnaround management usually requires strong leadership and can include corporate restructuring and redundancies, an investigation of the root causes of failure, and long term programmes to revitalise the organisation.

2.1 Causes and Symptoms of Corporate Decline

Corporate success is disrupted by endogenous and/or exogenous shocks. While the management has control on the endogenous or internal factors, the exogenous factors are outside its control.

Table 1: Causes of Corporate Decline

	Internal (Endogenous) factors	External (Exogenous) factors
1.	Poor management	Economy
2.	Ineffective board of directors	Changes in market demand
3.	Uncompetitive product or service	Availability of finance
4.	Inadequate financial control	Technological change
5.	High cost structure	Government policy
6.	Outdated technology	Competition
7.	Lack of marketing capability	Commodity prices
8.	Excessive diversification	Social change
9.	Loose information systems	Environmental factors
10.	Poor acquisitions	Exchange rates
11.	Inappropriate financial policies	Sovereign debt problems
12.	Overtrading	Industry factors
13.	‘Big’ prospect or deal	Bad luck
14.	Organisational inertia and confusion	Strikes

Source: Harvey, N. (2015).

The main endogenous or internal causes of corporate decline are ineffective management and poor project concepts. These issues typically result from inadequate planning, which is primarily caused by an overly optimistic entrepreneur and reluctance to adequately finance planning expenses. The fortunes of a company can turn around, with a correct diagnosis of the controllable or internal elements and rapid remediation. Additionally, the success of a company is greatly dependent on the management and board working together in coordination and cooperation to achieve corporate goals.

The exogenous or external causes include shifts in governmental policies, economic downturn, inflation, rate of inflation, exchange rates, technical advancements, infrastructure issues, industry factors, and shifts in market structure. Despite creative management of a company's external factors. Generally, only to the extent that a company is poor internally may external influences contribute to its decline.

Corporate decline is most frequently attributed to inadequate management because all of the company's issues were either brought on by their bad decisions or their inaction. Therefore, it is generally accepted that improper management, rather than economic recession or governmental policy, is the most severe factor contributing to corporate decline. As a result, the CEO and other key management personnel's personalities have a big impact on breeding decline. Common traits typically show up as autocratic or one-man leadership, a combined chairman and CEO role, an inefficient board of directors, management neglect of core business, Other symptoms of corporate decline are dissention among the directors which hampers smooth functioning of the company, excessive turnover of the top executives so that there is no continuity in the management, absence of second-line of management and inadequate organisational set-up, and poor labour and industrial relations.

According to CIMA (2009), a company in the early stages of business failure will show the following signs of financial distress:

1. A significant shortage of cash with borrowings at or close to the maximum.

2. Suppliers starting to push for faster payments.

3. Monthly accounts showing that the business is consistently losing money.

Once these symptoms are visible, there is the need to take quick actions to address and reverse the situation, especially through a company turnaround programme. Otherwise the company may enter into a vicious circle of decline – ending in business failure and liquidation.

2.2 Turnaround Modes

There are two major kinds of turnarounds: surgical and humane. The *surgical turnaround* involves replacing the CEO of a sick company by a tough or an autocratic person, who moves into action immediately, by rationalisation and reorganisation activities. Certainly, mere replacement of the CEO will send waves of change in the company. Old order or norms would be broken and hopes, fear and anxiety will set in. The tough CEO embarks on radical changes such as selling unutilised assets including plants and divisions, replacing obsolete machinery, strengthening marketing, imploring greater accountability, and tightening controls. The surgical turnaround approach was most common in the US and UK. It involves five common actions: Significant retrenching, rightsizing, layoffs, plant closure; Diversification, product rationalization, expansion and related actions; Changes in top management; Marketing related actions; Miscellaneous cost reduction measures other than retrenchment (Khandwalla, 1992).

The *humane turnaround* also involves change of the CEO though by a person who implores greater participatory management style with all the stakeholders (shareholders, employees and customers) on board. The management would go to the extent of involving employees in planning the changes it contemplated. In this case the CEO spends time to understand what the problems are and tries solving them through participatory management. According to Khandwalla (1992), 'humane approach' is more complex and multidimensional than 'the surgical approach' and possesses seven common features: Diversification, product-line rationalization, expansion etc.; Change in top management; Marketing related actions; Restructuring; Plant Modernization; Cost-reduction measures other than retrenchment; Better organizational integration, participative management, emphasis on core values.

2.3 Turnaround Strategy

Businesses and enterprises use turnaround as a technique to stop their decline and resurrect their growth. Whatever the cause of a firm's sickness or decline, once a crisis arises, a company must face its issues head-on in order to recover and experience continuous growth. The turnaround manager has a finite amount of time to identify the root cause of the downturn or crisis and to come up with a remedy.

A sustainable core business, qualified managerial skills, and a new source of funding are three necessary components for a corporate turnaround. The problem is likely to either continue or reoccur without any of these. The turnaround manager's job is finished once these components are in place. But to get there, the crisis manager must first surround the chaos, obtain information, identify the problem, generate an idea flow, define alternative solutions, and create acceptance both internally and externally. Strategically, the turnaround manager must choose between abandonment (sale, bankruptcy, or liquidation) and doing a turnaround, since not every company in crises can be saved.

Turnaround strategy involves reversal process to prevent a financially struggling or poorly performing company from insolvency and liquidation by returning it back to profitability, and restructuring debt through negotiations. Indeed, once it is established that the sick company *can* be rescued, a plan needs to be developed which allows enough time and financial resources to address the business' fundamental problems by tackling the underlying causes of the failure. Therefore, when developing turnaround strategies, it is imperative to do a comprehensive analysis of the root causes for non-performance preferably by an external party.

Turnaround really begins at that point in time when management's actions start to improve financial performance of a failing company. Slatter and Lovett (1999) outline seven key "ingredients" used to turn a company around as summarised in the table below:

Table 2: Seven Key Ingredients

Seven Key Ingredients	***Generic Turnaround Strategies***
1. Crisis Stabilization	• Taking control • Cash management • Asset Reduction • Short-term financing • First-step cost reduction
2. Leadership	• Change of CEO • Change of other senior management
3. Stakeholder Support	• Communications
4. Strategic Focus	• Redefine core business • Divestment and asset reduction • Product-marketing refocusing • Outsourcing • Downsizing • Investment
5. Organizational Change	• Structural changes • Key people changes • Improved communications • Building commitment and capabilities • New terms and conditions of employment
6. Critical Process Improvements	• Improved sales and marketing • Cost reduction • Quality improvements • Improved responsiveness • Improved information and control systems
7. Financial Restructuring	• Refinancing • Asset reduction

Source: Slatter & Lovett (1999).

Table 2, the seven key ingredients of turnaround management together with the generic turnaround strategies are:

1. ***Crisis Stabilisation*** – the objectives are to take effective control of the situation, to rebuild stakeholder confidence and to maintain tight control on financial function for effective cash management. Such control would provide a chance to develop a turnaround plan and restructure the financial position of the company in crises. It is also important to put the financial function under the direct control of the CEO.

2. ***Leadership*** **–** the objective is to reconfigure management for the restructuring period and for when the business moving towards sustained performance. A successful turnaround requires a change of management, especially the CEO, who is supposedly the architect of the failure. Also, at this stage, steps may be taken to remove any top management staff, and weaker board members who might obstruct the turnaround process. The key success factor for a turnaround manager is more with an experienced turnaround manager with no relevant industry experience than a person who has industry experience without experience in managing turnaround. The focus of turnaround leader should be development of a rescue plan, implementing viable market lead strategies for the long term and communicate it to stakeholders.

3. ***Stakeholder Support*** – the objective is to build and maintain credibility with the key stakeholders (bankers, creditors, investors, employees and regulators) for a successful turnaround. The turnaround manager or CEO would have to keep stakeholders abreast of major developments of the turnaround management, especially concerning issues surrounding the approved rescue plan, trading performance and progress with openness.

4. ***Strategic Focus*** **–** the objective is to redefine the business and develop the restructuring plan's strategic moves for a successful turnaround. The turnaround manager or CEO should set out a clear turnaround strategy covering key issues, such as redefining core business, divestment and asset reduction, product-marketing refocusing, outsourcing, downsizing and investment.

5. ***Organisational Change*** – the objective is to adjust the organizational structure, motivate staff, build capabilities, and enhance the employee conditions. The most visible signs of a sick company include muddled organisational structure, a paralysed middle management, resistance to change and demoralised staff. Changing the organisation structure could help in introducing rapid changes in the operations of an ailing company and it would facilitate clear accountability and responsibility. Organisational change can be necessary and beneficial in assisting the CEO to gain management control rapidly, especially where the turnaround company is owner-managed, family-dominated, or some manager has been running part of the company as a private estate (slatter, 1984).

6. ***Critical Process Improvements*** **–** the objective is to enhance core and support processes. The turnaround manager or CEO must embrace strategies that will bring about greater efficiency, including use of technology for reliability and efficient performance. The emphasis is on achieving a rapid improvement in time, cost or quality, so as to improve the competitiveness and efficiency of the company. The turnaround manager should also introduce reforms in the company's overall product market strategy towards achieving sustainable recovery. The marketing aspects can be strengthened with the assistance of modern technology through e-commerce and electronic marketing systems ease of greater reach.

7. ***Financial Restructuring*** **–** the objective is to improve the financial position of the company by restructuring the financial matters, reduce the cost of funding, and enhancing liquidity by increasing the number of funding choices. Financial restructuring entails the restoration of business to solvency, alignment of capital structure, and ensuring that sufficient funds are

available in the form of existing or outside funds for implementation of turnaround plan. New investment strategies are usually supported by debt restructuring and other financial strategies. Since most turnarounds are characterised by cash crises, asset reduction strategy is likely to support turnaround management.

Besides the seven key ingredients of the turnaround management, digitalization has also become a significant ingredient of turnaround. Companies need to embrace information and communication technology to meet the dynamics of the new business environments. Most consumers and customers now look online for buying products and services and the industry demands companies to go digital. Digitalization also gives a company an edge over its competitors and enables it to gain huge profits through online marketing and sales. No doubt the internet offers companies a superb opportunity to reinvent themselves. So to complete the process of corporate turnaround, it is important to have a good website, a strong search engine optimization (or SEO) centric approach, e-commerce facility as well as social media presence.

Turnarounds are employed to unfreeze a sick company from its state of demoralisation, move the company into the right direction, and institutionalise the right organisational culture and management practices. Key strategies for turnaround management are gaining control of the cash, eliminating excesses (people, process, and products), focusing the business company on its core competency, and preserving assets.

The revivals of sick companies or organisations involve action at many levels and by many agencies. The government, financial institutions and industry associations, especially the manufacturers associations and chambers of commerce and industry have significant role to play in the revivals of companies in crises. The government role is catalyst in form of fiscal means and public policies, setting up of specialised institutions and agencies that assist in revitalising sick companies, and legislation and setting up of agencies that promote recovery.

2.4 The Nigerian Experience

The story of corporate failure and turnaround management in Nigeria has not been a pleasant one. Bad management and, indeed, badly managed economy have continued to exert pressure on the performance of businesses and companies in Nigeria. The dissonance of macroeconomic policies and fiscal policy regimes over the years has continued to affect the wellbeing of the country due mainly to high rate of unemployment, price instability, and low capacity utilization. This situation is aggravated by the instability in the foreign exchange rates coupled with high interest rates. Since the deregulation of the Nigerian economy by the introduction of the structural adjustment programme (SAP) in 1986, the local currency naira has continued to depreciate at an alarming rate. The implications of the depreciating currency on an import dependent country like Nigeria could highly be imagined. The country is highly dependent on importation of plant and machinery, raw materials and even experts (Adesina, 2021). Also, the required good business ethics has been compromised by the burgeoning fraudulent and corrupt tendencies of leaders and managers both in the government and corporate sectors in Nigeria, and, indeed, developing countries in general (Anazodo, Igbokwe-Ibeto, & Nkah, 2015).

Since independence in 1960, Nigerian state owned enterprises had been the dominant corporate organisations in the economy cutting across strategic industries or sectors, such as banking, petroleum, fertilisers, transportation, power, steel, aviation and shipping, and manufacturing. The performance of the state owned enterprises (SOEs) had been declining due largely to lack of accountability and transparency in the way they were managed (Okeke, Onuorah, & Okonkwo, 2016). This brought about the need for reforms. Rather than seeking solutions through turnaround management, Nigerian government adopted public enterprise reforms via deregulation and liberalisation policies.

The deregulation and liberalisation of the economy caused government to privatise its companies through the Technical Committee on Privatisation and Commercialisation (TCPC)/Bureau of Public Enterprises (BPE) beginning from 1988. Most of the privatised companies were really candidates for turnaround, such as African Petroleum Limited, National Oil and Chemical Marketing Company, Union Bank of Nigeria, United Bank of Africa, First Bank of Nigeria, FSB International, Benue Cement Company, West African Portland Cement, Ashaka Cement Company and Nigeria Hotels, NICON Insurance, Federal Superphosphate Fertilizer Company, Savannah Sugar Company and Volkswagen Nigeria Limited. Whereas some others were liquidated, including the Nigeria Airways and Nigerian National Shipping Line. By 2020, the Bureau of Public Enterprises has reformed and privatised over 234 public enterprises, and many enterprises were liquidated and their assets were sold (Premium Times, 04/09/2021).

The distress in the Nigerian corporate sector was rampant in the banking sector and the manufacturing sector of the economy. Nigeria witnessed an unprecedented banking failure in the early 1990s, where several banks collapsed under receivership of the Nigerian Deposit Insurance Corporation (NDIC). It was observed that all the distressed banks in the 1990s have had almost the same pattern of turnaround strategies, which involved change of ownership, change of management and ultimately listing on the Stock Exchange. The option of mergers and acquisition as a turnaround strategy was not very popular due to local ethos which perceived such a strategy with disdained as it portents dangers of domination or losing control of the weaker entities.

Another round of banking failure arose in the late 2000s during the global financial crises. Even though, unlike in the case banking distress in the 1990s, the Central Bank of Nigeria implored turnaround strategies in form of mergers and acquisitions, as well as reorganisation and restructuring of the sick banks for a turnaround in the 2000s. The new strategy had saved many banks from collapse, especially with the introduction of a bridge bank concept with the establishment of Asset Management Corporation of Nigeria (AMCON).

The distress in the corporate sector too was as a result of the poor economic environment characterised by infrastructure deficits, lack of power and energy, depreciating currency, high interest rates and corruption. Majority of manufacturing companies in Nigeria had collapsed with a few that succeeded in turnaround over the last three decades. Despite the great investment potentials of Nigeria, such as abundant natural resources, large market, and enormous amount of entrepreneurial talent, several factors tend to discourage investment in the manufacturing sector. These include high cost of production, over dependence of imported machineries and raw materials and access to finance, as well as dumping. Among the companies that had undergone turnaround include Unilever Nigeria Plc, 7-Up Bottling Company Plc, Nigerian Breweries Plc, Guinness Nigeria Plc, UAC Nigeria Plc, Cadbury Nigeria Plc, A.G. Leventis (Nigeria) Plc, Transcorp Hotels Plc, Thomas Wyatt Plc, eTranzact International Plc and Fan Milk Nigeria Plc.

In Nigeria, the liberalisation and deregulation of the economy have had a great impact on recovery activities. This is seen in severe price competition as a result of massive importation of manufactured goods and the continued devaluation of the value of local currency Naira, which affects cost of local production due to over dependence on imported raw materials and other factors of production. This problem is exacerbated by poor purchasing power in the country.

Governments and businesses interactions will no doubt help to devise policies and intervention strategies that could support corporate turnaround activities towards the resuscitation of sick companies or organisations. Indeed, even in developed economies governments play significant roles in corporate revivals. In the UK, for example, the Industrial Reorganisation Corporation (IRC) was created in the 1960s to help increase the efficiency of British industry by providing mergers within industries (Slatter, 1984). The IRC had the avowed objective of combining a number of smaller companies together in order to achieve economies of scale and compete more effectively with foreign competition. More so, in developed democracies, constituency parties and pressure groups do play a significant role in influencing government actions in rescuing companies in crises, specifically from fear of unemployment. During the COVID-19 pandemic, governments have provided massive fiscal support to protect firms, households and vulnerable populations (OECD, 2021).

In Nigeria, the banking crisis of the 1990s necessitated government intervention through its regulatory agencies, the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation to halt crisis of confidence that would have destroyed the financial system. The government has also provided financial assistance in various forms to large number of indigenous companies since the 1980s. Government assistance was channelled through specialised banking institutions and programmes like the NERFUND, and Small and Medium Enterprises Loan Scheme. However, the government involvement in the rescue activities appears to be more in the financial sector than the industrial sector. Indeed, the government intervention through the CBN to rescue banks in distress during the financial crises of the late 2008 is a classic example in the sub-Saharan countries.

The Nigerian government efforts at reorganising its ailing companies through Bureau of Public Enterprises for subsequent privatisation were a major initiative in corporate recovery. More recently, the government intervention in the real sector was evolving, particularly through the CBN interventions in the key sectors of the economy, including CBN Intervention Programme and Schemes for Agriculture, MSMEs, Manufacturing, Healthcare, Export, and Energy. Even though the success of the schemes has remained debateable.

Recently, a foreign development initiative tagged LINKS was created to catalyse economic growth in northern Nigeria through initiatives that would boost the development of a vibrant and diversified economy in the region over the next seven years. It is a Foreign, Commonwealth and Development Office (formerly DFID) funded programme. A cardinal objective of the LINKS is focus at reforming collapsed industries in the region. For example, LINKS in collaboration with the Manufacturers Association of Nigeria (MAN) and the Kano State Investment Promotion Agency (KanInvest) have designed, and are implementing, the Kano State Turnaround Project, an intervention that would facilitate the influx of turnaround specialists to rescue, reorganise, restructure, and repair shortlisted companies. Kano State had witnessed an unprecedented decline in industrial activities over the last three decades.

3. Conclusion

The major cause for corporate decline or sickness is inappropriate management. The inefficiency and lack of effectiveness of management transverse technical, financial, executive, commercial, marketing, as well as the general management of a corporate entity. This is accentuated by poor project concept due to unsound investment decisions, defective technology, unsound financial plan, and inappropriate product-mix which have strong impact on the health of a company, as these factors are beyond the control of the management.

The aim of every turnaround activity is to achieve sustainable recovery, which entails accomplishing a viable and defensible business strategy, supported by an adequate organisation and control structure. Thus, the company that fully recovered manifests good profits and more fortified business structure which guard against another crisis in the foreseeable future. The changing business environment too has a serious impact on any turnaround management or corporate recovery.

In Nigeria, the current economic difficulties have continued to hamper growth and stability. The government has a significant role to play in the resuscitation of sick companies or organisations, particularly by setting up of specialised institutions for reviving sick companies, and agencies that promote recovery through rationalisation and mergers with healthy companies. Thus, government with the active intervention of industrial and trade organisations, such as manufacturers association, chamber of commerce & industry, and the association of development finance institutions should establish a mechanism to help in recovery efforts of ailing companies. More importantly, the Bank of Industry (BOI) and Development Bank of Nigeria (DBN) should have a turnaround division or resuscitation activity in industrial sector as one of their major operations.

