MONTREAL, CANADA
28-30 OCTOBER
2019

2019 WEI INTERNATIONAL ACADEMIC CONFERENCE PROCEEDINGS

BUSINESS & ECONOMICS

BY THE WEI

ISSN 2167-3179 (ONLINE) USA

TABLE OF CONTENT

THE ECONOMIC BENEFITS OF VOCATIONAL SKILLS ACQUISITION PROGRAMME ON PRISON INMATES IN NIGERIA

AKUJUOBI CHIBUZO ANTHONY

Department of Social Sciences, School of Federal Polytechnic. Nekede-Owerri.
Email: Chibuzoakujuobui@gmail.com

ABSTRACT

This study seeks to evaluate the Economic Benefits of Vocational Skills Acquisition (VSA) Programme on Prison Inmates in Nigeria using descriptive survey research design. The population of the study comprised 73,241 prison inmates in the Nigerian Prison. Data collection was via self-constructed questionnaire with reliability index of 0.81. The results show that the prison inmates in Nigeria Prison have benefited from the VSA programme. Many of them have acquired skills to make them useful to themselves and society at large. Sequel to the findings, it was recommended among other things that the Nigerian government should introduce and extend more of such programmes to prison facilities. Also the government and other stakeholders should provide the much needed support for discharged inmates so as to hasten their integration into the society.

Keywords: Prison Inmates, Vocational Skill Acquisition and Economic Impact.

EXPANDING FINANCIAL INCLUSION IN INDIA – FINDINGS FROM A FIELD LEVEL STUDY AMONG THE SLUMDWELLERS

Dr. AROKIYADASS, VANATHAIAN
Asst. Professor; Xavier University Bhubaneswar, Odisha, India.
Email ID: arockiasj@xub.edu.in

ABSTRACT

The study analyses the saving, borrowing and lending behaviour of slum dwellers to draw lessons for expanding the scope of financial inclusion in Odisha, a relatively underdeveloped state India. The financial behaviour of 232 respondents have been considered in the study. They are spread over 21 slums of Bhubaneswar, which is the capital of Odisha and the number one smart city in India. The responses were obtained from a structured questionnaire administered using random sampling. The study reveals that slum dwellers trust the banks for keeping their savings but their dependence on banks to borrow money to meet their needs is minimal. While 85% of the respondents parked their savings, less than 8% borrowed from the banks. Further, more than 65% of the slumdwellers met their fund requirement from relatives and neighbors but only less than 6% of the respondents found it cumbersome easy relatively easier to borrow from banks. The purpose of the borrowings for 40% of the respondents was to meet day to day expenses. In addition, 26% of the respondents expressed that meeting education and health related expenses was the reason for borrowing. As far lending pattern of slumdwellers is concerned it was observed that 80% of the respondents lent to friends, relatives and neighbors for reasons which is not primarily commercial but to have cordial relationship. The findings suggest that consumption aspect also need to be factored while devising financial inclusion policies in the lending space which at present is more geared towards meeting working capital requirements in agriculture or for asset creation. The findings from this exploratory study also suggest that the instead of commercial banks, forming credit cooperative societies as an institutional mechanism is better suited to meet the financial needs of the poor. A key takeaway from the study is that Government also needs to give importance to the cooperative framework in addition to commercial banks to further financial inclusion plan. Proliferation of the slums in the urban cities is a perennial issue and it must be sorted out collectively by the governments and other bodies through public policy which enhance their lifestyle through financial inclusion plan.

Keywords: Financial Inclusion, Slumdwellers, Saving, Borrowing, Lending Behaviour; Bhubaneswar City.