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Chapter 2

Fostering Improved Customer Service in a Competitive Market

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1. Introduction

Still emerging from the ravages of the recent Covid-19 pandemic, many businesses are battling to stay afloat in this dynamic and competitively globalized business environment. Unfortunately, this current situation is further exacerbated by the ongoing Russian-Ukrainian war which has negatively affected world economies and manifested in runaway inflation that has greatly depreciated consumers' purchasing power. No wonder many consumers have become choosy and most likely to think through every purchase they make. This level of purchase decision-making consciousness being exhibited by consumers demands that businesses understand the new bride that customers have become. In this type of business landscape, the customer is truly king and must be treated as such. Consequently, beyond the mere mouthing of the word 'customer care', current reality requires that businesses ensure that their customers receive awe-inspiring experiences at every touch point. This can only be possible through effective and efficient customer service that is focused on delighting the customer.

The concept of customer service has been taken from a circumscribed view as consisting of those processes involved in assisting the customer with questions, concerns, or complaints that the customer may have before, during, and after a product or service has been purchased (Rodgers & Mckinney, 2021); to a broadened view of being the direct one-on-one interaction between a consumer making a purchase and a representative of the company that is selling it. In this chapter, the authors align with the broadened view of customer service covering all touch points that the customer comes in contact with and interacts with the brand. The experience encountered at these touch points to a greater extent shapes the perception of the customer about the brand and its associated services.

Several benefits can and have been ascribed to effective customer service by experts, however, it is not lost on marketing practitioners that product/service features are not enough to earn a competitive advantage as those are easy to copy, but what is difficult to copy is connecting with customers emotionally, through the provision of excellent service that results in a memorable experience. In essence, enduring customer service has become a major differentiator which other than whatever offering a company provides is in itself enough to make it stand out among its peers amidst a cacophony of intense rivalry (Vielma, Segovia-Romo, & Pérez, 2022).

As noted by Cook (2008) "what is memorable to the customer in terms of service experience is the personal touch rather than the material aspect of the service – for example, the physical environment in which a customer may buy a piece of equipment is less memorable than how the member of staff dealt with the customer's concerns." While this view emphasizes the need for trained and motivated customer service personnel, it does not discountenance the fact that fostering an improved customer service calls for organization, digitalization of processes, training of personnel, and of course a pervading and companywide philosophy /orientation of care for a customer that is king.

In this chapter, however, the authors kick-start the discourse on fostering effective customer service in a competitive economy by looking at how firms can organize and manage their customer service departments/units for improved performance. As a result the following topics are discussed: the concepts of customer care versus customer service, functions of the customer service unit, after-sales service and the role of the customer service unit, understanding customer behaviour for improved customer service, and digitalizing customer service for efficiency. These issues are explored by the authors as means of fostering improved customer service in a turbulent and competitive business environment.

2. The Concepts of Customer Care Verses Customer Service

A visit to a department/unit handling or managing customer issues in any modern business firm will reveal that such unit/department is labeled with such tags as 'customer service', 'customer support', 'contact centre', 'friendship centre' and 'customer care'. Why bear different tags? Do these tags mean the same thing or do they reflect the differences in operations? Or are they used interchangeably? In this section, two of the more popular labels, customer care, and customer service are examined.

The notion of customer service is a wide concept that although in most definitions is narrowed to only service but encompasses other roles like customer care and to a larger extent, customer experience. On the other hand, service or support is about specific issues; while care deals with connecting emotionally with the customer over time (Rodgers & Mckinney, 2021). Customer experience is the totality of the customer interactions with the company, their physical and emotional connections, and their feelings and experience as they relate to every aspect of the brand, while service and care are the processes or elements that lead to the customer experience (Morgan, 2022). While businesses exist to satisfy customers at a profit they can only do that by developing some form of a relationship. Customer care happens to be one of the ways strong relationships could be built, maintained, and strengthened. Customer care is a closer, more personal method of interacting with a customer which when properly done tends to make them more happy, loyal, and appreciative of a company's offering (Staffaroni, 2021). Customer care appeals to the emotional disposition of the customers by leaving them over time with a feeling of really being cared for on a personal basis and as human beings and not just some statistic whose only purpose is to make up the company's bottom-line (Morgan, 2022; Staffaroni, 2021).

As customer care is a personal, one-on-one, and unique experience on a case-by-case basis with each unique customer it is usually not easy to measure outcomes as generalization may not be feasible. Customer service, which is equally important in the customer experience strategy and works alongside care, is where the company is assisting customers on a one-size-fits-all basis (Staffaroni, 2021). Service is therefore how a business gives basic support to the mundane needs of most of its customers on things like initial setup, Do-It-Yourself (DIY) repairs, home deliveries, etc. Customer service, therefore, unlike care could be measured with the use of models like Customer Effort Score (CES) and Customer Satisfaction Score (CSAT) (Staffaroni, 2021). While customer service and care normally fall within the purview of one department or unit, the function of creating an enduring customer experience is a function of every unit in a company (Morgan, 2022).

2.1 Functions of Customer Service Unit

As the frontline face of a company customer service unit is many things at the same time as they perform many critical and different functions necessary for the success of the business (Petersen, 2022). In a study done on American air travelers, it was discovered that more passengers are not only willing to patronize the airlines that they were able to have some interactions with their service representative but they are even willing to pay more for the same ticket in the future than on those they have not (Huang, Mitchell, Dibner, Ruttenberg, & Tripp, 2018). This goes to further underscore the strategic need that customer service is to a business. While their roles fluctuate depending on the need, business objective, and/or the type of business most customer service units perform roles that have to do with representing their companies in operations that involve interacting with customers, clients, and other external resources of the business. They handle customer inquiries, orders, and complaints and advise them on the best course of action for the mutual benefit of all parties (Rodgers & Mckinney, 2021).

Some other functions they play have to do with listening to customers to gain feedback on product complaints, recommendations for upgrades, and monitoring marketing trends to serve as feedback for informed decision-making by the management of the business. In handling customers' complaints and objections the staff of customer service units, known by such names as agents or representatives become more than just mere sounding boards on whom customers pour out their minds as they deem fit and expect answers, but are also in turn champions and voices of the customers as they take their feedbacks and do follow-ups to the concerned units of the company (Regalla, 2022). As noted by the study done on American airlines passengers (Huang, Mitchell, Dibner, Ruttenberg, & Tripp, 2018), customer service is now a competitive tool that gives an edge to a company so other than the traditional role that service units carry out they are also expected to do myriad other functions like liaison work with some agencies like the regulatory authorities, work alongside sales units and in some cases are even sales agent themselves; carry out routine maintenance of equipment; follow up/arrange for orders to be delivered; and be creative problem solvers and business advisers to the customers (Regalla, 2022).

A key reminder in carrying out all those roles is that businesses now operate in an intensely competitive environment that is further accentuated by the constant flow of information by the ICT revolution now in place so they must be swift in responding to customers as now "the average customer expects companies to help them within 5 minutes by phone, within 1 hour by social media, and between 1-24 hours for email" or they simply move elsewhere (Huang, Mitchell, Dibner, Ruttenberg, & Tripp, 2018).

2.2 After Sales Service and the Role of Customer Service Unit

Businesses are set up with the sole purpose of attracting customers thereby generating revenue and being profitable by selling to them. However, it's generally agreed that having repeat patronage from loyal customers is 5-7 times cheaper than attracting new customers (Wertz, 2018). This is because new customer acquisition is a capital-intensive venture that involves several marketing steps to accomplish after which the loyalty of the new acquisition cannot be guaranteed in the long term (Mathur, 2022). In addition, every loyal customer lost only goes to benefit a competitor hence companies do undertake to train, equip and support their customer service unit to engage the customer before, during, and most importantly, after the sale process as a way of engaging and keeping the customer happy. Therefore after sales is the function of the customer service unit that is provided after the acquisition of a product or service by the customer (Chen, 2022) which typically includes such services as coupons, warranties; direct delivery, installation, and repairs; provision of spare parts; discounts, refunds, and returns; upgrades; training; recalls of defective products, etc (Mathur, 2022). Anything that is done by a company to support the easy, convenient, and smooth usage of an already sold item is an after-sales effort that is done to keep the customer happy to guarantee their continued patronage.

According to Mathur (2022), companies strive to make themselves accessible to provide prompt after-sales support in order to have an edge over their competition, to enhance the "customer satisfaction" mantra; to increase brand image, equity, and loyalty; to engender trust with the customer as a precursor to long term relationship; and finally, to encourage positive reviews by satisfied customers which is a powerful marketing tool in itself. A global company noted for its distinct customer service support is Tesla Car Company with its vertically integrated after-sales format that eliminates the need for third parties as all services and repairs of its electric cars are done by the company at any location the customer wishes that is closer to the company's over 400 global after-sales units (Monga, 2022).

2.3 Understanding Customer Behaviour for Improved Customer Service

Even though customers are different in their personalities and behaviours they still tend to react in the same way to a given scenario (Ciotti, 2022). Therefore a comprehension of the behaviour of buyers is a key step to taking a cue on how to anticipate and take appropriate measures to win them over to a business point of view. For this reason, marketers have increasingly turned to the fields of psychology and the humanities as a basis to study, analyze and predict the purchasing behaviours of consumers and companies to make informed marketing decisions (McFee, 2022). The buying behaviour constitutes a series of steps that broadly includes Awareness, Consideration, and Decision that at any point marketers sought to influence by making the process for the consumer easier, convenient, smooth, memorable, and beyond their expectations for the mutual benefits of all parties (McFee, 2022; Olubiyi, 2022). As a result of the foregoing, it behooves customer service providers to do their research on their consumers' behaviours and try to provide answers to the best ways to improve their services. Mcfee (2022) has provided why this is important as it helps to enhance a better understanding of the needs of the consumers; it leads to customer retention and loyalty; it leads to a better understanding of what the company stands for in the perception of the customer; it also points out the way to future market trends that could aid innovations, new product, and market developments; and finally it increases patronage and sales for the business.

To remain relevant, especially in today's intensely competitive markets, businesses must strive to provide improved customer service that is attuned to not only the traditional factors of consumer behaviour, which includes cultural/religious, socio-economic, personal, and psychological factors (Shethna, 2022), it must now also pay attention to other changing models coming up. Some of these changing trends are that first, in keeping with the technological information age we are in, customers would rightly expect some form of secure online services that could afford them the conveniences of doing business at any time of the day from the comfort of their abodes. They will also expect companies to be above board in line with their principles, they expect consideration for environmental preservation (Angus & Wesbrook, 2022), avoidance of bad labour practices especially child/slave labour, and also some tailoring of a company's offerings to their personal idiosyncrasies (Mcfee, 2022). These ideas are the modern talking points that cannot be avoided by any business as they could be held to account by their target customers whose behaviors are also influenced by such global issues.

Following such trends then marketers can determine the actual factor or a combination of them that influenced their customers. They can then design both products and promotional campaigns necessary to offer improved services that draw the customers in. However, it must be pointed out once more that in today's hyper-competitive environment, in which impatient customers are spoilt with many choices at literally their fingertips due to the advent of the internet and mobile devices, businesses must offer quick and convenient means of serving their customers (Olubiyi, 2022). Convenience and fast service have today also become major differentiators of the quality of service offered by marketers, and even though a company could get it right in all other parameters, both are still an easy path towards customer retention and loyalty (Olubiyi, 2022).

2.4 Digitalizing Customer Service for Efficiency

According to the Gartner Glossary "digitalization is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business". Amidst frenzied competition, companies strive to gain an advantage by increasing their efficiency by analyzing how they could do more in a shorter period and at the same time deliver convenience both to themselves and more importantly to the customer (Nasereddin & Faqir, 2019). One way that firms gain competitive advantage is by embracing the application of technology in customer service units by digitalizing some of those functions that lead to improved productivity (Rahi, Ghani, & Ngah, 2022). In a study done in Switzerland on the role of digitalization in improving service quality in public customer care centres it was found that not only does technology positively improves service delivery but even the level of efficiency of the service delivery rises or falls along with the extent of adoption of the technology, whilst lowering the costs of the service and attracting more revenue (Lichtsteiner, Karavdic, & Delafrooz, 2022). A similar study was done in Brazil among companies in the healthcare delivery sector and also arrived at findings supporting the notion that computerization or digitalization leads to innovation and efficiency of customer services (Miraldo, Francisca, Motta, & Ribeiro, 2018).

What the foregoing indicates therefore is that technology especially modern information otherwise known under the blanket term of Information and Communication Technology (ICT) is a requirement of today's business world particularly customer service units whose role it is to interface with the clientele (Tien, Diem, Vu, Dun, Bien, Duc & Dat, 2021). As modern ICT has now eliminated the need for face-to-face and even the old analog telephone interaction with customers by availing other cheaper and more efficient communication resources like digital phones, email, SMS, chat bots, social media, self-service terminals, the internet, etc the challenge has now become that of companies knowing how to best use the added resources at their fingertips to enhance the customer experience (Rodgers & Mckinney, 2021).

What this means is that while ICT has now afforded companies the opportunities to engage with customers on an unprecedented scale never seen before, it has also come along with its challenges in the form of increased customer demand and expectation; it is therefore left for firms to take advantage to digitalize by employing the appropriate resources like software solutions, tech hardware and also provide the right training for customer service agents that will use them (Eliyahu, 2022). A bid to enhance the efficient digitalization process and be competitive involves a strategy that targets both technological and personnel innovations. The company must, first of all, evolve its customer relationship management (CRM) system, a series of guiding principles that a business follows in all its dealings with customers (Hargrave, 2022); before coming down to a customer information management (CIM) system so as to be able to efficiently manage the enormous, diverse and fast-changing flow of information generated by daily interactions with customers (Tien, Diem, Vu, Dun, Bien, Duc & Dat, 2021). Setting up both the CRM and CIM requires an outlay of digital resources like computers, management software, and a system known as an omni channel, an overall coordinating computer system that gives seamless connectivity to customers no matter whatever system they are using to reach out to the company (DMI, 2022) to give an-always available and reliable experience (Amaresan, 2022).

Then again, another critical factor to having an efficient customer service digitalization process, of course, is the people that would run it. This takes us back to our initial assertion in the introduction on the need for companies to go for only people who among other things have good personality traits and are natural problem solvers (Steenkamp, 2021) to run their customer service units. A business could have all the best and most modern ICT resources and well-laid out CRM/CIM, however where its staff are ill-trained and/or lack the motivation to work then no efficiency could be delivered by the system. For example one of the basic requirements of an efficient digitalized customer service is to give a "360-degree" vista of a customer which allows an agent to draw up the customer's historical information from the database so as to allow for an informed interaction (Wyman, 2022). However, all these would still be futile exercises where the staff do not bother to access the database or are not properly trained to apply the system to good use. In deploying the digitalization process companies would also do well to recruit and train staff adequately, provide proper after-sales service support, offer qualitative products, and monitor all service support activities to ensure service quality at all times among other activities that would complement its digitalization efforts, and deliver true efficiency to the process.

3. **Conclusion**

What we have attempted to accomplish from the foregoing is to look at the critical concept of improved CS and how deliberate steps could be taken to foster its delivery as a strategic tool of competitive advantage. Considering the assertion by the American Small Business Administration that 68% of customers stop their patronage of a business due to poor CS meted out to them (Silva, 2022), it becomes even most important that businesses evolve means to better improve their service. When it is considered that an unhappy customer will inform about 9-15 people of their shoddy treatment; also that people are twice as likely to spread the news of the adverse services they got than their positive experiences; and finally 67% of people are likely to spend more money based on positive reviews they get on social media (Leonard, 2022), then it becomes self-evident that CS is not something to be trifled with by any company desirous of gaining competitive advantage.

On the flip side, as stated earlier there is every reason that companies should be pursuing improved customer service support as in itself it remains a powerful tool of the marketing process that can have a huge impact on the company's bottom line, in addition to attracting and retaining loyal customers; maintaining brand reputation; and helping in niche creation.

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Chapter 3

Factors Leading to the Emergence of Autocratic Leadership in the African Sub-Region

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1. Introduction

Leadership is one of the most paramount and influential concepts that has attracted global consideration over the years. It connotes the ability of an individual to influence, encourage, and enable others to contribute their quota toward the effectiveness and success of the organizations to which they belong. The existence of leadership dates back to when men and women started living in groups either organized or unorganized. While it is true that some people are born leaders, others become leaders due to some spectacular experiences. Leadership may begin with personal frustrations about events that prompt people to initiate change and inspire others to follow them. Leaders come in all shapes and sizes, and many true leaders are working behind the scenes. Leadership that has significant outcomes often starts small. There are opportunities for leadership all around us that involve influencing change toward a desired goal or outcome.

Leadership is an everyday way of thinking that has little to do with a title or formal position in an organization. Some of today's best-known leaders were not born into great families and destined for leadership positions: Sir Abubakar Tafawa Balewa, Nelson Mandela, Thomas Isidore Noel Sankara, Jomo Kenyatta, and many others grew into their roles.

The African sub-region has witnessed tremendous transformation in leadership styles over time due to a lack of structure or foundation for democracy at the time (Umaru, 2016). The different leadership styles in the region manifested for one or more reasons at the time. For example, the emergence of autocratic leadership in the area was due mainly to problems of succession and attacks on the peace of democracy. An authoritarian leadership style could be beneficial when decisions need to be made quickly without consulting with a large group of people. Therefore, nothing meaningful can be effectively achieved when a specific type of leadership style is used. The chapter sheds light on the concepts of leadership and autocratic leadership. The chapter was added by explaining the key factors that led to the emergence of authoritarian leadership styles in the region.

2. Leadership

Daft (2011) defines leadership as an influence relationship between leaders and followers who intend fundamental changes and outcomes that reflect their shared goals. Leadership entails influence. It occurs among people, these people consciously desire substantial change, and the resulting modifications reflect shared goals between leaders and followers. In this definition, “influence” implies that the relationship between people is not passive. In contrast, changes suggest that those involved in the interaction desire real change, and leadership entails bringing about change while sustaining the status quo. Influencing others to join together behind a shared goal is essential to leadership. Therefore, leadership occurs among individuals; it is not imposed upon them. Since leadership requires individuals, there must be followers.

3. Autocratic leadership:

Khan, Wahab, and Bhatti (2021) defined autocratic leadership as an extreme form of transactional leadership where a leader exercises substantial subordinate control. According to Daft (2011), "an autocratic leader tends to centralize authority and derive power from the position, control of reward and coercion." In essence, an autocratic leader gives orders, and then assigns them to the team members while not allowing them to exploit his decisions. He makes orders and insists that they are to be obeyed. This type of leadership requires the leader to make a vital decision, and it also provides leaders with the mastery to dictate the work techniques on which he wants their team to work. Karakitapoğlu-Aygün, Gumusluoglu, Erturk & Scandura (2021) provided that an authoritarian leadership style exercises authority, control, and discipline over followers, while Tannenbaum and Schmidt (1973) added that the extent to which leaders should be boss-centered is dependent on the circumstances, and that leaders may modify their behavior accordingly. Mandela Institute for Development Studies (MINDS) (2014) reports on leadership in Africa and the role of youth in the leadership milieu. The study attributed the emergence of an authoritarian leadership style in the region to the problem of succession and an attack on the peace under democratic rule. The study identified three (3) key features that led to the emergence of this style of leadership in Africa. It includes the system of acquiring power, sycophancy, and weak institutions.