IMPACT OF REMITTANCE ON POVERTY REDUCTION IN NIGERIA, 1980 – 2017

ATHANASIUS C. NWACHUKWU[1] and Dr. DIKE CHRISTOPHER KEMAKOLAM[2]

[1]*Department of Social Sciences, Federal Polytechnic Nekede, Owerri, Imo State, Nigeria*
Tel: +234-803-773-9386 Email: athanchukspoly@gmail.com
[2]*Department of Social Sciences, Federal Polytechnic Nekede, Owerri, Imo State, Nigeria*
Tel: +2348033448591 Email: kemasdyke@gmail.com

ABSTRACT

This research work studied the impact of remittances on poverty reduction in Nigeria. Data on Poverty Rate, Remittances Inflows, Real GDP, Foreign Direct Investment, Financial Market Access, Trade Openness And Exchange Rate were obtained from the CBN Annual Statistical Bulletin 2017 edition and World Bank data base for various years. The unit root test carried out on the data showed that they are all integrated of order I(1) i.e. at first difference and the long run relationship was ascertained using the Johansen cointegration test. Prior to estimating the short run model, the long run estimates were obtained which showed that remittances have and increasing effect on poverty rate and real GDP at the same time. This implies that remittances have not had the desired effect on poverty reduction even though it contributes to economic growth. The Error Correction Model (ECM) results revealed that there is a stable short run relationship between remittances and poverty reduction on one hand and remittances and economic growth (Real GDP) on the other hand. As a result, the study confirmed the significant effect of remittances in reducing poverty in Nigeria in the short run period and at the same time remittances contributed positively and significantly to economic growth in Nigeria. In conclusion, Remittances decreased poverty rate which improved standard of living and income of household thus contributing to economic growth in the short run. The study, therefore, recommended that since remittances contributed immensely to poverty reduction in Nigeria in the short period, measures to attract and sustain the inflow of remittances should be put in place to replicate the positive effects of remittances on poverty reduction in the long run.

Keywords: Error Correction Mode, Poverty Reduction, Remittances, Trade Openness.

1.0 Introduction

International remittances is generally defined by the International Monetary Fund's (IMF) Balance of Payments Statistics Manual as that portion of international migrant workers' earnings sent home from the country of abode to the country of origin (current transfers), compensation to employees (income), and migrant transfers (capital transfers), as well as social benefits derived from migrants and, current and capital transfers to non-profit serving households.

The international remittances sent back home by migrant workers have been found to have profound impact on the national economies of the recipient countries, especially on poverty level. International remittances have indeed emerged as a major source of foreign exchange in many developing countries. In most cases, they have surpassed foreign direct investment (FDl), Official Development Assistance (ODA) and non-oil export earnings, for oil producing developing countries. According to the International Monetary Fund's (IMF) Balance of Payments Statistics Yearbook (2007), "remittances inflow to developing countries ranged from $116 billion in 2002 to $251 billion in 2007, depicting an annual growth rate of 19.4 per cent". However, remittance inflows were affected by the global economic crisis of 2006-2008 as it shrank by 5.2 per cent to $307 billion in 2009 but quickly recovered in 2010 and grew to $351 billion in 2016 (Ratha, 2013). It is however believed that the above figures underestimated the actual remittance inflows to developing countries as a result of the informal and unrecorded channels of remittance transfers employed by illegal migrants and money launderers.

The Central Bank of Nigeria (CBN) officially started recording remittance transfers in the nation's current account balance of payment account books in 2002 (Olowa, Awoyemi,Shittu and Olowa, 2013). As a result of banking reforms of 2004-2006, the remittance figures rose dramatically from a modest $2.26 billion in 2004 to $I4.47 billion in 2005 and $19.20 billion in 2008. Though it decreased slightly to $18.43 billion in 2009, as a result of the global economic crisis but rose again to $19.82 billion in 2010 and maintained the upward trend to about $21 billion in 2013 reaching almost $30 billion in 2017 (CBN, 2013 and 2017). In comparison to the international remittance inflows in the rest of the world, Nigeria became the fifth highest remittance recipient country in the world after India's $70 billion, China's $66 billion, Philippine's and Mexico's $24 billion each and closely followed by Egypt- $18 billion (Ratha, 2013). Nigeria and Egypt are the first and second highest recipients of international remittances in Sub-Saharan Africa (SSA) respectively. According to the World Bank (2017) report, India, China, the Philippines, Mexico and Nigeria received the greatest amount of remittances of all countries in the world in 2016 and 2017, accepting a combined $197 billion or nearly half of all monies remitted to the developing world that year. However, despite these huge inflow of remittances over these years and the expected moderating effect on poverty level, incidence of poverty is still very high in the country.