3.1 Factors leading to the emergence of autocratic leadership in African sub-region

African leaders have originated in various positions with limited experience. Though most of them have battled on, confronting their excellent problems of development and nation-building essentially unprepared and unaided, their efforts have been, at best, only a qualified success. There are no institutions in Africa devoted to preparing potential leaders with a global outlook, leaders who can cooperate within and across national, regional, and institutional boundaries. Furthermore, it is difficult, if not impossible, in many Sub-Saharan African countries to gain access to relevant and timely information on most national, regional and global issues. Autocratic leadership is Africa's most common and publicized leadership model. Authoritarian leadership has contributed to the problems with succession in Africa and the attack on democracy. Several factors can be attributed to this style of leadership.

i. Mode of Acquiring Power

In Africa, only a few Presidents were elected based on free and fair elections. Thirty (30) years after the political emancipation of the region, only a third of one hundred and two political successions between 1963 and 1998 were established (Govea & Holm, 2010). In the first twenty years of African Independence, there were forty successful coups and countless attempted coups (Meredith, 2006). Political Power in Africa was acquired using force (through guns and rigging) or given power to a chosen successor. The outcome was leaders' exclusive focus on seeking respect, demanding longer tenure of office, and quieting any dissension leading some to pursue violent means. For example, Idi Amin of Uganda came to power through coercion and the use of force, which resulted in untrustworthy characters and the belief that his more educated ministers and military officers were plotting his demise (Meredith, 2006).

ii. Sycophancy

This mode is primarily motivated by self-protection, and it will go to any length to maintain a person's favor. The rule of autocratic leaders in Sub-Saharan Africa has been perpetuated by those close to and around them by motivating and cheering them on. Within the context of Nigeria, the military generals surrounding General Sani Abacha were within the context of Nigeria, the military generals surrounding General Sani Abacha were critical in assisting him in maintaining power and allowing his authoritarian and immoral rule to continue for a decade and a half (Dowden, 2009). To break the cycle of authoritarianism, African leaders must stop the sphere of sure men and women around them. .

iii. Weak Institutions

Because of the weak public institutions, leaders were able to embezzle and loot the public treasury by abusing government funds and living a luxurious life in various countries around the world (Dowden, 2009). Leaders can control all areas of governance and are accountable to no one if there are no clear means to separate institutions, agencies, commissions, and parastatals such as revenue-generating units, the Central Bank, the police force, the Army, and the judiciary, as well as the parliament, from the executive. Despite the key issues leading to the emergence of an autocratic leadership style. An authoritarian leader will achieve success if he is able to inculcate the following qualities in his leadership:

1. **Passion:** An autocratic leader should be passionate about the successful fulfillment of the goal towards which he is leading his followers. Autocratic leaders don't only focus on the followers to get the work done but they should also have a genuine interest in and passion for the general goal of the people.
2. **Serve as a role model:** An autocratic leader should be able to exemplify the behaviours he wants to see in his followers.
3. **Positive attitude:** Make sure he possesses a positive attitude even if he is in a bad situation. The optimistic attitude in a difficult time will encourage the followers.
4. **Motivation:** Motivation is important in keeping up the good work of the followers. An autocratic leader should inspire the followers to get into action by laying out their best version and constantly motivating them.

5. **Clearly define rules:** As an autocratic leader, rules should be clearly defined that followers should follow. When rules and regulations are clearly defined and stated, activities tend to flow smoothly.
6. **Quick decision:** This leadership style tends to make quick decision, especially in situations that require quick attention. It is beneficial when decisions need to be made quickly without consulting a large group of people.
7. **Structured Environment:** In autocratic leadership, the volatile and complex environment tends to be highly structured to the point where it gets rigid. The environment needs to be strict under this style of leadership.
8. **Offer rewards:** As a leader, offering effective recognition to followers is one of the best ways to make them feel happy and appreciated.

4. Conclusion

From the foregoing, it is imperative to say that the autocratic leadership style in the African Sub region finds its roots in the African tradition which further contributes to the problem of succession. The majority of factors, including mode of acquiring power, sycophancy, and weak institutions, account for the sub-region's continued use of this leadership style.

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Chapter 4

HUMAN RESOURCE PLANNING PROCESS AND ORGANIZATIONAL PERFORMANCE

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1. Introduction

Development will only be achieved when the economic gains improve the well-being of the public and are socially and environmentally friendly (Usman, 2016). Measuring Organizational performance in today's economic environment is a critical issue for academicians and practicing managers/entrepreneurs (Yusra, 2015). The economic development of any nation depends on the quality of its resources, the state of its technology, and utilization of its resources and the efficient deployment of the human resource in both public and private sector (Desiliva, 2012). Organizations can achieve all these through proper planning and utilization of its human resource. In Nigeria, Business Organization is one of the strong driving force and as well form a significant mainstay of the nation's economy (Aruna, 2015).

Just as planning is important in our daily lives, it forms an integral part of any given organization. However, organization's success depends to a great extent on the skills; creativity and dedication of its employees, hence, the importance of employee adequacy, employee recruitment, and job description cannot be downplayed or ignored (Alamgir, 2015). Surprisingly, many organizations, especially small organizations in Nigeria tend to overlook this aspect of human resource planning and some are even not aware of it completely. It is obvious that, any enterprise that overlooks this aspect, have less chances of surviving at the long run; needless to say that a proper human resource planning can help in dealing with a lot of issues in an effective way and to specifically, enhance the profitability, sales turnover and output of the organizations (Dzarma, 2014).

The long term success of any organization ultimately depends on having the right people in the right jobs and at the right time (Byars & Rue, 2000). Enterprise objectives and the strategies for achieving these objectives are meaningful only when people with the appropriate talents, skills, and desire are available in the right place, adequately equip to carry out those strategies, and this can be achieved when there is uniformity between employee recruitment, employee selection, job analysis with the general performance of a given organization (Eniola, 2014). Hence, human resource planning involves applying the basic planning process to the human resource needs of the organization.

One of the importances of human resource planning is aimed at ensuring that the organization has the right number of employees with the right skills needed to meet forecast requirement (Jasra, 2011). Unfortunately, in Nigeria most of the Business organizations are suffering from the ailment of putting the wrong employee in the wrong place or job, thereby ignoring the principle of employee recruitment and overall job analysis.

2. Human Resource Planning Process

The ongoing process of systematic planning process to achieve optimum use of an organization's most valuable asset is its human resources. Lucy (2007) Human resource planning process identifies the organizational goals and competencies employees need to achieve those goals, she further opined that, human resource planning process is perhaps the most vital business practice in an organization or business venture. Hence, strategic and focused human resource planning helps organizations to handle long term human resource needs address organizational goals and achieve business defined goals.

Human resource planning is important and ongoing because of both internal and external environmental changes. Internally, businesses are impacted by turnover and retirements. Externally, they are impacted by changes in technology, changes in the economy, and changes in the industry and consumer demand that may require skills that do not currently exist within the company (Oluwadare, 2016). All of these impacts have an effect on the type and numbers of employees that are needed for the businesses to remain successful. Planning process has some phases that are involve in human resource needs. According to Armstrong (2009), there are four broad phases involved in planning process for human resource needs.

2.1 Steps in Human Resource Planning

Organizations that integrate strategy with human resource planning have a human resource competitive advantage over it competitors. Effective human resource planning closes the gap from the current situation to a desired state of affairs in the context of the organizations strategy. Bernardin and Russel (2013) identified six steps that an organizations needs for effective human resource planning. The first step is, Environmental scanning; this helps human resource planners identify and anticipate sources of problems, threats and opportunities that should drive the organizations strategic planning. Scanning provide a better understanding of the context in which human resource decisions are/will be made. Both external and internal environmental scanning is critical for effective planning.

The second step is Labor demand forecast; forecast for labor demand derives from a projection of how business needs will affects human resource. Each of the environmental forces is likely to extent pressure on human resource demand, both in terms of the number and the types of jobs utilized. The human resource planners must anticipate these needs, add focus to an otherwise confusing array of possibilities and set priorities for conflicting goals. The third step is Labor supply forecast; whereas the labor demand forecast projects human resources needs, the supply forecast projects resources availability. This step of human resource planning is vital, in that, it conveys an inventory of the firms' current and projected competencies. From a problem solving perspectives, labor supply represents the raw materials available to address problems, threats and opportunities.

The fourth step is Gap Analysis; is used to reconcile the forecast of labor demand and labor supply. At a minimum, this process identifies potential shortages or surpluses of employees, skills and competencies. In addition planners can review several environmental forecasts with alternative supply and demand forecast in order to determine the firm's preparedness for different business scenarios in the context of business objectives. The fifth step is Action programming; this is the step in human resource planning that takes adopted solution and lays out the sequence of events that need to be executed to realize the plan.

While the sixth and last step is Control and evaluation; its monitor the effectiveness of human resource plans over time. Deviations from the plans are identified and actions are taken. The extent to which human resource objectives have been met is measured by the feedback from various outcomes. Doing evaluations such as cost benefit analysis makes it easier to determine whether long run planning objectives will be met. The issue of evaluation of planning can be considered along with the evaluation of recruitment efforts since the criteria used for the evaluations are often the same.

3. Conceptual Framework

The conceptual framework is depicted to show the relationship between human resource planning process and organizational performance. The greatest assets of all organization are their resources Desiliva (2011).Therefore; it is paramount to plan with the necessary and appropriate task to achieve the goals and aspiration of the business. It is imperative to investigate the contribution of human resource planning towards that direction. In order to understand the linkages between human resource planning process and performance of micro business, a conceptual framework has been developed which shown below (figure 1).

Conceptual Framework

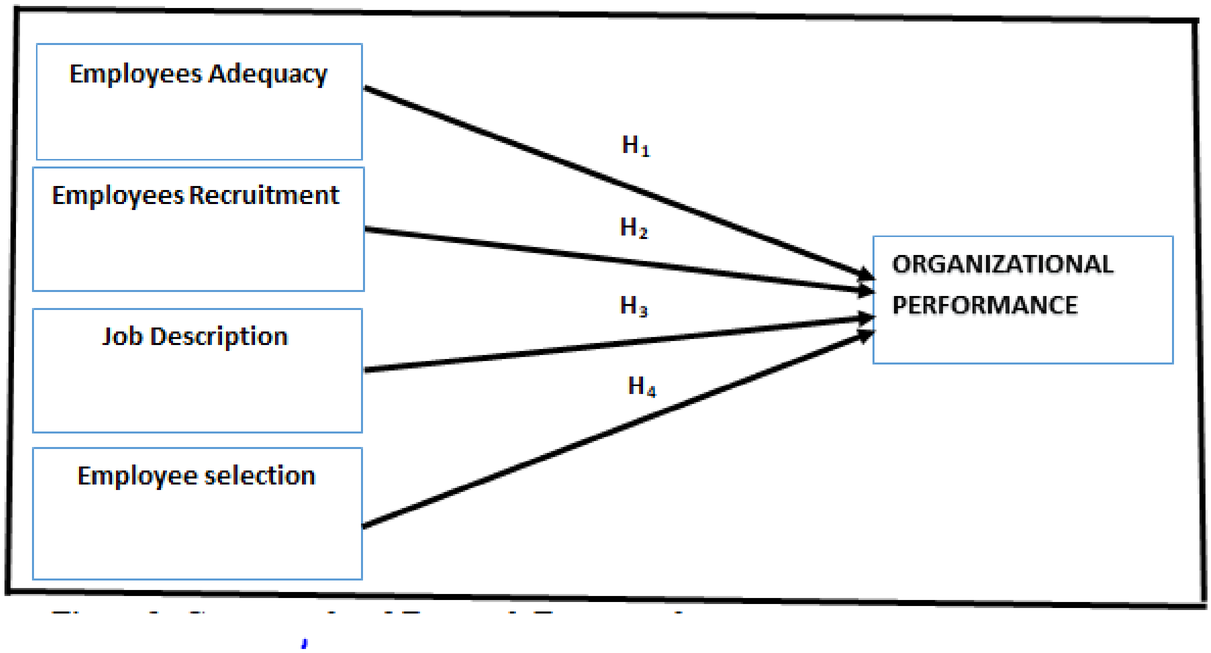

Figure 1: Conceptual and Research Framework

Therefore the conceptual model in figure 1 above explain the relationship between the variable of the study, human resource planning process and performance of micro business, in which the model will be tested through the component of the variables which are environmental scanning, labor demand forecasting and labor supply forecasting; general performance. Whereas the element in the study are employee adequacy, employee recruitment and job description; profitability, sales turnover and output, thereby making the human resource planning process to more effective and efficient in organizational performance.

Aruna (2015) identifies two variables and components respectively, human resource planning process and firm performance; action programming and labor supply forecast: profitability and output. While Bercu (2012) outline two variables and component human resource planning practices and SMEs performance; environmental scanning and labor demand forecast; profitability and sales turnover respectively. Unlike Ozioma (2017) and Ojukuku (2014) that capture each component and elements in their work respectively by identifying the relationship between manpower development and employee performance; human resource management and small scale business performance whereas environmental scanning, action programming; profitability and sales turnover were the component and elements respectively.

First. For any organization to have enough profit to cover all operating costs, it is imperative for such business to cut cost. The force toward profit is a distinctive and dominating attribute of every business and the implication of profit drive is to engender cost reduction, which is an important successful factor for organization success, (Perera, 2011). If any organization is to succeed, it would have adequate employee to generate income for profit maximization, (Yusra, 2015). This is important because profitability of business organizations is imperative and sufficient with the way and manner of the planning schedules which will enhance growth and development. Bercu, (2012) more importantly, the large scale production were more cost effective thereby making large firms the bedrock of modern economy and considering small organization as inefficient. Therefore, there is need to determine it profitability through planning of it human resource. Thus, the hypothesis can be stated as follows:-

H1: Employees Adequacy has positive relationship with Organizational Performance.

Second. Employee's recruitment demonstrably causes improvements in organizations turnover, (Armstrong, 2009). Sales turnover of business organization can be measured through the recruitment aspect of human resource planning; hence forecast for employees derives from a projection of how business needs will affects human resource, (Miogbo, 2013). Each of the forces is likely to extent pressure on human resource demand, the human resource planners must anticipate these needs, add focus to an otherwise confusing array of possibilities and set priorities for conflicting goals, (Bemardin, 2013). Charle (2012), many enterprise and most managers felt that, there was no need to plan their human resources, because of the belief that they can always get the labor force they required at any time without difficulty. Hence, they did not appreciate the necessity of a formal human resource planning exercise on the sales turnover. Therefore, the hypothesis is:

H2: Employees Recruitment has positive relationship with Organizational Performance.

Third. All organizations regardless of its size (small, medium or large) is expected to increase its output with the right (skilled) caliber of employees, (Lorenz, 2006). Incorrect description can make it much harder for you to match a candidate and a job, because you're not sure about exactly what the job entails. And all these are done through proper planning, forecasting labor demand and supply. Chabra (2006), effective utilization of human resource planning requires two things. Firstly, people must be placed on job in such a way that the organizations total manpower resources are mostly efficiently allocated. Secondly, human resource utilization involves achieving optimum productivity from the work force after work has been allocated. Hence output and job description are flesh and blood of enterprises, therefore the key duties that will be performed should be planned to achieve the maximum output, (Teresia, 2015). Therefore the hypothesis is:-

H3: Job Description has positive relationship with Organizational Performance.

Finally, if all factors can be brought together, we have good chance of achieving full utilization of human resource. And, the competency of the workers in an organization and their suitability can influence the performance of enterprises and promote a qualitative output of the business enterprises. Therefore the proposition is as follows:

H4: Employee’s selection has positive relationship with Organizational Performance.

4. Conclusion

This investigation is essential because it would ensure that research and development efforts are aligned to the accomplishment of economic growth and sustainable development (Adegbuyi, 2018). Despite many successes that have been achieved through human resource units, human resource planning process efforts is to improve organizational performance, it is imperative to determine how human resource planning process can be used as an instrument to make critical contribution in improving the organizational performance (Jain & Ali, 2013). This calls for a careful research and articulation based on the view of organizational performance. The study is an attempt to proof the capacity of human resource planning process in practical terms and consider how to enhance the contribution of the study variables towards the organizational performance.

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Chapter 5

CUSTOMER CHARACTERISTICS AND CONSUMER BUYING BEHAVIOUR: A CONCEPTUAL REVIEW

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1. Introduction

Marketing the products and services of a business is not an easy task. However, small-business owners can shape their marketing and promotion strategies to meet the wants and needs of their potential and current clients by paying particular attention to customer characteristics. The marketer needs to study the buyer to understand the factors that motivate the buyer to choose one product or service out of many products/services in the market (Bell, McCloy, Butler & Vogt, 2020).

Modern marketers’ first attempt to understand consumers and their responses and then study their behavior's basic characteristics. Studying consumer behaviour helps to ascertain who the customers are, what they want, and how they use and react to the product. Customer characteristics can be explained in the following categories: cultural, social, personal characteristics, and psychological characteristics. Cultural characteristics are developed by three features - culture, subculture, and social class (Hawkins, 2003). The wants of the customer are carefully studied by conducting surveys on consumer behaviour. Bradley (2018) identifies customers' characteristics that influence customers' choice of products or services. By paying particular attention to these customer characteristics, firms can shape their marketing and promotion strategies to meet the wants and needs of their potential and current clients.

Consumer buying behaviour refers to selecting, purchasing, and consuming goods and services to satisfy their wants. There are different processes involved in consumer behaviour. Many factors, specialties, and characteristics influence the individual in what he or she is interested in and the consumer in his decision-making process, shopping habits, purchasing behaviour, the brands he buys, or the retailers to whom he goes. According to Bakanauskas and Vanagienė (2014), Consumer behaviour is often defined by the philosophical idea presented by Adam Smith as a "rational economical person" who cares only about his interests, which forms the entirety of decisions – to buy or not to buy specific goods or services, depending on one's ability and desire to demonstrate one's economic capacities to purchase it.

The study of customer behaviour is based on the buying behaviour of consumer, with the customer playing three specific roles; user, payer, and buyer. Research has shown that consumer behaviour is difficult to predict, even to experts in the field. Consumer behaviour involves the psychological processes that consumers go through in recognizing their needs, finding ways to solve these needs, making purchase decisions (e.g., whether to purchase which brand of a product and where), interpret information, make decisions. Consumer behaviour researchers attempt to understand the buyer decision-making process, both individually and collectively. An individual consumer characteristic such as demographics and behavioural variables helps marketers to understand people's wants. Consumer behaviour research allows for improved understanding and forecasting concerning purchases and purchasing motives, and purchasing frequency (Schiffman & Kanuk, 2007). Similarly, Bradley (2018) identifies customers' characteristics that influence customers' choice of products or services. By paying particular attention to these customer characteristics, firms can shape their marketing and promotion strategies to meet the wants and needs of their potential and current clients. These are Demographics, Psychographics, Behavioural Analysis, and Linguistics characteristics of the customers. A purchase decision is the result of each of the mentioned factors. Initially, the consumer tries to find what items/commodities they want to consume; then, he selects only those commodities that promise greater utility.

2. The Concept of Customer Characteristics

The marketer needs to study the buyer to understand the factors that motivate the buyer to choose one product or service out of many products/services in the market. Bradley (2018) identifies four characteristics of customers that influence the customer's choice of products or services. By paying specific attention to these identified customer characteristics, firms can shape their marketing and promotion strategies to meet the wants and needs of their potential and current clients. These are Demographics, Psychographics, self-esteem, and locus of control.

2.1 Demographics

Demographics are regarded as one of the basic building blocks of marketing. Demographics are sometimes called "segments" of a market because they refer to customers' specific identifiable characteristics (Goyat, 2011). According to (Madhavan & Bhattacherjee 2013), demographics include age, gender, race and ethnicity, profession, income level, education level, and marital status. All of these characteristics can be grouped so that a firm targets its marketing to a specific group of customers,

2.2 Psychographics

Marketers to identify customers based on their personalities, values, and interests use the concept of psychographics. These factors all influence the loyalty customers will show to a firm's products (Khadka & Maharjan 2017).

2.3 Locus of Control

Internal locus of control is expressed as thoughts and beliefs about one's ability to control and manage events, the tendency of seeing the reasons of successes or failures as an individual's capabilities, behaviours, and struggles (April, Dharani & Peters. 2012). The internal locus of control understanding causes differentiating responses against change, leadership, and motivation (Hamedoglu, Kantor & Gulay. 2012).

2.4 Personality

Personality is a concept that accounts for the apparent consistencies and regularities of behaviour over time and across various situations. According to Pinki (2014), personality is the set of traits and specific characteristics of each individual. It is the product of the individual's psychological and physiological characteristics and results in consistent behaviours. It materializes into some traits such as conscientiousness, agreeableness, emotions, openness, and extroversion. Personality is a unique way in which traits, attitudes, and aptitudes are organized in an individual. This draws attention to how individuals differ from one another through the peculiar configuration of traits.

3. Concept of Consumer Buying Behaviour

Consumer buying behaviour is the total consumer's attitudes, preferences, intentions, and decisions regarding the consumer's behaviour in the marketplace when purchasing a product or service (Grimsley, 2018). The entire purchasing process involves thinking about what should be bought, which brand is good or suitable, from where or whom should the purchase be made, when to purchase, how much to spend, and how much time to buy, and in what intervals. Consequently, the buyer behavior result is the customer's final decision regarding the product choice, brand choice, dealer choice, purchase timing, the purchase amount, and purchase frequency (Chaipradermsak. 2017).

4. BLACK BOX THEORY

Philip Kotler postulated the black box theory. When a person is given a certain input or stimulus which affects the person's actions. What happens in the person's mind to cause that behaviour has remained mostly a mystery Kotler postulates that in the consumer's black-box of a mind, stimuli including product, price, promotion, and place are processed against other stimuli - economic, political, social, and technological - to arrive at a buyer response. This response governs product choice, brand choice, retail choice, dealer choice, purchase timing, the purchase amount, and purchase frequency. Kotler's theory stated that the differences in buyer behaviour depended on the black box's contents, which included buyer characteristics and decision-making. Characteristics include attitudes, motivation, perceptions, personality, lifestyle, and knowledge.

Decision-making includes problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behaviour.

5. Factors Influencing Consumer Buying Behaviour

There are several factors, which make a consumer behave in a certain manner. The factors that come to mind while finding the answers to what to buy, where to buy, why to buy, when to buy, how to buy, buy, or not to buy questions influence the buyer behaviour (Ozer. 2012). These factors knowingly or unknowingly influence the consumer; they may be in or beyond the buyer's control. These factors can be classified into Internal and External factors (Mohanty, 2009). Internal factors include Consumer resources, Involvement, motivation, Knowledge, Personal value, and Lifestyle, while external factors include culture, social status, family, influencers, situation, and environment. Raghav and Sharma (2013) identified four psychological factors that influence consumer buying behaviour. These are; motivation, perception, learning, experience, and Beliefs and attitudes.

5.1 Motivation

It is the internal feeling that makes the person buy a certain product to satisfy a necessity. Depending on the phase at which a person is, different products are consumed to satisfy their needs, and the needs can satisfy different motives. First, people try to satisfy basic needs like hunger, thirsty, and shelter and then try to meet some higher-order needs or self-esteem (Mishra. 2014).

5.2 Perception

Perception is a meaningful picture of the world. Perception depends not only on the physical stimuli but also on the stimuli related to the individual's surrounding field and conditions (Durmaz & Diyarbakirlioglu. 2011). The key point is that perceptions can vary widely among individuals exposed to the same reality. One person might perceive a fast-talking salesperson as aggressive and insincere, another intelligent and helpful l. Each will respond differently to the salesperson. In marketing, people's perception is more important than reality.

5.3 Learning and Experience

A company with new information can influence the Knowledge or opinion people have about a product or free samples; the company can manipulate its products' image (Westenberg. 2016). They can use this when they want to introduce a new product on the market and if they want to change the image or the concept of one existing brand.

5.4 Beliefs and Attitudes

People can have positive or negative feelings about the product. This feeling can be the consequence of their personal experiences because of their interaction with other people; marketers can use such beliefs and attitudes to their advantage by customizing their products according to the customer's needs (Rao & Mohan, 2019).

6. Conclusion

Based on the reviewed literature and study findings, this result has ensured the research question of whether Personal, Psychographic, and Locus of control characteristics have a positive and significant effect on examining the buying behaviour of consumers, it was established that all the three (3) independent variable (Personal, Psychographic and Locus of control characteristics) contributes to the positive behaviour of consumers. This implies that marketers and business organizations can enhance their activities by considering the different characteristics of the customer.

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Chapter 6

CONCEPTUAL PAPER: CASHLESS POLICY AND CASH-BASED ECONOMY- NIGERIA IN FOCUS

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1. Introduction

Nigeria is cash based or a paper based economy. Cash is the dominant means of payment within the cash based economy as the clear majority of daily payments are made using banknotes. The Nigerian Inter-Bank Settlement System (NIBSS) reveal that, Nigeria is still largely a cash based economy. The cash based economy requires a certain amount of cash to function. The Central Bank of Nigeria (CBN) had noted, in 2021 that N3.15trillion cash was in circulation as against the N2.7trillion reported in 2020 (Vanguard, 2022). As of October, 2022, the currency in circulation had risen to N3.23 trillion; out of which only N500 billion was within the banking system and N2.7 trillion are held permanently in people's homes (Businessday, 2023). The payment system in the Nigerian economy has been predominantly cash-based which have undergone significant progress. Nigeria is a heavily cash oriented economy with retail and commercial payments primarily made in cash. Indeed, cash is a strong motivator in Nigeria's highly informal economy. According to the Central Bank of Nigeria (2012), cash related transactions represented over 99% of customer activity in Nigerian banks as at December 2011. Cash based economy is not without cost to the banking system, government and individuals. High cash usage, results in high cost of processing, borne by every entity across the value chain (i.e. from the CBN, to banks, to the operating entities and individuals as well). For example, the cost of printing new bank notes as a result of frequent handling of cash is said to cost the Central Bank of Nigeria (CBN) a colossal amount annually (Ovat, 2012).

The Nigerian economy uses too much cash for transactions for goods and services, especially for buying and selling and therefore, the need to go cashless is imperative. Some countries that are regarded as cash based economy globally include China, UK, India, Japan, Finland, Norway, UAE, Vietman, Cambodia, Kenya, Hungry, Czech Republic, etc. The most reliant country in cash payments is Morocco. Morocco is leading the way when it comes to cash payments in 2022. 74% of all payments in Morocco are cash-based (Rolfe, 2022). Followed by Egypt, Kenya and

Nigeria. The least reliant country in the world is Norway who is closed to a completely cashless society. Cash accounts for only 2% of all payments and 100% of its population own a bank account (Rolfe, 2022). It is followed by Finland and New Zealand. In Nigeria, cashless policy allows for the use of cashless banking instruments to do electronic payment transactions fast, simple and easy. Marco & Bandiera (2004) argue that increased usage of cashless banking instruments strengthens monetary policy effectiveness like the cashless policy and that the current level of e-money usage does not pose a threat to the stability of the financial system. However, it does conclude that central banks can lose control over monetary policy if the government does not run a responsible fiscal policy. Most less Developed Countries (LDCs) like Nigeria are on the transition from a pure cash economy to cash-less one for developmental purposes.

The banking system in the Nigerian economy is making a lot of investments in technology to upgrade its infrastructure in order to provide new information based on electronic services. Such services like retail banking online are making it possible for individuals and corporate bodies to take advantage of new technologies at reasonable costs (Siyanbola, 2013). In recognition of this, various financial policy reforms targeting the banking sector have been pursued in Nigeria. In time past, the Central Bank of Nigeria (CBN) has engaged in series of reforms aimed at making the Nigerian payment system as cash based economy formidable. These reforms were meant to enhance the overall economic performance of Nigeria so as to place it on the right path and in tune with global trends (Agu & Agu, 2020). The recent of such policies within the last decade are the recapitalization of banks initiated by the Central Bank of Nigeria (CBN) in July, 2004 and concluded in December 31, 2005, formalisation of adoption of electronic banking, and transition from cash based to cash less financial arrangement (Osazevbaru & Yomere, 2015).

The policy are considered to drive development and modernization of Nigeria payment system, to reduce the cost of banking services (including the cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach, to limit high cash usage outside the formal sector and thereby improve the effectiveness of monetary policy in managing inflation and encouraging economic growth, and to curb some of the negative consequences associated with high physical cash usage, including high cost of cash, robberies, corruption and leakages through money laundering, fraud and cash-related crimes (Osazevbaru & Yomere, 2015). Obviously, the large amount of savings and withdrawals by individuals and corporate bodies justifies the claim of the CBN that the Nigerian economy is heavily cash-based and hence, the imperative for cash-less economy. The policy through the advanced use of information technology facilitates fund transfer, thereby reducing time wasted in Bank(s) (Muyiwa, TunmibI, & John-Dewole, 2013) and other forms of deposits and withdrawals at different terminals. The adoption of cashless policy for electronic payment positively affects economic growth and trade through GDP in Nigeria. For instance, in 2018 the volume of ATM transactions in Nigeria was N6,480,085,899,670, POS was N2,383,108,901,148, and MAP (Mobile application) was N11,030, 961, 545,925 and these three instruments produced a GDP of N62980.4. In 2019 ATM was N6, 512, 612,259,811, POS was N3,204,749,863,644 and MAP was N5,080,961,536,595 and produced a GDP of N71713.94 and in 2020, the volume of ATM transactions in Nigeria was N12,004,067,823,108, POS was N2,806,304,086,834, and MAP was N19,377, 841, 240, 553 that resulted to a GDP of N80,092.56 (Burabari, Nwannebuike & Ukachi, 2022). Uptill date, many people still prefer cash-based transactions to the use of technology based channels despite the problem of inefficiency and low productivity associated with it. Therefore, the objective of this study is to examine the effect of cashless policy on cash based economy using Nigeria as a case in focus.

2. **Statement of Problem**

Cashless policy as a technique of economic management to bring about sustainable economic growth and development in Nigeria through the CBN cashless policy and bankin is not fully operational due to high rate of illiteracy, in-adequate sensitization/education of the benefits of the cashless policy, and in-adequate logistics (such as the provision of internet connections in commercial areas, computers and Point on Sale (POS) machines). Due to the political, social and economic conditions of the country, this policy is not without its constraints. The change from cash based economy to cashless economy moved people away from their comfort zone. Akhalumeh & Ohiokha (2011) observed some challenges with the introduction of cashless policy and their findings showed that 34.0% of the respondents cited problem of internet fraud, 15.5% cited problem of limited POS/ATM, 19.6% cited problem of illiteracy and 30.9% stayed neutral. While in some quarters there was fear of unemployment, some believe it will create more jobs especially when companies manufacturing POS machine are sited in Nigeria. The cashless policy also as explained by CBN is that, the policy would empower the previously unbanked populace to open accounts and perform e-transactions across the nation without having to visit their bank branches, but experience has shown that people are yet to embrace the policy. The policy has been affected by many factors including ineffective sensitisation campaign exercise; inadequate protection of the interest of merchants and people in the informal sector; non-functional Point-of-Sale (PoS) terminals as well as other technological challenges (Siyanbola, 2013). These challenges have seriously affected the policies and it is therefore, believed that the move is too idealistic in a country like Nigeria where a larger percentage of its population resides in the informal sector.

Hypotheses of the study are:

i).Cashless policy has a positive effect on Nigerian economy.

ii).Cashless policy has negatively affects employment level in Nigeria.

iii).Cashless policy has a best means of using cash in Nigerian economy.

Conceptual Review

The conceptual paper attempts to examine the relationship between cashless policy and cash base economy-Nigeria in focus. The conceptual model shown in Figure 1 below shows the independent variable and the dependent variable.

Independent Variable **Dependent Variable**

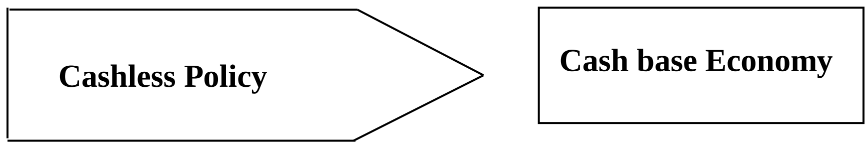

Figure 1. Conceptual framework.
Source: Author, 2023.

Concept of Cashless Policy

Cashless policy is a policy that allows any exchange of funds that is initiated via an electronic communication channel. Cashless policy is also considered as a policy that discourages the use of huge raw cash for transactions but encourages the use of bank transfer, ATM card, POS, and other financial instruments for transferring cash in transaction. In other words, it is a policy that allows payment to be made through electronic signals linked directly to deposit or credit accounts. The policy encourages any kind of non-cash payment that does not involve a paper cheque. All the transactions are done through cards, wallets, or digital medium with minimal physical circulation of currency (Sahu, & Kumar, 2017).

Cash-less policy have some critical issues that guide it operations in the Nigerian economy. First, there is a threshold of daily cumulative cash transactions on cash withdrawals and lodgments by individual and corporate bodies respectively which is subject to review from time to time. This limit applies to all account so far as it involves cash, regardless of the channel used. Second, there are processing fees for withdrawals above the limits is subject to review. Thirdly, these fees do not apply to accounts operated by Ministries, Departments and Agencies of the Federal and State Governments, solely meant for the purpose of revenue collections. According to CBN (2012), exemptions are also extended to Embassies, Diplomatic Missions and Multi-lateral and Aid donor Agencies, as well as Micro Finance Banks and Primary Mortgage Institutions. Financial analysts are of the view that the high level of mobile telecommunications usage in the country is expected to translate into increase in bankable Nigerians if perfectly harnessed (Amaka, 2012).

The most outstanding cashless policy instruments or cashless banking channels world over are Mobile banking; internet banking; telephone banking; electronic card; implants; Point of Sale (PoS)/Point of Purchas (PoP) terminals, and Automated Teller Machines (ATMs) (Siyanbola, T. T. (2013). Some reasons that are given for cashless policy in the Nigerian economy are to reduce the amount of Naira notes and coins (Cash) used for business transactions but not to eliminate cash usage, aid in the drastic reduction in money laundering, terrorist financing and other economic and financial crimes, encourages financial inclusion for most Nigerians since less than 30 per cent of bankable Nigerian adults own bank accounts, cashless Nigeria promotes and implements realistic monetary and fiscal policies that will reduce inflation and encourage investments, to aids in driving development and modernization of payment system in Nigeria and with a goal of being amongst the top 20 economies by the year 2020 (Bot, & Kangrot, 2020) etc.

1. Concept of Cash-based Economy

Cash based economy is an economy where cash is the dominant means of payment within the economy as the majority of everyday payments are made using banknotes and coins. Cash based economy is an economic system in which financial transactions are carried out in cash rather than via direct debit, standing order, bank transfer, or credit card. Osazevbaru & Yomere (2015) view a cash based economy as a setting where retail and commercial payments are primarily made in cash. Cash is the main mode of payment in Nigeria, thus making the economy heavily cash–based and therefore, Nigerian economy is a cash-based economy that is rapidly changing to cashless economy. Cashless economy is an economy where transaction can be done without necessarily carrying physical cash as a means of exchange of transaction but rather with the use of credit or debit card payment for goods and services. Cashless economy is not the complete absence of cash, it is an economic setting in which goods and services are bought and paid for through electronic media. Cashless economy does not refer to an outright absence of cash transactions in the economic setting but one in which the amount of cash-based transactions are kept to the barest minimum (Yaqub, Bello, Adenuga & Ogundeji, 2013).

2. Empirical Review

The focus of this section is to examine empirical literatures written on the cashless policy from a cash based economy. It sought to examine cashless policy and its effect on cash base economy and come up with many views.

Mamudu & Udo (2019) studied cashless policy and its impact on the Nigerian economy using quarterly time-series data over the period 2011(Q1-Q4) to 2017(Q1-Q4). The variables used are Automated Teller Machine Payment Value (ATMV), Web/Internet Tranfers Payment Value, Mobile Payment value (MPV), National Electronic Funds Transfer Value (NEFTV), Point Of Sale Value (POSV) and Cheques Cleared Value (CHEV). They used the Ordinary Least Square (OLS) regression technique, Johansen Co-integration test and Error correction model. The results showed the use of cashless policy instruments have a positive and significant impact on Gross Domestic Product in Nigeria.

Siyanbola (2013) studied the effect of cashless banking on Nigerian economy using primary data. It revealed that there is significant relationship between the cashless banking and the economy, employment propensity and best usage means. It was recommended that all stakeholders in the cashless banking policy must work in collaboration in order to improve the economic growth and development of cashless banking in Nigeria.

Okoye & Ezejiofor (2013) conducted a research on the appraisal of Cashless Economy Policy in Development of Nigerian Economy. The data collected was subjected to face validity test and tested with ANOVA; Chi – square (X2) technique was used to test the hypotheses of the study. The Nigerian economy is in exciting but challenging times and the proper foundations have to be established as the CBN courageously transform the modes of operation of the Nigeria economy.

Ezeamama, Ndubuisi, Marire, & Mgbodile, (2014) studied the impact of cashless policy in Nigeria's Economy using survey research. The data were collected using questionnaires. The study found that cashless policy will help curb corruption and cash-related robberies, increase the standard of living of Nigerians, reduce the operating cost of banks, attract international investors etc. thereby improving the economy.

Yaqub, Bello, Adenuga, & Ogundeji, (2013) conducted a study on cashless policy in Nigeria: Prospect and Challenges. In Nigeria as it is in many developing countries, cash is the main mode of payment. This makes the country to be heavily cash- based economy. However, the cost of cash to Nigeria financial system is high and increasing. It is in this regard that the Central Bank of Nigeria (CBN) introduced the cashless policy with the objective of promoting the use of electronic payment channels instead of cash.

Yusuf (2016) examined cash-less policy and economic growth in Nigeria over the period 2008 to 2015. Making use of the Ordinary Least Square (OLS) technique, the result showed that POS, web and mobile payments have a positive and significant impact on economic growth in Nigeria. The study concluded that the adoption of non-cash payment by customers will contributes to reduced inflation rate, increase in foreign direct investment, increase in government revenue and a fall in unemployment levels, all which contribute to the growth in Nigeria.

3. Theoretical Review

Different theories have been used to explain financial transactions through cashless payment policy and some of these theories are the technology acceptance theory and the diffusion of innovation theory

Technology Acceptance Theory (Model)

The technology acceptance theory (popularly referred to as technology acceptance model (TAM)) is a theory that was established to determined user's acceptance of a new information system. The Technology Acceptance Model (TAM) was first developed by Davis in 1989 (Oyedokun, Babatunde, & Adeolu-Akande, 2021) to elucidate the recognition of Information Technology for carrying out diverse undertakings and to forecast the acceptance of electronic payment system and other online banking transactions. The theory is an adaptation of the Reasoned Action Theory (TRAT) specifically tailored for modeling user acceptance of information systems. The goal of (TAM) is to provide an explanation of the determinants of computer acceptance that is general, capable of explaining user behavior across a broad range of end-user computing technologies and user populations. Cashless policy is a policy that can only operate by the use of technology and thus, this study believes that the acceptance of cashless policy for electronic payment transaction through the use of technology by customers is fundamental to the growth and development of Nigeria.