International migration has led to an increase in both formal and informal remittance flows by migrant workers to their home countries. In most developing countries, Nigeria to be precise, World Bank (2018) estimates suggest that Diaspora remittances make up a large share of GDP. In 2017 alone, a total of $28.08 billion was remitted by Nigerians in diaspora representing about 6.1% contribution to Gross Domestic Product (GDP) and larger than all direct foreign investment and development aids combined (Olalekan, 2019).

The impact of the huge international remittance inflows into the Nigerian economy on poverty reduction has not been thoroughly investigated on a macro-economic level. The Central Bank of Nigeria (CBN, 2017) records show that workers' remittances constitute the second highest source of foreign exchange earnings, surpassing all other forms of financial flows except oil exports receipts.

Given the recent global surge in remittance inflows and the back drop of Nigeria's share in the remittance flows in the world and Sub Saharan Africa (SSA), it is expected that Nigeria would move up the poverty rankings. The World Bank (2017) report showed that remittances inflow into Nigeria amounted to N109 billion in 2002 and further increased to N7 trillion in 2010. At the same time, poverty rate increased from 68% in 2002 to 85% in 2010. Further increases in remittances to N11.5 trillion and N13.3 trillion in 2016 and 2017 respectively gave rise to increase in poverty rate by 87% in both years.

Therefore, the main objective of this study is to examine the impact of remittances inflow on poverty reduction in Nigeria. Specifically, the study aims at determining the impact of remittance inflow into Nigeria on poverty reduction in Nigeria and ascertaining the relationship between remittances and economic growth in Nigeria. The following null hypotheses are formulated to guide the study: Remittances inflow into in Nigeria has no significant impact on poverty reduction in Nigeria. There is no significant relationship between remittances and economic growth in Nigeria. The scope of the study is within the period of 1980- 2017, reflecting the objective of the study and data set.

2.0 Review of Related Literature

2.1 Concept of Inequality

According to Abeng (2011), investigations on the relationship between inequality, per capita income and poverty revolve around the seminal work of Kuznets (1955) hypothesis. The Kuznet curve or the inverted U-shaped pattern of inequality, hypothesized that economies, while in their developing stages experience increasing economic inequality at first, attain a peak and thereafter, trend downward during maturity stages. The theory posits that at the early stages of development, investments are rather concentrated on physical infrastructures while the problem of inequality is given less attention. However, as the economy matures, investment priorities are shifted to human capital accumulation through investments in education and thus inequality is reduced.

2.1.1 Remittances

Remittances are part of the migrants income from those resident in another country sent home to their families or households resident in the original country, in the case of international remittances, or from one region (usually urban areas) to another region (usually rural areas). They are usually in the form of cash or goods but nevertheless form a significant portion of the recipients' income.

Remittances have been severally defined by various scholars tailored according to the mode, uses and nature of the transfer. Tewold (2005), Alessandra and Ivo (2006) defined remittances as monetary and non-monetary items that migrants earn while working abroad and later send back to their families living in their homeland.

Harrison (2003) defined remittances as the sum of workers' earnings and compensation of employees and migrant transfer while Ratha (2013) on his part conceptualizes remittances as representing a major vehicle for reducing the scale and severity of poverty in the developing world. The definition given by Levitts (1996) appears to capture the intrinsic nature of remittances, which he stated as ideas, practices, identities and social capital that flow as social remittances. All these definitions notwithstanding, the one that is generally accepted is that given in the Balance of Payments Statistics Manual JBPM5 of the International Monetary Fund (IMF 2008 and 2009).

2.1.2 Poverty

A concise and universally accepted definition of poverty is elusive largely because it affects many aspects of the human conditions, including physical, moral and psychological. Different criteria have, therefore, been used to conceptualize poverty. Most analyses follow the conventional view of poverty as a result of insufficient income for securing basic goods and services. Others view poverty, in part, as a function of education, health, life expectancy, child mortality etc. Blackwood and Lynch (1994), identify the poor, using the criteria of the levels of consumption and expenditure.