Diffusion of Innovation Theory (DOI)

The effect of cashless payment on an economy can be analysed by the Diffusion of Innovation Theory (DOI). The concept was first introduced by Roger in 1962 where he explained how innovation is diffused to members of a social system over time (Rogers, 1995). According to DOI, the adoption of a new idea or innovations is caused by interaction between individuals through interpersonal networks. In this context, diffusion is the spread of cashless payment where consumers seek improved and convenient transaction, while businesses seek new profit opportunities. The diffusion of cashless payment will result in the adoption of cashless transactions within the society or community, subject to the types of innovation adopters and innovation-decision process. Since the consequences of diffusion in cashless payment depend on how quickly the society is willing to adopt cashless payment through different stages of innovation processes, the consequences of the adoption of cashless payment differs in different society (Tee & Hway-Boon, 2016).

4. Conclusion

The move towards a cashless policy from a cash based economy to create cashless economy in Nigeria brings with it numerous benefits. The cashless policy in the Nigeria economy can be seen as a step in the right direction. The cashless policy is used to curb the banking related corruptions and to foster transparency; it helps in reducing the amount of bills and notes circulating in the economy. Its effect positively affects the Nigerian payment system, reduction in the cost of banking services as well as, reduction in high security and safety risks. Its impact is felt in modernization of Nigeria payment system and reduction in the cost of banking services. The cashless policy, upon full implementation, will help achieve the CBN's objective of expanding, deepening and modernizing payments in Nigeria, reduced cost incurred in maintaining cash-based economy and also galvanise the CBN in ensuring that Nigeria ranks among the top 20 economies of the world. Nigerians, firms, banks and other stakeholders are therefore urged to support this initiative. There is still the need to create more awareness to entice the numerous unbanked Nigerians to adopt the policy for electronic payment transactions to grow and develop the economy.

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Chapter 7

ASSESSMENT OF THE RELATIONSHIP OF PREMIUM MOTOR SPRIT (PMS) MARKETING AND THE CUSTOMERS SATISFACTION IN JIMETA – YOLA METROPOLIS

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1. INTRODUCTION

Nigeria is one of the richest oil producing countries in the world and the first on Africa content. The country's oil and gas sector comprises of 5,284 oil wells, 10 gas plants, more than 275 flow stations and 10 export terminals that are connected by a network of pipelines across the country (Tata, Ariyo, and Omogunloye, 2016). However, there is prevalence of the scarcity, fluctuations of price among others that negatively affect oil marketing and customer satisfaction in the country. The first identifiable factor that affects the price and the availability of the petrol Nigeria relies almost entirely on expensive imports of Premium Motor Spirit (PMS) among other petroleum products to meet with domestic consumptions despite Nigeria being the Africa's largest oil and gas producer (Hellenic Shipping News Worldwide 2023). Nigeria has four state-owned refineries, but they have become dilapidated and idle due to mismanagement, the lack of strategy on the part of politicians (Collins, and Azunwo, 2018). Secondly, the issue of fuel subsidy has become another problem due to 100% importation of oil products in the country. The Nigerian oil company Nigerian National Petroleum Company (NNPC) said that country would require some $9.1 billion (€8.5 billion) to meet its fuel subsidy needs in 2023 (Hellenic Shipping News Worldwide 2023). Hence, the fuel subsidies coupled with the economic losses from falling oil prices recently led Nigeria to fund its budget only through an emergency loan from the International Monetary Fund (IMF). Moreover, the World Bank injected $5 billion into the economy of Nigeria since the beginning of the COVID-19 pandemic to keep Africa's largest economy from collapsing (Hellenic Shipping News Worldwide 2023).

The oil marketing in Nigeria consists of both private and public organizations. The public actors are the government agents and functionaries such as the Nigerian National Petroleum Corporation (NNPC) and its subsidiaries such as Petroleum Products Marketing Company (PPMC), Department of Petroleum Resources Pricing Regulatory Authority (DPRPRA), among others. The private segment consists of both indigenous and foreign actors. The indigenous sector consists of private independent marketers (PPMC, 2021 and Tata, Ariyo, and Omogunloye, 2016). The big (foreign) multinational enterprises usually referred to as the major oil marketers that comprise of Mobil Oil Nigeria Plc., MRS Nigeria Plc., Total Nigeria Plc., Con Oil Plc., Oando Nigeria Plc., and African Petroleum Plc.

As a result of problems associated with oil supply, the independent marketers began to develop from 1980s to serve as panacea to the prevalent economic situation occasioned by inadequacy in petroleum products distribution in the country. Independent marketers therefore were granted right to be involved in the industry as to bridge the gap created by distributors logistics, to ameliorate the suffering of Nigerians (Tata, Ariyo, Omogunloye 2016). However, Collins and Azunwo (2018) asserted that the problems of oil marketing and supplies continued to the oil business environment in Nigeria as the result of the non-chant attitudes of government on the issue. These comprise of inconsistencies in products price, scarcity of products, adulteration of products, abandonment and outbreaks in refineries and fuel stations, inequality in distribution of products network and lousiness in checkmating international oil company's activities impedes the attraction of modern investors to the country's industry. Therefore, this paper sets to examines relationship of the oil marketing strategies, viability and the satisfaction customers of Premium Motor Spirit (PMS) in Jimeta – Yola Metropolis

2. CONCEPTUAL FRAMEWORK

Premium Motor Spirit (PMS)

Premium Motor Spirit (PMS) covers the oil, which is used in vehicles, small electricity generating plants to distinguish it from other products such as Liquefied Petroleum Gas (LPG), which is used largely for household cooking and Dual Purpose Kerosene (DPK) (Household kerosene mostly used in homes and industries to produce insecticides and other pest control products (Gatawa and Abdullahi 2022). PMS is a refined crude oil product and most frequently used for transportation and domestic uses. Olujobi, Olarinde, Yebisi, and Okorie (2022) described that PMS also known as petrol is influenced by the value of crude oil at internal levels and its value at domestic market has contributed to its scarcity and other unethical practices in the industry.

Marketing

The term marketing mix is a foundation model for businesses, historically cantered on product, price, place, and promotion known as the 4ps. The marketing mix has been defined as the " set of marketing tools that the firm uses to pursue its marketing tools that the firms uses to pursued its marketing objectives in the target market. Thus the marketing mix refers to four broad levels of marketing decision, namely; Product, Price, Place and Promotion. These four levels are ungainly the four pillars of marketing the pulse of every marketing system is the consideration of the four 4ps (Zailani 2021).

Customers Satisfaction

Customer Satisfaction (CSAT) is a measure of how well a company's products, services, and overall customer experience meet customer expectations. Customer Satisfaction reflects the business' health by showing how well your products or services resonate with buyers (Franklin 2023).Customer satisfaction is a term frequently used in marketing. It is a measure of how products and services supplied by a company meet or surpass customers' expectation. Therefore, the Customer satisfaction is defined as the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services exceeds specified satisfaction goals (American Society for Quality 2023).

3. EMPIRICAL REVIEW

Abubakar (2019) examined the dynamics in the relationship between oil price and exchange rate in Nigeria by utilizing monthly data spanning January 1986 to June 2018. The author employed Threshold Autoregressive (TAR), Momentum Threshold Autoregressive (MTAR) and Structural Vector Autoregressive (SVAR) models for the analysis. The findings from the SVAR model showed gradual appreciation of naira following positive shocks to oil price and the study recommended among others things the need for diversification of foreign exchange earnings base of the economy, to minimise the effect of negative shocks to oil price.

Another, related work was the work of Collins and Azunwo (2018), the authors adopted analytical review method to examine the changes that have involved in the petroleum marketing in Nigeria since 1903 till date, the essence of the research was to unveil the influence of politics on the petroleum industry. The role of NNPC, foreign marketers and regulatory agencies as well the changes that have been effected when indigenous firms took over the fate of the industry was examined. How various marketing strategies of the government, independent marketers, and crude oil exchange policies in divergent ways marred the growth of the industry was ex-rayed. The paper, moreover, examined the causes of poor fuel supply, fluctuations of pump price, delivery huddles, and corruption.

Abdullahi (2022) is relevant to this study. The paper examines the impact of petroleum products price changes on household welfare in Zaria metropolis of Kaduna state. The results show that, the three petroleum products that is, petrol (PMS), gas (LPG) and kerosene (DPK) of the study have an impact on household welfare. This indicated that increase in the petroleum products price decrease in demand of the products. The study also suggested that Nigerian government should deregulate the downstream petroleum sector to allow participation and competition among the marketers, which will reduce prices of petroleum products.

4. METHODOLOGY

The study employed the survey design which simple questionnaires were used to draw data for the study. The instrument is designed on four-likert scale format from SS-Strongly Satisfied, S-Satisfied, U- Unsatisfied, and SU-Strongly Unsatisfied. The study population consists of one hundred and five (105) filling stations that are operating in Yola metropolis. The targets populations are motorists in Yola North. The study randomly selected hundred and forty respondents (240) motorists from public and private places that include filling stations, motor parks, markets, government institutions, etc. at different locations in Yola South. The reliability coefficient was calculated to be 0.85 using One Simple Test Correlation Coefficient. The data obtained were analysed using mean for research questions and z-test for hypothesis at 0.05 significant levels.

5. RESULTS

1.	Are you satisfied with the Quality of Premium Motor Spirit (PMS) to purchase from the filling stations in Jimeta- Yola?	46	194	1.8083	.39443	Accepted
2.	How satisfied are you with scarcity of petrol in Jimeta-Yola?	62	178	1.7417	.43863	Accepted
3.	Do feel satisfied with the PMS diverted petroleum Black Markets in Jimeta-Yola?	92	148	1.6167	.48721	Accepted
4.	Are you contented with present high Price of PMS because of the scarcity in Jimeta- Yola?	43	197	1.8208	.38429	Accepted
5.	Does the price Inconsistency affect your satisfaction with the petroleum marketing in Jimeta- Yola?	54	186	1.7750	.41846	Accepted

Findings from research question 1 showed that item 1, 2, 3, 5, 6 and 7 were all accepted to the various questions. This indicates that the hike in petroleum marketing affects the satisfaction customers Metropolis in Jimeta – Yola.

Posterior Distribution Characterization for One-Sample Mean

	N	Posterior			95% Credible Interval	
		Mode	Mean	Variance	Lower Bound	Upper Bound
Customer Relationship	240	1.6042	1.6042	.001	1.5416	1.6667
Prior on Variance: Diffuse. Prior on Mean: Diffuse.						

6. CONCLUSION

The paper examined the influence of Premium Motor Spirit (PMS) marketing strategies on the Customers Satisfaction in Jimeta – Yola Metropolis. The survey design method was used for the study and the study adopted likert questionnaire scales. The study administered two hundred and forty (240) motorists who were randomly selected from public and private places at different locations in Jimeta Yola Metropolis out of the targets populations. The study discovered that there is a significant negative relationship between the petroleum marketing strategy and the customer satisfaction in the areas of price, quality of the products, and scarcity of the product.

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Chapter 8

THE EFFECT OF CASHLESS ECONOMY ON FINANCIAL INCLUSION IN NIGERIA

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1. Introduction

Cashless economy is an economy where transaction can be done without necessarily carrying physical cash as means of exchange of transaction but rather with the use of credit or debit or other measures of card and data payments for goods and services (Mamudu & Gayovwi, 2019).

The recent full implementation of the cashless policy by the Central Bank of Nigeria (CBN) after the formal introduction in the year 2011 generated a mixed reaction from different stakeholders due to what some scholars called "hasty implementation". Financial sector is an essential ingredient in the economic growth and development process. This is clearly underscored in the literatures linking financial sector growth with economic growth (Osazevbaru, & Yomere, 2015). In recognition of this fact, managers of the Nigerian economy have targeted the banking sector as a channel for implementing economic policy reforms and policy shift. This recognition was noticed in the past when cashless policy was first introduced in 2011 alongside with financial sector reforms. In the same vein the recent fully implementation with currency redesign in 2022 came with financial sector reform pronouncement.

Cashless policy was initiated in 2011 by the former Central Bank of Nigeria Governor, Lamido Sanusi with the aim to establish an environment where an increasing proportion of transactions are carried out through electronic platforms. The cashless policy is projected to provide mobile payments services, breakdown the traditional barriers holding the financial inclusion of most

Nigerians, and bring low cost, secure and convenient financial practices to urban and rural areas across the country (Taiwo, Ayo, Afieroho and Agwu, 2016). The Apex bank of Nigeria then came up with a cashless policy with the view of pegging the amount of physical cash to be withdrawn or deposited at a time in commercial banks. The pilot scheme kick started in Lagos, Kano, Anambra and some other states of Nigeria's major commercial cities with intention of spreading across all the states of federation and the Federal Capital Territory (FCT). Nigeria's mission of transition from cash to a cashless economy has been prominent for some time. Prior to the recent implementation of a cashless policy strategy, there had been mixed reactions by major economic players as to whether the country is fully ready to accept the strategy and the nature of government

is an economy where transaction can be done without necessarily carrying physical efforts put in place to address the inherent challenges that may arise from the implementation. Cashless policy though initiated by the CBN but its function would be responsibility of the end users. It is on the bases of these the paper attempt to review the effect of cashless policy on financial inclusion in Nigeria

2. Concept of Cashless Policy System in Nigeria

The Nigerian cashless system of payment has been evolving in line with the global payments evolution. Cashless system of payments and instruments are significant contributors to the broader effectiveness and stability of the financial system. Innovations in technology and business models have implications for the efficiency and safety of cashless system of payments hence the nation's quest of migrating from cash to cashless economy has been on the front burner (Adigwe, 2022).

The problems involve with cash-based economy are the inherent risks associated with handling large volume of cash, money laundering delayed banking payments, and slow development in the country's economy necessitated the introduction of cashless policy by the Apex Bank of Nigeria. There is no doubt that technological revolution and rapid development in Information and Communications Technology (ICT) has brought about many new opportunities and challenges for the global industrial sector. ICT, especially the Internet, is now an accepted operational element of most global industries and many enterprises may no longer perform without it. It is no longer news that most business transactions are now done online with little or no physical cash and interactions. This move where transactions can be done without physical cash is known as cashless economy which has been a major driver of economic growth and development all over the World.

Obananya, Jacinta, & Okoye, (2021) posit that the policy does not mean that there will be totally elimination of cash as money would continue to be a means of exchange for goods and services. Substituted in the place of cash would be an electronic payment system in one form or another". They opined that "cashless economy essentially means that countries particularly developing ones would transit from a cash-based economic model to a cashless economic model. A cashless economy on the other hand is an economy where the physical cash circulating in the economy is minimized while other forms of payment, especially electronic based payments are utilized.

3. **Financial Inclusion Theory**

The Financial Inclusion theory as postulated by Porter (2014) states that financial inclusion refers to the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low-income groups in particular, at an affordable cost, in a fair and transparent manner, by mainstream institutional players. This theory supports how financial accessibility influences financial performance. Financial inclusion theory states that an inclusive financial sector is one that provides access to credit for all bankable people and firms, to insurance for all insurable people and firms, to savings and payment services for everyone (Jumba & Wepukhulu, 2019).

4. **Challenges of cashless policy in Nigeria**

E-cash otherwise called cashless, its implementation in Nigeria comes with some loopholes which some scholars have identified if not manage well can hinder the smooth implementation of the policy. Chukwuebuka, Aderonke, Charles, Janet, Adejoke, Ooreofe and Austin (2019).noted in their studies that there are three major challenges to cashless policy in Nigeria. In their view, infrastructure, security and Literacy are elements that can militate against its success. Robinson, Maureen & Vivian (2019), also observed that CBN needs to ensure that Deposit Money Banks must make a deliberate effort to invest on cyber security, strengthening of internet protocol and controls in the banks and enactment of relevant legislative laws to curb cybercrimes are necessary for the success of cashless policy in Nigeria.

From the time the Federal Government through the Central Bank of Nigeria (CBN) gave a dateline on the collection and acceptance of the old currency note, a lot of sufferings were experienced by almost everybody in the country. Some of the negative effects experienced by the generality of the people include: -

(1) Most businesses refused to accept the transfer of money through P.O.S, bank application and other payment platforms but will only accept cash – the new redesigned Naira notes. This has seriously affected business activities by slowing down business transactions throughout the country.
(2) Another problem experienced during this period is that charges for transfer of funds have increase from #100 for every #10000 to #100 for every #1000. This has led to the exploitation of the citizenry by P.O.S. operators and other businessmen that use P.O.S machines to conduct their Business.
(3) Also noted is the dual prices charged on a commodity at the same point of purchase- there is a price for cash purchase which is a bit cheaper and another price for the same commodity if one is paying through transfer which is a bit higher than the Cash purchase price e.g. #500 for Cash and #600 for transfer
(4) One serious issue that persisted during the implementation of the redesign currency and the adherence to the cashless policy of the federal government through the Central Bank of Nigeria (CBN) is the long ques that can be seen in all banks. People stay for long hours on the que without withdrawing anything i.e. from 6:00am to 6:00pm, this has disrupted many civil and commercial organizations through many hours lost.

    One major challenge faced by the people is that you may have many in your account but the bank is the one that decides how much you can withdraw - specifying limited amount you are to withdraw no matter how much you have in the account and how much your need is.
(5) Small businesses that do not required huge capital and do not have the ability to operate bank account have crumbled and can no longer complete in the market place.

(6) There is a general frustration within the economy as people are at the mercy of P.O.S operators and commercial banks.

5. Benefits of Cashless Policy on the Nigerian Economy

The effect of cashless policy on the Nigerian can be seen through the internet banking transactions in Nigeria which include the settlement of commercial bills and the purchase of airline tickets via merchant websites. Internet banking (e-banking) is a form of E-Banking whereby the internet is used for dissemination of information and also allows customers perform banking transactions (Ikpefan,, Akpan,, Godswill, Grace and Chisom., 2018)

Also, a cashless economy has an enormous financial gain as pointed out in the studies of (Bosupeng, 2017, Marshal, Domini and Chidimma, 2018), notably among them is the idea that it will enhance the quality of life amongst the populace thereby driving economic development. They also believe that it will lead to faster transactions – reducing queues at point of sales and banking halls; improve hygiene – through elimination of bacteria spread which comes from handling of mutilated bank notes. Just in September 2019 and as part of drive by the CBN to improve the overall quality of the naira notes in circulation, a clean note policy and banknotes fitness guidelines was introduced. This aims at mopping up mutilated and over-circulated banknotes to improve hygiene on site; simplify cash collection- time spent in collecting, counting and sorting of cash and vault balancing is eliminated; dependency on cash will be much reduced and people need not worry about theft- Extortion and bank robbery will also decline; when transactions are digitalized, the details of income can be traced and thus income tax payments become mandatory.

Thus, Cashless Economy helps in increasing revenue to the Government and eradicating financial leakages from various Government Agencies. This is also being strengthened by Treasury Single Account (TSA) initiative by the Federal Government of Nigeria. (CBN 2019).

Robinson, Maureen & Vivian (2019) and Mamudu and Gayovwi, (2019), highlighted the benefits accruing to implementation of cashless policy in Nigeria as follows:

i. A shift towards cash-less policy will reduce the high operational cost incurred in a cash- based economy. Such costs emanate from cash management and movement, currency sorting and printing.

ii. Cash-less policy will help minimize the risks associated with the use of physical cash that do arise from burglaries and thefts as well as financial losses in fire outbreaks.

iii. Cash-less economy will make every segment of the banking population to pay for its usage of cash. The situation in the cash- based system where the majority small cash users pay for the minority high cash users will stop. There will be no more subsidies on cash transaction costs. To recapitulate, a survey conducted by the CBN in 2009 revealed that 90% of bank customers' daily withdrawals are amounts below N150, 000, whereas, only 10% of the bank customers who withdraw over N150, 000 are responsible for the rise in cost of cash management incurred by all the customers. Implicitly, the entire banking population supports financially the costs that the minority (10%) incurs. A cashless economy will reduce this subsidy and makes the minority of the bank population account for the cost of cash movement they incur rather than the entire banking population.

iv. Cash-less economy a lot of will arrest a situation where a lot of cash that are outside the formal banking system will be brought into the banking system. By encouraging formal financial arrangement, it will facilitate the effectiveness of monetary policy in checking inflation and pushing economic growth.

v. Furthermore, cash-less economy is capable of reducing corrupt practices like money laundering which is common-place in cash-based economy. To the extent that cash is not easily pulled out of the system, it will discourage launders.

vi. The cash-less economy will bring about increased convenience, more service option, reduced risk of cash related crimes, cheaper access to banking services, and credit to customers.

iv. Corporate organizations will benefit by way of faster access to capital, reduce revenue leakages and reduce cash handling cost.

6. Conclusion

Cashless has been viewed from different perspectives and the effects of its implementation were pointed out alongside with the benefits, the study being a review type, noted cashless society offers a lot of opportunities ranging from reducing the high operational cost incurred in a cash-based economy. Such costs emanate from cash management and movement, currency sorting and printing; it minimizes the risks associated with the use of physical cash that do arise from burglaries and thefts as well as financial losses in fire outbreaks. In spite of the above benefits, there are serious issues that need to be seriously addressed by the government and the Banking Industry. The three major challenges facing the successful implementation of the Cashless Policy in Nigeria as observed by scholars are infrastructure, security and Literacy- these elements can militate against its success.

For a Cashless Economy to take off effectively it has to be on financial inclusion where all sectors of the society are carried along-rich, poor, young have easy access. This can be achieved through education, provision of infrastructure and the security of the system against fraudsters.

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Chapter 9

IMPACT OF KNOWLEDGE MANAGEMENT ON PERFORMANCE OF ORGANIZATION

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1. Introduction

Most organizations today are beginning to understand that the intellectual capital of their staff is the most important asset; as such they are finding new ways to manage this asset. This is derived from the paradigm that effective business strategy in today's business climate can only be achieved by a synergy of knowledge applied to create innovation, thus reducing cost and increasing productivity. The most established paradigm is that knowledge is power. However, knowledge is still considered as an enormous power but the understanding has changed significantly, particularly from perspective of the organizations. The new paradigm is that within the organization knowledge must be shared in order to grow. It has been shown organizations that shares knowledge among its management and employees grow stronger and become more competitive, that is the core of knowledge management, sharing of knowledge. Thus the concept was not popular until the 20th century. (Kingstone, Macintosh, 2000).

Impact of Knowledge management (KM) on performance of organizations is increasingly an important element of organizational strategy. Organizations either private or public sector must develop strategies for collection, dissemination, and protection of information required by employees, clients, and external partners if the organizations are to succeed in their missions. The current trends in knowledge management are associated with acceptance of KM for competitive advantage. Knowledge is the key to competitive advantage for most organizations. This competitive advantage is achieved by developing and implementing creative and timely business solutions that use new created knowledge that is innovation.

In this study we look at the impact of knowledge management on performance of organizations, how it harnesses the huge knowledge residing in its tacit environment (minds of staff) in order to create a synergy which in-turn transforms the organization to a learning environment with Knowledge (Andrews and Smits 2019).

2. Problem Statement

Currently most organizations faces high competition, some struggle to implement corporate strategies to response to existing markets and gain higher benefits, while some uses knowledge management to compete with other organizations. Knowledge management has been used in most product-based organizations and also extended to service sector organizations. Although, there are insufficient study advocating KM as means to improve organizational performance in developing countries (Waal and Frijns, 2011). Most of the studies were conducted in the western context such as USA, Europe, and Asia (Ma and Yu, 2010).), where the business environments are different. These create Environmental gap for the study to fill.

Again, little or no prior empirical research has been conducted on this topic specifically in Nigeria. This makes the study necessary and important with the aim to explore the link between KM practices and their impact on the performance of organizations, with a view to identifying how KM could help enhance competitive advantage.

Objectives of the Study

The objectives of the study are to;

1. Determine the significant relationship between knowledge creation and performance.
2. Determine if knowledge acquisition have significant relationship with performance.
3. Determine if there is significant relationship between knowledge sharing and performance.

3. Concept of knowledge

Knowledge is quite different from data and information, although sometimes people use the three terms interchangeably. Becerra, Gonzalez & Sabherwal,(2004). Becerra-Fernandez (2004) viewed Knowledge as information that enables action and decisions, or information with direction. Brooking, A, (1999) defined knowledge as information in context with understanding on how to use it. Sunassee and Sewry, (2002) stated that knowledge is related to an individual's emotions, values, and beliefs. Although, to ensure that knowledge is a contribution to the performance of an organization, organizations must determine how it's various forms of knowledge can be used Pemberton and Stonehouse, (2000).

Types of knowledge

Tacit knowledge is defined as knowledge that is "personal, context-specific, and therefore hard to formalize and communicate", while explicit knowledge is defined as "knowledge that is transmittable in formal, systematic language" (Nonaka and Takeuchi, 1995). In practice, tacit knowledge is an intangible concept related to an individual's actions and experiences such as ideas, values, expertise or emotions that individuals embraces (Nonaka and Konno, 1998). Thus, tacit knowledge may best be transferred through interpersonal means and non-structured processes (Pham, 2008). In contrast, explicit knowledge is a tangible concept which can be documented and distributed to others such as guidelines, reports, procedures, strategies and databases (Nonaka and Konno, 1998). Explicit knowledge is articulated and stored in certain media (Greiner, 2007). This implies that explicit knowledge can be transferred through more technology-driven, structured processes such as information systems (Massingham 2014).

Concept of knowledge Management (KM)

Knowledge is one of the most important competitive resources. This has been continuously emphasized in the literature of knowledge management (Abzari and Barzaki 2011). KM is primarily concerned with developing and cultivating systems that enable organizations to detect, leverage, distribute and improve their knowledge assets. KM comprises of the following steps; knowledge creation, generation, application adaptation, sharing, (Meese and McMahon 2012). khanbabaei, Lajevardi, and Kohsari, (2011) viewed KM as an input-output process where the input comes from individual knowledge of a person, which is created, transferred and integrated within the company, whilst Output is an organizational knowledge serves as a source of competitive advantage. Effective KM helps managers to eliminate the obstacles between those who know and those who do not know (Ahmady, Nikooravesh, and Mehrpour 2016).). In view of the popularity of information technology, KM also stresses advanced technology and techniques used to facilitate knowledge sharing (Rasoulinezhad 2011).

Benefits of knowledge management

The benefits of knowledge management can be realized if there is a KM policy, vision, enablers and championing the knowledge management process, including top management, to show enthusiasm and support for KM efforts. Successful implementation of knowledge management practices in organization may result to better service delivery, improved product offerings and streamlined decision-making. Knowledge management provides professional satisfaction as new entrants into the organization will be eager to acquire new knowledge. Kianto, Shujahat, Hussain, Nawaz, and Ali Baltic (2019) are of the opinion that knowledge management results in the preservation of organizational memory that may be easily stored and retrieved for re-use. These benefits contribute to the organization's overall performance. Knowledge management can also provide opportunities for achieving substantial savings and significant improvements in human performance (Akhavan, Jafari, and Fathian2005).

Problems of Knowledge Management in Organization

Knowledge management is faced with problems of space, time limitations, and lack of face to face communication, language and cultural barriers among others. Even though people have the fast pace of technology to communicate and the ability to transfer data across distances, they still want contact with others in person by gathering together for events, hand shaking and hugging (Sherron and Boettcher, 1997).

4. Concept of Organizational Performance

Performance can be stated as money related efficiency, operational efficiency and productivity of an organization (Sahazad, Luqman, khan and Shabir 2012). Organizational performance is the result of several business factors: work processes, team/group communication and interaction, corporate culture and image, policies, leadership, climate for innovation and creativity, loyalty, and the economic and business environment (Haworth, 2007). An organization must constantly strive to improve performance. Hegazy, Hegazy and Eldeeb, (2022) first introduced the Balanced Scorecard, and it has been a major focus of performance evaluation in recent years. The Balanced Scorecard is now considered to be a more complete and reliable measurement of organizational performance than the traditional financial measurement. It involves four perspectives: learning & growth, internal business process, the customer perspective, and the financial perspective.

Knowledge Management and Organizational Performance

Knowledge management which is the process by which "organization generates wealth from its intellectual or knowledge-based assets" has far reaching effects on performance (Ramanigopal, 2012). Knowledge will keep appreciating when a person shares that knowledge he has. Knowledge sharing may lead to higher organizational performance especially when knowledge sharing capabilities are combined with organizational resources (Widen-Wulff and Suomi, 2007). Tacit knowledge sharing is the best tool for enhancing competence and organizational performance (Muthuveloo, Shanmugam and Teoh, 2017). The ability to leverage knowledge internally is critical in building competitive advantage. Evans, Dalkir, and Bidian, (2015), posit that a relationship exists between strategic alliance and the extent of innovation. Knowledge assets are potential for action embedded in individuals, groups or socio- physical systems with future prospects of value creation (Fernandes, 2018).

5. Conceptual Framework

This study proposed two main variables of interest dependent and independent variables major focus of this study is organizational performance (dependent variable) which is determined by employee turnover, increase in customer, and profit. The predictor variable (independent variable) that may interact to influence the criterion variable is KM. This variable is measured by three dimensions comprising of knowledge creation, knowledge sharing, and knowledge Acquisition. The relationships between the study variables are shown in figure 1 below.

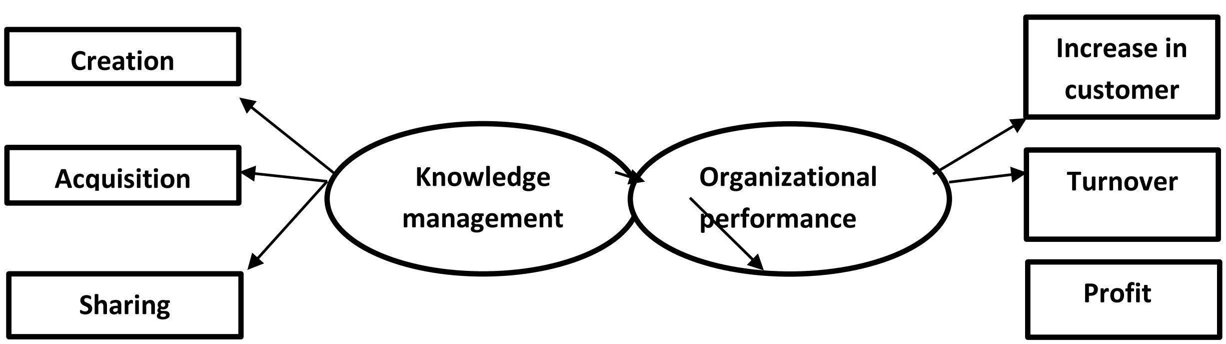

Figure1. Conceptual Model

Knowledge creation (KC)

Creation of new knowledge may come from within or outside the organization. Knowledge exists in the interchanges of the networked information and new knowledge has to be disseminated and delivered informational flows within an organization. Knowledge creation

(KC) usually relies on team-oriented communication of information via brainstorming and workshops, learning, experience accumulation, research and development, and learning by doing. The source of external knowledge is absorbed and generalized via interactions between suppliers, customers and competitors. The capability to obtain knowledge can significantly affect knowledge administrative and technical innovation. The process of knowledge conversion, which includes four elements: socialization, externalization, combination, and internalization, is required to generate new knowledge (Shih, Chang, and Lin 2010). According to Hislop (2013), the ability to create knowledge and generate a competitive advantage is now essential for any organization that wishes to remain sustainable within its marketplace.

Knowledge Acquisition (KA)

Acquisition incorporates "the process of acquiring and learning appropriate knowledge from various internal and external resources, such as experiences, experts, relevant documents, and plans. The organization learns when information is acquired outside the boundaries of the company and when individuals externalize tacit into explicit knowledge to be shared, and then integrates that into the existing knowledge base (Nonaka, Krogh, and Voelpel, 2006). Pacharapha and Ractham (2012) viewed knowledge acquisition as the process of development and creation of insights, skills and relationships.

Knowledge sharing (KS)

Knowledge sharing is a process through which personal and organizational knowledge is exchanged. KS approaches can be classified as formal or informal. Formal approaches are instituted by management. It includes formal mentorship programs and meetings. Informal approaches, on the other hand, often stem from social networks (Meese and McMahon 2012).

Turban, Mclean and Wetherbe, (2004) defined knowledge sharing as the willful application and transfer of one or more person's ideas, insights, solutions and knowledge to another person(s), either directly or via an intermediary, such as a computer-based system. Knowledge is usually stored in the form of organizational practices inside an organization.

6. Methodology

This study is qualitative in nature; therefore, survey research design was employed for the study. Data for the research was collected from primary sources using structured questionnaire. The respondents were placed on a five point likert scale. Reliability test was done using Cronbach Alpha at 5% level of significance.

Validity of the Instrument all the variables we established the scales had an internal reliability which is highly reliable. The computed Cronbach's alpha coefficient results were all above 0.7. Therefore, it is considered to have met the acceptable standards for content, internal reliability, and construct validity. The statistical technique applied for analyzing the data consists of Statistical Package for the Social Sciences Software (SPSS).

7. Discussion of Results

From the analysis carried out, it was found that knowledge identification contributes to organizational performance. It further reveals that knowledge acquisition has a significant effect on organizational performance. It is important to note that for an organization to operate an effective knowledge management system, knowledge identification and knowledge acquisition are the first two stages that they cannot afford to misrepresent.

8. Conclusion and Recommendations

Organizations are often faced with the challenge of remaining competitive in a dynamic business environment, and also sustaining its comparative advantage which they hold over their competitors. Knowledge is the key resource needed if an organization intends to operate at a level that is equal to no other.

Based on the findings, the followings are recommended;

1. Organizations that intend to remain competitive in business should embed knowledge identification into their knowledge management strategy. It is believed that organizations do practice knowledge identification, but it is not done as extensively as it should be. An effective system should be put in place to ensure that relevant knowledge that will boost performance is identified.

2. Organizations should also note that knowledge acquisition is not merely the acquisition of more knowledge; instead organizations will benefit from orchestrating and mindfully managing knowledge acquisition activities in order to tap different kinds of knowledge.

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Chapter 10

Micro, Small and Medium Enterprises (MSMEs); Limited Access to Funding and the Role of Microfinance Institutions in Nigeria

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1. Introduction

Recent events in the financial landscape in Nigeria suggest a significant growth of microfinance institutions (MFI) with Micro, Small and Medium Enterprises (MSME's) as key beneficiary. However, within the same period according to Banji,(2020), Changes within the Nigerian microeconomics landscape indicates that, MSME's have convincing growth possibilities and like other evolving economies, they are likely to constitute a significant portion of Gross Domestic Product (GDP). In a survey report (PWC's MSME's survey, 2020) approximately 96% of Nigerian businesses are MSME's and accounts for more than 50% employment opportunity. Though, with considerable gaps in infrastructure, inadequate financial support and low investment commitment to bring start-ups businesses to profitable scale (IFC, 2017). Implying that, Nigeria has a low amount of internal investment through loan, and the majority of the loans were granted to large corporate firms. Therefore, faster economic growth will not be possible without expanding the financial system, and more financial support to MSME's. Thus, MSME's ability to perform is therefore essential, and that MSME's with low or negative performance rates are more likely to fail.

Considering their unique contributions, MSME ought to have access to finance as their performance is strategic to the recovery and long-term growth of the economy. However, restricted access to finance unambiguously remained a constraint to MSME's in Nigeria. It is therefore important to note that, the unequal distribution of financial institutions throughout the country and a skewed focus on urban markets and large corporations constitutes a serious challenge to the inability to reach the MSME's (Ojuo, *et al, 2014*). Also, increasing urbanization, population growth, and rapidly growing informal business sector add to the demand for access to financial services by MSME's.

In contrast, the Nigerian government had respectively designed several programs to facilitate access to finance and financial service that advance the general well-being of the people. One of such efforts, leads to the establishment of Microfinance Institutions. According to Ochonogor, (2020) there are increasing understanding amongst researchers that microfinance institutions have the capability of stimulating economic growth and achieving inclusive development in developing countries like Nigeria. This is so because, microfinance institutions have been found to administer financial services to the low-income earners and MSME's who do not have access to financial services offered by the conventional banks due to high operational cost, high risk involved in extending loan to them, as well as holding little or no tangible assets as collateral for the loan.

2. Conceptual Issues in Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSME's) sector is important to market economies as it acts as the wheel of economic growth among nations. They create new products and services thereby stimulating new employment, which in turn speedup economic development. MSME's, are viewed in terms of number of employees, total assets, and annual turnover and this vary from one country and also from organizations. However, according to the bank of industry, MSME's are describe in the table below:

Enterprise category/indicator	Micro Enterprises	Small Enterprises	Medium Enterprises
Number of Employees	≤ 10	>11 ≤50	>51≤ 200
Total Assets (₦)	≤5million	>5million≤100million	>100million≤500million
Annual Turnover (₦)	≤20million	≤100million	≤500million

Source: BOI, (2018)

In Nigeria, MSME's currently faced financial constraint (financial exclusion), with bank lending mention to be topmost challenge to many MSME's (Kira, 2013). Other challenges includes; higher interest rate, rising inflation, pressure to reduce prices and low demand for MSMEs products and services. Invariably paving way for high rate of poverty and closure of businesses (Oginni and Adesanya, 2013). This has no doubt affected MSME's performance with many going out of business. For instance in a survey report by the National Bureau of Statistics (2017), it shows a decline in the number of MSMEs in Nigeria (59 million Businesses in 2010 to 41 million businesses in 2017), which they attribute to high costs of borrowing, that continue to dampen MSMEs' performance especially in terms of wealth and value creation. This was further corroborated by Bunmi (2022), that the Nigeria business environment is becoming tougher for MSME's as they struggle for survival. The situation in the sector has worsen, leading to a decrease in the number of MSME's from 39.6milion in 2020 to 35million in 2022.

Furthermore, financial constraint for MSME's arising from the difficulties of obtaining institutional credit is too bad for the growth and survival of MSME's in Nigeria (Taiwo *et al;* 2016). This may have accounted for a very low ranking for Nigeria by the UNDP (2022), in terms of human development index for Nigeria (0.535) ranking 163 out of 191 countries of the world, with countries such as Ghana (0.632) ranking 133, South Africa (0.713) ranking 109, and Algeria (0.745) ranking 91 with better index than Nigeria. Micheal and Chika (2018), have asserted that under the Nigerian vision 2020 initiatives, the government had imagined an environment in which MSME's would contribute to the National Domestic Product and generate 60-70% employment with sustainable growth and low mortality rate for businesses.

In a related talk, MSME's denotes an active catalyst transforming developing economies in the sub-Saharan African. MSME's performance therefore, forms a unique part of the Nigerian economy. The sector is a significant engine that encourages the growth of jobs and wealth creation. Their performance therefore, is their capability to bring about the creation of employment and wealth through new business start-ups, the survival of existing business and its sustainability.