Further, Sen (1983), relates poverty to entitlements which are taken to be the various bundles of goods and services over which one has command, taking into cognizance the means by which such goods are acquired (for example, Money and Coupons etc) and the availability of the needed goods. Yet, other experts see poverty in very broad terms, such as being unable to meet “basic needs” – (physical; (food, health care, education, shelter etc. and non – physical; participation, identity, etc) requirements for a meaningful life (World Bank, 1996).

Broadly, Ajakaiye and Adeyeye (2016) conceptualized poverty in four ways; these are

1. Lack of access to basic needs/goods;
2. A result of lack of or impaired access to productive resources;
3. Outcome of inefficient use of common resources; and
4. Result of “exclusive mechanisms”.

Poverty as lack of access to basic needs/goods is essentially economic or consumption oriented. It explains poverty in material terms and specifically employs consumption-based categories to explain the extent and depth of poverty, and establish who is and who is not poor. Thus, the poor are conceived as those individuals or households in a particular society, incapable of purchasing a specified basket of basic goods and services. Basic goods are nutrition, shelter/housing, water, healthcare, access to productive resources including education, working skills and tools and political and civil rights to participate in decisions

concerning socio-economic conditions (Streeten and Burki,1978).

The first three are the basic needs/goods necessary for survival. Impaired access to productive resources (agricultural land, physical capital and financial assets) leads to absolute low income, unemployment, undernourishment etc. Inadequate endowment of human capital is also a major cause of poverty. Generally, impaired access to resources shifts the focus on poverty and it curtails the capability of individual to convert available productive resources to a higher quality of life (Sen, 1983) and Ajakaiye and Adeyeye (2016).

Poverty can also be the outcome of inefficient use of common resources. This may result from weak policy environment, inadequate infrastructure, weak access to technology, credit etc. Also, it can be due to certain groups using certain mechanisms in the system to exclude "problem groups" from participating in economic development, including the democratic process. In Sub-Sahara Africa (SSA), the agricultural sector was exploited through direct and indirect taxation throughout the colonial and post-colonial decades leading to poor growth performance of the sector, heightened rural-urban migration and employment crisis.

Poverty can be structural (chronic) or transient. The former is defined as persistent or permanent socio-economic deprivations and is linked to a host of factors such as limited productive resources, lack of skills for gainful employment, endemic socio-political and cultural factors and gender. The latter, on the other hand, is defined as transitory/temporary and is linked to natural and man- made disasters. Transient poverty is more reversible but can become structural if it persists.

Because of the important contribution of remittances to welfare, it has been argued that remittances are a safety net for relatively poor areas (Jones 1998a). This "private" foreign aid seems to flow directly to the people who really need it, does not require a costly bureaucracy on the sending side and "far less of it is likely to be siphoned off into the pockets of corrupt government officials" (Kapur 2003:10). Jones (1998b), therefore, stated that there is probably no other more "bottom-up" way of redistributing and enhancing welfare among populations in developing countries. While there is certainly an element of truth to this logic, there is also a clear danger of unrestrained optimism concerning the potential of remittances to reduce poverty and inequality.

First, there is a tendency to overestimate the magnitude of migration and remittances. In fact, international migrants comprise only about 3 per cent of the world's population and, in 2001, remittances represented only 1.3 per cent of total gross domestic product (GDP) of all developing countries (Ratha 2013:10). These figures are enough to put the argument that remittances alone can generate take-off development into a more realistic perspective.

2.1.3 Migration

Migration is defined by the oxford advanced learners dictionary as the movement of people from one place to another with the intentions of settling, permanently or temporarily in a new location. The movement is often over a long distance and usually from one country to another. Hein-De-Haas (2007) posited that the short-term effects of migration on livelihoods and household production in ending communities are often negative due to the immediate lost-labour effect. According to him, tt is often only at a later stage—when the migrant has more or less settled at the destination, found relatively secure employment and the most basic needs of the household "back home" are fulfilled (such as food, health, clothing, primary education, basic household amenities, paying off debts and so on)— that there is more room for investments. In the meantime, households and communities have had the chance to readjust local (agricultural and non-agricultural) production systems (including labour allocation, intra-household task divisions) to the absence of migrants. It is only at these later stages that migrants tend to invest their money in commercial enterprises such as agriculture, large-scale housing, commerce and so on. However, the extent to which they will invest at all depends on more general investment conditions.