Performance therefore, is the strategic outcome that businesses use to gauge whether or not they are successful (Sefiani and Brown, 2013). Performance thus, is the fundamental interest of each business owner. However, business performance measures both market-related items such as an increase in sales/turnover, expansion of business (new product development). The springing up of new enterprises (diversification) and accounting associated items based on profitability (Eniola and Ektenbang, 2015). In the finance literature, concepts such as growth, survival, success and competitiveness are synonymous to performance. Consequently, performance is commonly construed as an index of business health (Dobbs and Hamilton, 2007). In the views of Soriano (2010), MSME's performance is the ability of a business to generate changes in management by identifying market opportunities, adapting to the internal and external environment. And having certain managerial skills, product innovativeness, and networking are all critical variables in bringing about strategic improvement in business performance.

In today's world, models have placed the need to introduce inputs, process indicators used in getting the products and the outcome indicators to show the effect generated by the result, thereby creating a comprehensive performance measurement system (Eniola, *et al.* 2015). Identifying business strengths and weakness is the outcome of performance measurement. Thus, the essence of performance measurement is to improve the existing performance of the business.

3. **Conceptual Issues in Microfinance institutions**

The developed economies have shown commitment to the development of MSME's by implementing access to finance and financial incentives, basic and technological infrastructure, adequate legal and regulatory framework and a commitment to building domestic expertise and knowledge. Murad and Idewele, (2017) opines that, insufficient supply of funding has been an essential constraint on production in many developing nation where majority of the people lack access to financial services from formal institutions, either for credit or for savings. A serious difficulty however confronting many developing nations is the savings gap, which fundamentally means that these nations find it challenging to finance investments needed for growth from domestic saving. However in Nigeria, according to Ojua, *et al, (2014)* microfinance institutions are a reaction to MSME's growth as well as rural economic and social development. Its operations have become more pronounced with the provision of micro credit intended to boost micro, small and medium scale investment. The microfinance policy, regulatory and supervisory framework for Nigeria is clear and meant to enhance the flow of financial services to Nigerians and to encourage formal saving practice.

The emergence of microfinance practice was prompted by the obvious failure of conventional commercial banks to provide funding to micro, small and medium enterprise. Therefore, microfinance banks seek to provide MSME's with capital to finance their income generating activities. As a strategy, microfinance institutions believes in the ability of the MSME's to meaningfully improve their business conditions if they can access financial support on affordable terms. Banks' unwillingness to support MSME's has always been there. The Nigeria economy, being capitalist oriented is driven by the principles and practices of the market economy. The unwillingness of the formal financial institutions to provide financial services to the MSMES contributed to the growth of microfinance institutions in Nigeria. This was well summarized by Adegola, *et al;* (2022) that MFIs, handles the unique difficulties that MSME's and their owners face. It acknowledges the poors' inability to have tangible collateral and as a result, encourages collateral replacement.

Ademola and Arogundade (2014) summed it up that, Microfinancing aimed at raising income, promoting entrepreneurship, advancing loans, engaging in domestic fund transfer and encouraging savings. However, Murad, *et al.* (2017) observed that, microfinance institutions in Nigeria today occupies a very important place in the development of MSME's. They (MFI) denotes building financial scheme that in effects serves the needs of the poor. They however, identify some of the roles of MFI to include:

i. Microfinance institutions enables MSMEs to diversify and increase their income as well as to accumulate assets.
ii. Microfinance institutions plays a significant role in the growth and development of the Nigerian economy through empowering MSMEs with the necessary microfinance loans and services that will enable them start up or run business ventures of their choice.
iii. Loan disbursement is one of the most important roles of microfinance banks as the loan granted are used to expand existing businesses and in some cases, to start new ones.

4. **Interplay between Micro-finance, Deposits, Savings and Loan**

Okeke, (2014) observed that, micro financing is a strategy for accelerating the pace of growth and development of nations which has continued to be an important subjects on national reforms agenda by most developing countries such as Nigeria. Microfinance on the other hand, has been described as the provision of credit, savings and financial services to MSME's in order to create opportunities for them to create, own and accumulate assets and facilitates consumption.

Microfinance deposits are products of customers‘ savings which are a source of loans to microfinance (Murad, *et al; 2017*). However, the low level of deposit is due to low level of income. The saving habits of customers is likely to improve with the provision of microfinance services and their monthly income increases, as loan facilities were granted. This may in turn reflected in improved efficiency and productiveness of MSME's due to access to credit/capital.

The neoclassical perspective best describe the union which is based on a basic principle in economics which suggests that economic growth requires capital investment in the form of loan commitment. The proponent of the growth theory assume that capital investment can channel required funds to the productive sectors of a capital deficient economy which, in turn, help to increase productivity and bring about economic growth.

5. **The Role of the Central Bank of Nigeria (CBN) in Microfinance Regulation**

Bello, (2019), observed that, the operations of microfinance is not new in Nigeria because Nigerians have always tried to provide themselves with needed finance through informal microfinance modes (Revolve around savings and credit groupings). These approaches may have sufficed in the traditional society, but with the sophistication of the economy and growth in population leads to the emergence of microfinance institutions. In December 2005, the central bank of Nigeria (CBN) launched the microfinance regulatory policy framework. The rationale of the policy was to encourage all-inclusive growth in the economy (CBN, 2018). The microfinance institution is faced with challenges since the inception of the policy in Nigeria that led to the revision of the policy in April 2011 by the CBN that pave way for the increase in the number of

MFIs with the primary objectives of deploying idle savings and growing investment through credit(Abu, *et al;* 2022). One advantage the MFI have is the creation of equal social opportunities in the business world and invariably recognized as a financial and non-financial service institution, with the ability to improve growth on MSME's operations, and by implication; they could access capital market to finance their lending assets, allowing for a significant outreach (Ogboator, 2015). However, in spite the growth of the microfinance sector, a recent report by Guardian, 28 jan 2022, Nigeria is one of the top three unbanked countries in the world, with 40% of its population without a bank account and out of the 59million unbanked adults, 73% do not have the requisite document to open a tier three bank account.

Consequently, there are increasing consensus in economic literature and among policy makers that, microfinance institutions played an important role in stimulating economic growth and achieving inclusive development in developing countries. This is so because, microfinance institutions have been found to identify and administer financial services to the low-income earners, who often do not have access to financial services offered by conventional banks due to high operational cost, high risk involved in extending credit to them, as well as holding little or no tangible assets as collateral for credit (Ochngor, 2020).

6. **Conclusion**

Access to financial services has a disposition of motivating small scale business holders to improve their production and in turn reduce the rate of business failure. Therefore, microfinance is seen as a tool for sustaining business enterprises and bring about social inclusion. But then, globally a considerable segment of the people lacks access to financial services. The development of microfinance is intended to assist in breaching the demand gap (Ochonogor, 2018). The main purpose of microfinance effort is to make available funds for investment in small entrepreneur businesses, thereby boosting economic growth. However, the majority of the people are not entrepreneurs, as such, it is not expected that breaching the demand gap will result in feasible new investment that brings about economic growth and development.
However, the financial system strategy (FSS, 2020) states that, the key building blocks for an enabling MSME's business environment includes; basic science and technology knowledge base, legal and regulatory structure, basic physical and technological infrastructures and financial and incentive structure. It concludes that, in Nigeria today, significant leadership is particularly required in these areas to guarantee significant and accelerated economic growth and development.

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Chapter 11

A Review of the Capital Asset Pricing Model (CAPM)

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1. Introduction

Capital market is a market where financial assets/securities are traded. Capital markets are essential in the development of any economy, as they offer opportunity for firms to raise funds to finance their activities. Pricing financial securities is a subject that many researchers have studied for long and as a result, various models have evolved for pricing financial securities. The capital asset Pricing Model (hereafter, CAPM) is one of the most widely used models in pricing capital assets. The popular model was developed by Treynor (1962), Sharpe (1964), Lintner (1965) and Mossin, (1966) - building on the work of Markowitz (1952) on portfolio selection. The model describes how expected return on risky assets should be, when the market is at equilibrium position. CAPM is used in assessing capital assets by computing the required rate of returns on risky assets. Given the existence of certain assumptions about investors and the market, CAPM gives a prediction of the required rate of return on risky assets, based on their level of systematic risks in the market, as the assets are assessed based on their contribution of non-diversifiable risk to the total risk in the market. The model assumes investors to be price-takers and that they plan for an identical single period of investment (Bodie, Kane and Marcus [2009]) and also that investors will hold only mean-variance efficient portfolios (Morelli [2003]).

Early empirical tests of the CAPM were carried out using the first-pass/second-pass regressions methodology, where in the first-pass regression, the beta coefficient for each stock in the sample of stocks being considered is estimated by using ordinary least square method (OLS). The individual assets' risk premia are regressed on the market risk premium. Similarly, the beta coefficient for the market is estimated and all the stocks' beta's and standard deviations of the residuals from the first-pass regressions are taken and used as inputs in the second-pass regression, where the security market line (SML) is estimated. In the second-pass regression, the average returns for the stocks are regressed on the beta estimates of the stocks, squared beta estimates and the standard deviations of the residuals. The coefficient of the squared beta estimates is to measures potential non-linearity of returns while the coefficient of the standard error measures the explanatory power of non-systematic risks Bodie, et al. (2009).

Most researchers believe that the original CAPM is not applicable in real life because of its unrealistic assumptions. Many empirical tests carried out by researchers, show that the model is difficult to apply in real life (Blume & Friend [1973]; Jensen [1972] and Roll [1977]). However, almost six decades after its advent, the CAPM is still widely used by practitioners. Moreover, most of the modern asset pricing methods either evolved from the CAPM (usually by modifying some of its unrealistic assumptions and proposing more real-life assumptions) or bear close resemblance to it. In a survey carried out by Harris (2008), it was discovered that eighty percent of the firms and financial advisors contacted in the survey use CAPM in assessing capital assets, even though with variations in the way they apply the model. It must be acknowledged that the CAPM gives a good insight into understanding modern investment management, as most modern techniques of investment management get their origin from the model.

2. Methods of Pricing Capital Assets

Asset pricing models give an estimate of the expected rate of returns on assets - hence they estimate the value of capital assets. To compute the value of capital assets one needs to look at the inherent risks in such assets and the anticipated or expected return the assets will generate over a specified period of time. The general assumption of most pricing models is that risk and expected return are positively correlated – that is the higher the risk inherent in an asset, the higher the expected return from such assets. Models used in pricing capital assets differ in their underlying assumptions (which restrict investors' preferences, endowments, production and availability of information), the stochastic process governing the arrival of news in the markets and the type of frictions allowed in the markets Ferson and Jagannathan (1996). Asset pricing models also differ in the statistical/econometrics methods they use in their assessments, which is also supposedly determined by the underlying assumptions of the model. From econometric point of view, two methodologies used by models in pricing assets are the Stochastic Discount Factor (SDF) method (where the price of a security is obtained by 'discounting' its future payoff by a valid SDF so that the expected present value of the payoff is equal to the current price) and the beta method which predicts expected returns of assets to be linear in beta Gospodinov and Robotti (2012).

Before the CAPM was introduced, fund managers, analysts and investors used varying methods to price assets. Some assumed that the return provided by each security in the market was related to total risk inherent in that security and that the return realised from holding a security varied with the performance of that security and with the risk associated with it alone Malkiel (1982). In other words, risk was not segregated to systemic and firm-specific risks, as such the power and benefit of diversification was rarely tapped then. Markowitz (1952) shows that if several securities are combined in a portfolio, firm-specific risk can be eliminated or diversified away – leaving only systemic or un-diversifiable risk to account for risk premium in the portfolio. With the CAPM, hence investors will not get paid for bearing risks that can be diversified away Malkiel (1982). In fact, Treynor and Black (1973) show that a portfolio of just 50 - 100 randomly selected securities correlate highly with the market portfolio.

Some early empirical tests of the CAPM confirm that the relationship between average returns on assets and their betas are actually positive and linear (Black, Michael & Scholes (1972); Fama and MacBeth (1973) and Gibbons (1982). Maru and Royama (1974), cited Loukeris (2008) also find from their test of the CAPM on stocks from Tokyo Stock Exchange, that a strong linear and positive relationship exists between average returns and beta. Most of the early empirical tests carried out on the CAPM (usually called the Mean-Variance model) assumed market risk premium and betas on assets to be constant over time (Hence the name Unconditional or Static CAPM). With growing criticisms against the CAPM, modified versions of the model evolved, (often relaxing some of its assumptions), adding more factors to the model and/or having time-varying beta. In the Fama and French (1992) three-factor model they observe a negative relationship between firm's size and average return and a positive relationship between the ratio of book-value of a firm's common stock to its market-value against average return.

Carhart (1997) suggested a 4-factor model, adding a fourth factor to the Fama and French (1992) three-factor model. The factor added captures Jegadeesh and Titman (1993) one-year momentum anomaly.

Another extension of the CAPM is the Inter-temporal CAPM (ICAPM) developed by Merton (1973). The ICAPM (also extended by Long, [1974] and Campbell [1993] is a model of assessing financial assets using utility maximization (inter-temporal choice).

Engle (1982) proposed the Conditional CAPM, where conditional variances of returns are allowed to change over time, using Autoregressive Conditional Heteroskedastic (ARCH) method, as against the static CAPM. This model was further extended using Generalized Autoregressive Conditional Heteroskedastic (GARCH) method by Bollerslev (1986) and using GARCH-M (GARCH-in-Mean) by Bollerslev, Engle and Wooldridge (1988).

In their study, Jagannathan and Wang (1996) allowed the market risk premium and beta to vary over time and they include return on Human capital (proxied by changes in aggregate labour income) as also a factor explaining the cross-section of average returns. Luttmer (1996) proposed another extended version of the conditional CAPM by allowing for transaction costs and other market frictions in the model.

Due to the additional impact of foreign exchange rate risk on the rate of return delivered by securities, pricing portfolios that include cross-border financial assets require a different approach. The International CAPM was developed to capture part of risk premium due to exchange rate fluctuations, as the Purchasing Power Parity (PPP) is time-varying. Solnik (1974) and Adler and Dumas (1983) show that international diversification lowers total portfolio risk with much more weight than diversification within a nation. Solnik (1974) also shows that when the PPP does not hold, exchange rate risk has such a big effect on the average returns that models need to include it as a factor – hence the international CAPM. The multi-factor model of Fama and French (1998) can account for this part of risk premium, but some other risk associated with time-varying PPP cannot be captured, as even their model assumes investors in a capital market of same nation.

Another alternative model of pricing is the Arbitrage Pricing Theory (APT), proposed by Ross (1976). The APT argues that there are other risk factors (apart from the single market or systemic risk factor specified by the CAPM) which commonly affect returns on securities and which cannot be diversified away. Such factors (also having linear relationship with returns) relate to the economy as a whole (example GDP, inflation, interest rates, etc.) and their effects can also be estimated – that is stock's sensitivity to changes in such factors should also be considered, as against its sensitivity to the market beta alone. In other words, the model decomposes the market beta and pulls out other factors. It also assumes no arbitrage opportunity in the market, as if the price of an asset goes above or below the model's prediction, then arbitrage will force it back. In applying the model, Chen, Roll and Ross (1986) identify inflation (expected and unexpected), GNP, investor confidence, yield curve to be among factors affecting returns on securities.

3. Methods of testing the CAPM

The early method of testing the CAPM follows the 'First-pass Second-pass' methodology. If the assumptions of the CAPM hold, the expected returns of each stock, i in the market portfolio is defined by;

$$E(r_i) = r_f + \beta_i(E(r_M) - r_f) \qquad (1)$$

where $E(r_i)$ is expected return on security i, r_f is the risk free rate and $E(r_M)$ is the expected return of the market. To test the validity of the model, a set of n securities (for i = 1,2,3, …, n) is considered. In the first-pass regression, the beta for each security is estimated in the model;

$$r_{i,t} - r_{f,t} = \alpha_i + \beta_i(r_{M,t} - r_{f,t}) + e_{i,t} \qquad (2)$$

where; $r_{i,t}$ is the return on stock i at time t, $r_{f,t}$ is the risk-free rate at time t, α_i and β_i are the regression parameters for stock i, $r_{M,t}$ is the market return for time t and $e_{i,t}$ is the residual term. The estimates of the β_i and the variance of the residuals $[\sigma^2(e_{i,t})]$ are obtained. Then the risk premium for each stock $(r_i - r_f)$ and for the market $(r_i - r_M)$ are computed. In practice, market index (e.g. S&P 500 or FTSE500, etc.) is used as proxy of the market and appropriate treasury bill rate as proxy for the risk-free rate. The next step (where the unconditional relationship between beta and return is computed – i.e. the second pass), is to estimate the SML using n observations by running regression of the model;

$$r_{i,t} - \overline{r_{f,t}} = \gamma_0 + \gamma_1.\beta_i \qquad \text{for } i = 1,2,3, \dots, n \qquad (3)$$

where the securities' β_i's are estimated from equation (2) – first regression – and γ_0 and γ_1 are estimated by OLS method. From these estimates, if CAPM is valid, then $\gamma_0 = 0$ and $\gamma_1 = r_M - r_f$. However, since the CAPM also states that excess return is determined only by systematic risk, estimating the SML is extended, to:

$$r_{i,t} - \overline{r_{f,t}} = \gamma_0 + \gamma_1.\beta_i + \gamma_2.\sigma^2(e_{i,t}) \qquad \text{for } i = 1,2,3, \dots, n$$

if CAPM is valid, then $\gamma_0 = 0$, $\gamma_1 = \overline{r_M - r_f}$ and $\gamma_2 = 0$. No risk premium paid for bearing non-systematic risk, as all portfolios are assumed to be well-diversified. Using ten years data from NYSE, Lintner (1965) find the CAPM to be invalid as he found $\gamma_0 = 0.127$, $\gamma_1 <> r_M - r_f$ and $\gamma_2 = 0.310$. For certain reasons this methodology is faulty. Among these are;

1. The Market index used as proxy for market portfolio, M, in the method may not be efficient.
2. Using individual stock returns instead of diversified portfolio of stocks might introduce errors (firm-specific risks) into the estimates as stock returns are extremely volatile, hence the betas estimated, which are used in the second-pass regression might have sampling errors.
3. In practice, investors cannot borrow at risk-free rate.
4. The model assumes that all assets are included in the market portfolio, M and are traded in the stock market. This makes M unobservable, since in practice, there is no proxy that meets such requirements. Hence market index (such as S&P 500, Wilshire5000, etc.) do not include human capital which is an integral component of investors' wealth.
5. In practice, apart from market risk, there could be other non-systemic factors that might determine risk premium.

In trying to counter these problems regarding the methodology, researchers devised different approaches. To counter the problem of stock return volatility, Black, Michael and Scholes (1972) used portfolios of stock in the first-pass regression of their test – they constructed 10 portfolios.

Grouping stocks has its own draw-back, as the number of observations used in the second pass regression is greatly reduced. Fama and MacBeth (1973) build 20 portfolios with widely spread betas. They also expanded the SML estimation in the second-pass regression to;

$$r_i = \gamma_0 + \gamma_1.\beta_{1i} + \gamma_2.\beta_{2i} + \gamma_3.\sigma^2(e_{i,t}) \qquad \text{for } i = 1,2,3, \ldots, n$$

as the dependent variable is $\overline{r}_i$ therefore γ_0 is proxy for the risk-free rate (r_f). From this regression, if CAPM is valid, then $\gamma_0 = r_f$, $\gamma_1 = \overline{r_M - r_f}$ and $\gamma_2 = \gamma_3 = 0$. They got $\gamma 2$ and γ_3 to be not significantly different from zero – meaning non-systematic risks command no risk-premium (as predicted by CAPM) and on the average, γ_1 is lower than $\overline{r_M - r_f}$. As such CAPM was not entirely rejected.

Using conditional CAPM, Gibbons and Ferson (1985) tested the CAPM allowing expected returns and beta to vary over time, but assuming constant conditional covariances.

In testing the CAPM using bi-variate GARCH analysis, Morelli (2003) show that the GARCH model can be used to model the CAPM better during periods of relative high volatility. In the study, Morelli (2003) use ARCH method (in testing the conditional variance of the market) and employ average returns of the portfolios constructed in carrying out the test as against using a market index, to avoid market proxy bias.

Choudhry and Wu (2009) on the other hand use both GARCH and Kalman filter methods to estimate actual betas for the stocks for period 1989 to 2003 which were used to forecast returns. Baillie and Myers (1991) also applied bi-variate GARCH model in hedging concept and show that allowing conditional covariance to be time-varying makes the model better in providing time-variant hedge ratio.

4. Criticisms of the CAPM

The CAPM's applicability in real-life appears to be impracticable due to the model's unrealistic assumptions. The model assumes that all investors are risk averse and they plan for a single identical period of investment. Transaction/information costs/taxes are ignored by the model. Basu (1977) shows that apart from market risk, the earning yields of firms also affect their returns. Fama and French (1992) used the same procedure as Fama and MacBeth (1973), but conclude that average returns are uncorrelated to beta. Fama and French (1993) three-factor model shows that the size of a firm and its book-to market value also affect returns earned by the capital asset. Banz (1981) found that the size of firms explain the cross sectional-variation in average returns on a particular collection of assets better than beta (Michailidis, Tsopoglou, Papanastasiou & Mariola [2006]) . Also Rosenberg, Reid and Lanstein (1985) show that the returns of firms with higher book-to-market value of equity have higher returns regardless of their betas. Daniel, Hirshleifer & Subrahmanyam (2001) assert that overconfidence and behaviour of investors regarding the nature of market can have effect on average returns of stocks. Roll (1977) argues that unless ALL the individual assets are included in the sample, CAPM is not testable. He also shows that the choice of proxy for market index had strong effect on the results of the CAPM test. Miller and Scholes (1972) observe that, stocks with low betas had higher returns than stocks with high betas. The predictive power of the CAPM has also been challenged that comparing realised returns to what CAPM would have expected often show a significant difference Womack and Zhang (2003).

Some people have also accused the Efficiency Market Hypothesis (EMH) and the CAPM as contributing to the global financial crisis - GFC (See Vasan (2012), arguing that many investors used the CAPM/EMH prediction of higher risk-higher return and invested much more than optimal in riskier assets and hence contributed to the GFC. However, these blames were also challenged by others (Ball (2009).

Validity of the CAPM

Notwithstanding the criticisms against the model, the CAPM gives good insight into understanding the dynamics of modern investment management. Bodie, et al. (2009) state that wrong choice of econometric technique used in testing the model could easily introduce statistical bias that may lead to improper rejection of the model. It should be noted that, as different scholars run different tests of the CAPM model, further understanding and new insights into modern portfolio management are discovered, hence the need to test the model on different markets and different data. Jagannathan and Wang (1996) argue that most empirical tests reject the CAPM because they use in appropriate basic assumptions while carrying out the tests. In their study, Fama and French (2004), even though invalidate the CAPM, they acknowledge that;

"… the CAPM is still widely used in applications, such as estimating the cost of capital for firms and evaluating the performance of managed portfolios. It is the centrepiece of MBA investment courses. Indeed, it is often the only asset pricing model taught in these courses."

5. Application of the CAPM

Even though the CAPM's purpose is to model pricing of capital assets, it has been applied in many other fields. The CAPM was the first successful attempt to show how to assess risk associated with proposed investment project, estimate cost of the project and the expected return that investors will demand if they decide to invest in the project Michailidis, Tsopoglou, Papanastasiou and Mariola (2006) . Many investment managers use the CAPM in assessment for portfolio selection and in valuing cost of equity (Steiger [2008]) and Da, Guo and Jagannathan (2010). Rubinstein (1976) and Breeden (1979) built on the work of Merton (1973) and proposed the Consumption-based CAPM (CCAMP) where the future consumption of an individual or a firm is included in modelling the expected returns from investments in the assets. The CCAMP is modelled the same way as the normal CAPM except the consumption beta measures how individual's or firm's consumption from returns on investment varies with the market. The CAPM has also been applied in pricing options contracts/pricing (Cesari & D'Adda [2003] and Hamada & Valdez [2008]). It has also been applied in pricing portfolios with International securities (Stulz [1981] and Ferson & Harvey [1993]) and in modelling the impact of investors' behaviours on average returns (Shefrin & Statman [1994]; Daniel, Hirshleifer & Subrahmanyam [2001]).

The CAPM is also extensively used by managers to justify a proposed project, as it provides a means for computing returns demanded by firms' investors as shown by Michailidis, Tsopoglou, Papanastasiou and Mariola (2006) . Moreover, the CAPM is used to assess some governmental/regulated institutions that are monopolistic in nature (to provide fair compensation). CAPM was applied by Hodgson and Vorkink (2004) and Agnello (2006) in pricing paintings and by Chen (2008), Idzorek (2007) and Bekkers Doeswijk and Lam (2009) in pricing portfolios containing commodities and stocks. The SML of CAPM is also employed by regulatory authorities to determine the future cost of capital for regulated firms. CAPM is also applied by firms in capital budgeting. More recently, the CAPM has been applied in assessing the performance of fund managers. Portfolio managers use the expected return-beta relationship to identify over- and under-valued securities. They usually try to construct portfolios with positive alphas (excess return generated by security/portfolio when the average market return is zero), even though the alphas and betas are computed using past performance and, as suggested by many researchers, past performance cannot guarantee future results. As seen from these applications of CAPM in different ways in finance, the model is very versatile.

6. Limitations of the CAPM

The CAPM, in its original form has many limitations, the basic ones being that it has unrealistic assumptions and it is based on constant betas (and as such is difficult to apply in real-life). It also identifies market risk as the only risk affecting average returns of well-diversified portfolios. As a result of these and other limitations of the model, many researchers have challenged it and hence extensions of the model were developed relaxing different assumptions of the original model.

Further Developments of the CAPM

With growing literature, debates on and extensions of the CAPM, it is evident that the model is most likely to have much wider scope and application in the field of finance and investment, not only restricted to the stock market, but also to the commodity and real estate market. The GFC is an eye-opener that revealed the fact that some managers are actually mechanical in applying the CAPM (Montier [2012]). This is because in search of proper diversification and more profitable investments, investment managers have now widened their portfolios to include commodities (such as gold) and real estate and unified pricing method for constituents of a portfolio is easier and more likely to give better picture of the portfolio structure (especially for comparative analysis).

7. Conclusion

The capital asset Pricing Model is one of the most widely used models in pricing capital assets. CAPM is used in assessing capital assets by computing the required rate of returns on risky assets. Given the existence of certain assumptions about investors and the market, CAPM gives a prediction of the required rate of return on risky assets, based on their level of systematic risks in the market, as the assets are assessed based on their contribution of non-diversifiable risk to the total risk in the market. The original CAPM is not applicable in real life because of its unrealistic assumptions. Even though, many empirical tests carried out by researchers, show that the model is difficult to apply in real life, almost six decades after its advent, the CAPM is still widely used by practitioners. Moreover, most of the modern asset pricing methods either evolved from the CAPM (usually by modifying some of its unrealistic assumptions and proposing more real-life assumptions) or bear close resemblance to it. It must be acknowledged that the CAPM gives a good insight into understanding modern investment management, as most modern techniques of investment management get their origin from the model.

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Chapter 12

An Examination of the Perceived Effects of Social Entrepreneurship on Social Investment in Gombe Metropolis, Gombe State, Nigeria

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1. Introduction

Recently entrepreneurs have experienced systematic changes due to the current economic recession in the society. One will wonder if at all they can still think of impacting the dividend of their investment on social values. The gap between the society and social entrepreneurs is too wide especially in Gombe State, where the study is centered. It is on record that, entrepreneurs are the brain behind every developed society, (Peredo & McLean, 2006), they see through the society to meet up with some needful element for a better life. According to some scholars like Stevenson and Jarillo (1990); Peredo and McLean (2006), societies lack many things and Government alone cannot do or meet all the societal needs/demands. However, profit maximization, market stabilization and filling the existing gap (providing and facilitating the needs/wants) are the priority of the contemporary entrepreneurs. The environment we operate needs infrastructures such as; portable drinking water, good road network, stable electricity supply and above all a secure environment.

To be social investor entrepreneurially is good, it will help not only the entrepreneur but, Government on one hand and the society at large on the other side. This is affirmed by Moses & Olokundun (2014), saying the dynamism of social entrepreneurship is undoubtedly a spring board for overcoming social challenges towards sustainable development of any nation. To the Government, entrepreneurs pay taxes and other Levies for their operations, to the society/communities they provide some social amenities to the host communities such as construction of schools, provision of water supply, creation of employment and many more.

According to News Agency of Nigeria (NAN) aired on 19th June, 2016 by Osagie Okunbor, the Managing Director, Shell Group of Companies in Nigeria, Shell has spent $195.5million on social investment in Nigeria 2015, out of which $145.1million was paid to Niger Delta Development Commission (NDDC) as required by law and another $50.4million was expended on social investment by Shell Petroleum Development company of Nigeria (SPDC) Limited operated by joint venture and Shell Nigeria Exploration and Production Company (SNEPCo). Some Nigerian entrepreneurs do not know the importance of social investment in their respective businesses, some have neglected deliberately, some have to be compelled by law, while others are ignorant of its relevance in the development of the society, as this study will explored the relationship of the variables.

However, with the current issues hampering our developmental process, social entrepreneurs and corporate entrepreneurs can play a role and there is need to encourage the development of entrepreneurial culture among social investors, considering the social impact on the society, thus, is very instrumental aspect of investing. Look at the case of United States of America, social entrepreneurs have been part of their economy or over hundred years according to John and Hopkins (2007) for both profit and non-profit charitable organizations, in State social investment has emphasis toward the market place to strengthen the needs of the society as a private contribution to public benefits, (Ndubuisi, 2017). Our immediate environment demands people with financial capacity to attend to social problems. It is against this background that necessitated the examination of such assertion in Gombe State and specifically the extent to which social investors/entrepreneurs meet the needs of the society in the competitive market place.

Objective of the Study

The study specifically looks and investigated at the following objectives;

i. Examine the effect of social entrepreneurs on the host community of Gombe State;
ii. Assess the effect of social investors on the host community of Gombe State and
iii. To investigate the role of Government on activities of social investments and social entrepreneurs in Gombe State.

2. Literature and Theoretical Review

Concept of Entrepreneur

Who is an entrepreneur? To be an entrepreneur is one thing but to be a social entrepreneurial is another thing distinct from each other. An entrepreneur is gap filler, an actor, and an achiever (Mbasua, 2015). Entrepreneurs are special and unique people that see beyond their noise (Mbasua, Biradawa & Kaburuk, 2018). They plan and organize the available resources, convert and make profit through meeting the societal need. Entrepreneurs are the agents of social and economic catalyst for positive transformation and change, this is because they create jobs for themselves and for others in a highly creative style, others by establishing new business while innovating the existing once. Aruwa (2006), Aminu (2012), and Nwachukwu (1990) observed entrepreneurs as the kind of people who have the ability to see and evaluate business opportunities, gather the necessary resources (human, natural and material) to take advantage of them and initiate appropriate action to ensure success, as the above conglomeration of definitions has relieved the question of who is an entrepreneur. However, this work defined entrepreneur as an individual who organizes resources into business entity through identification of peoples need and assume the risk independently and socially.

Entrepreneurship, Social Entrepreneur and Social Investment

Who is social investor and social entrepreneur? Schumpeter (1983) projected an understanding of the social entrepreneur as an engine of creative destruction whereby a driving market force compels him/her to bring new value to the system and thereby destroy what existed previously. This affirms that, as the world changes, social entrepreneurs change along which makes to affect the old system. Social investor/entrepreneur is one who create market assets for both profit and non-profit utilization, one that has the capacity to solve problems and sustainability plus ethical behaviors that are guided by corporate social responsibility (Ndubuisi, 2017). The above assertion would have mentioned the specific social contribution of social investors/entrepreneurs toward societal development. This is because social entrepreneur is someone that "profit" is second to societal needs, this paper can view social entrepreneurs as "Community Undertakings". Ogunyemi (2008), social entrepreneurship involves a devotion to addressing problems of the society, while social entrepreneurs borrow from the tenacity of businessmen and women, the focus is not on profit-making but working for the promotion of improved quality of life of members of their target communities. The above assertion has validated our opinion of social entrepreneurs as community undertakings.

What then is entrepreneurship? One cannot understand what social entrepreneur or social entrepreneurship is, unless the concept of entrepreneurship is clearly defined. Many authors have been at logger head with each other as to what exactly the definition of the concept. Amongst the scholars are; Gartner (1988) sees entrepreneurship as the "process creation of new organizations; while, Okpara (2000); Ayatse and Fidelis (2013), defines entrepreneurship as the willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on the identifiable opportunities. In addition, Nwachukwu (1990) defined entrepreneurship as a process of seeing and evaluating business opportunities, gathering the necessary resources to take advantage of them and initiate appropriate action to ensure success. Based on the above definitions, entrepreneurship is a systematic process that "entrepreneurs" take to arrive at their goals and objectives successfully when the available resources are well organized within it target.

Now social entrepreneurship has been defined by a group of scholars as not-for-profit initiatives in search alternative funding strategies or management approaches to create social value or impact (Austin, Stevenson and Wei-Skiller; Garima and Saxena, 2013 cited in Moses & Olokundun, 2014). Peredo and McLean (2006), defined social entrepreneur as simply the person who organizes and/or facilitate a business entity or corporation and carries the features social goals attached. In the same vein, it described it as one involves taking a business-like, innovative approach to the mission of delivering community services. Developing new social enterprise business ventures is only one facet of social entrepreneurship. Another facet is maximizing revenue generation from programs by applying principles from for-profit business without neglecting the core mission.

Another definition worth looking at says, social entrepreneurship as the socially responsible practice of commercial businesses involved in trans- sector partnerships (Sagawa & Segal cited in Garima and Saxena 2013). A group of researchers simply consider social entrepreneurship as a means to alleviate or curb social problems as well as speed up social transformation (Alvord et al. cited in Moses & Olokundun, 2014). The ideologies behind social entrepreneurship are not new. Examples are, the human race has produced individuals who made life commitment to making social impact not counting the cost or daunting obstacles on their path. In the last century, Florence Nightingale, the founder of the first nursing school and developer of modern nursing practices, was one of such exceptional individuals. The contributions of Margaret Sanger who founded the Planned Parenthood Federation of America – the precursor of the International Planned Parenthood Federation- equally singled her out as a social entrepreneur (Ogunyemi, 2008).

After critically studying the above definitions, social investment is any investment activity which has an expectation of both a social outcome and a financial return, which would usually be below market rate. This issue of social investment is not left out for entrepreneurs alone, Governments and it agencies are also contributing agents when it comes to social wellbeing of the society. On the 26th October, 2016, According News Agency of Nigeria (NAN), through the minister of State for Budget and National Planning "The ministry presented a memo to Federal Executive Council of Nigeria for notation and implementation on the progress of national roll out of the social investment programme. The social investment programme will be in four phases according to the memo.

The first phase is the Homegrown School Feeding social investment Programme which is targeting 5.5 million primary school pupils in all the states of the federation from primary 1 to 3. She disclosed that 11 states were set to fully start the scheme which would involve feeding 3.5 million school children. The issue here is that, why or what happens to the remaining 25 state that are not ready for full implementation? Are they not victimizing the entitled beneficiaries from get their own share from the federal Government? These questions will require further research to buttress more on these issues and other relevant ones. The second is a job creation programme aimed at training 500,000 university graduates, who would be deployed to work in their various local communities as teachers, agriculture workers and health support workers. Ahmed said the grandaunts would be receiving a monthly stipend of N30,000 monthly for a period of two years. My take here is that, what could be the implications of employing thousands of our teaming youth for only two years? What plans did they have for them after serving them for two years?

The third phase is the Conditional Cash Transfer, where one million care givers would be given N5,000 monthly for a period of two years. The statement further said that, “Focus has been given to the extremely poor and vulnerable in our society and special emphasis is being placed to providing as many as possible in the North Eastern part of the country where a lot of Internally Displaced Persons.’’ Is a good one, but what criteria are they going to use to know poor ones in our society considering the greedy attitude of Nigerians? The fourth is the Enterprise Promotion social investment Programme, which is fundamentally the loan scheme which will be coordinated by the Bank of Industry (BOI). The statement further concluded that, about 1.66 million Nigerians, made up of market women, traders, artisans, small businesses, youth would be given loan from N10, 000 to N100, 000.

3. Social Investment in Gombe State

Gombe State is located in north-eastern region of the country and is one of fast growing state in Nigeria. This is due to the pool of investors that flown into the state. In the last few years, Gombe state has recorded a significant growth and success from indigenous, migrating and foreign investors. Among other social and corporate contributors as investigated by the study are; Aminu Global Resources Venture, the venture constructed Boreholes to the host community worth 15million naira. The entrepreneur find out that, the particular environment where he operate lack portable drinking water, therefore, entrepreneurs are known as gap fillers and the company have demonstrated what we observed as social entrepreneurs in the society. Another corporate organization that have been providing social amenities to all the surrounding communities is Ashaka Cement but now the name have been changed to Lafarj Nig. Ltd which is located in the Northern part of the state in a village called Ashaka,according to their financial report of 2015, the company since 2002 have constructed many block of class rooms to curtail the challenges of education in different nearby villages, these are; AshakaGari, Bajoga, Tongo, Bage, Badabi, JuggolBurkono, more so clinics were construction in more than four (4) localities, these are; Jalingo, LaddeBage, Bajoga, and AshakaGari. However, there a village called

LaddeBage which was relocated to a new site by the company and provided them with well structuredbefitting buildings to every household of the village, include a central Mosque. These were done in line with the principles of social investment to aleast take up some of the societal needs.

4. Theoretical Issues

Theories help to develop support for hypothetical and direction of discussion (Chog, 2008) while Bazza and Vandibe (2013) affirm that development and adoption of theories by researchers is of great concern, hence the need to adopt some set of theories to support our discussion. For the purpose of this study, the following theories are discussed;

Kirzner theory of entrepreneurship; this theory was championed by kirzner in 1973 in his work titled "Competition and Entrepreneurship", opined that, entrepreneurship is the imperfect distribution of information. He further says that, entrepreneurs are middlemen, producers and consumers. Therefore, I agree but not adopting it theory with the above assertion because, social entrepreneurship is all about meeting the societal demand by producing the needful elements. The second theory to be discussed is Frank Nknight's Theory. This theory described the most important characteristics of social organization by introducing uncertainty (Aminu, 2012). The theory looks at entrepreneur or social investors as those who specializes to bear uncertainty, perhaps, the amount spend on societal needs are not mentioned elsewhere because, it has became their responsibility, for any investment there should be a reward. Therefore, this study adopted Frank Knight's theory of entrepreneurship.

5. Methodology

The study centered on the related reviewed literature on entire social entrepreneurs and social investors. The related studies on the two variables were discussed.

6. Conclusion

This study centered at the examination of social entrepreneurship and social investment in Gombe state. The study has revealed that, there strong relationship among the variables (social entrepreneurship and social investment). Despite the fact that, there is little literature on the topic especially in Nigeria, the study reviewed the available related studies and use to arrive at its conclusion and recommendations. However, the study concluded that, social entrepreneurship and social investment are the brain behind every successful society, hence the need for social support and encouragement so as to achieve the societal need and add social values.

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