2.2 Theoretical Literature Review

2.2.1 New Economics of Migration Theory

Taking a different level of analysis, the New Economics of Migration (NEM) made prominent in the work of Stark & Bloom (1985) stipulates that migration decisions are not taken by one individual only, but rather by families or households. People act collectively not only to maximize income in absolute terms, but also relative to other households. This classical theory of remittance sees exit from poverty as a motivation for migration abroad

The theory of relative deprivation predicts that the chance of sending migrants abroad is greater when the amount of income earned is higher and income inequality is greater compared to the reference group. Stark and Taylor (1989) showed that relative income had a greater impact than absolute income on international migration based on a sample of households from developing economies, except at the two ends of income distribution.

According to Opong (2012), investment proceeds from abroad come in form of formal remittances and these remittances are a function of exchange rate ratings which gives value to these funds. Opong (2012) further argues that the rich nexus of social bonds that migrants have migrated from, act as the gravitational pull which influences the longing to return to one's roots. The return decision is also largely influenced by the status quo bias, the departures from which are perceived as a loss in the minds of migrants. This may also explain the reasons why migrants spend resources in their country of origin for their eventual return. Therefore, the degree of openness of the financial market acts as a spur to the remittance of monies to their countries of origin.

The New Economics of Labour Migration (NELM) models migration as the risk-sharing behaviour of households. Family members are stated to implicitly enter into insurance agreement whereby the family invests in members to allow them to migrate, but however, expect a return on this investment from the migrants through the payment of the cost incurred by the migrant and assistance they may require.

This approach integrates motives other than individual income maximization behaviour, which play a role in migration decision- making. Migration is perceived as a household response to income risks since migrant remittances serve as income insurance for households of origin (Lucas and Stark, 1985). This can theoretically explain why people migrate even more in the absence of substantial income differentials. Remittance is seen as the migrants' repayments and insurance payout to the non-migrating family. In addition to its contribution to stable and secure household livelihoods, NELM scholars argue that migration plays a vital role in the context of the imperfect credit (capital) and risk (insurance) markets that prevail in most developing countries. Hence migration can be considered as a livelihood strategy to overcome various market constraints, potentially enabling households to invest in productive activities and improve their livelihoods.

2.2.2 Classical Theory of Remittances and Economic Growth

The classical theory of remittance was based on the assumption that large-scale capital transfer and industrialization to poor countries would move their economies towards rapid development and modernization. Classical theorists posit that migration leads to a North-South transfer of investment capital and accelerates the exposure of traditional communities to liberal, rational and democratic ideas, modern knowledge and education. Governments of developing countries started to actively encourage emigration since they considered it as one of the principal instruments to promote national development. From this perspective, returnee migrants were perceived as important agents of change, innovators and investors. The general expectation was that the flow of remittances, experience, skills and knowledge of migrants would promote economic development as they were expected to invest large sums of money in enterprises in the country of origin.

2.2.3 Neo-Marxist Theory

The neo-Marxist economists postulated that migration and remittance reproduced and reinforced the capitalist system based on inequality. Although these pessimistic views have been increasingly contested in recent years, they have remained prevalent in some recent studies. In socio-cultural terms, migration and remittances were seen as detrimental, in that exposure to wealth of migrant families causes a change in local taste that increases the demand for foreign goods (Azam & Gubert, 2006, Taiwo, 2007).

2.3 Empirical Literature Review

Adams and Page (2005), adopted Ordinary Least squares OLS) techniques on panel data from 71 developing countries on basic model of poverty determination to analyze international migration, remittances, inequality, and poverty nexus for those developing countries. The dependent variables for the study were the three measures of poverty- namely: the poverty level (which measures the poverty head count or the number of people below the poverty line of $1 .08 per day), the depth of poverty (which measures the poverty gap or the percentage of the population earning on average less than -the poverty line), and the squared poverty gap (which measures the severity of poverty). The independent variables are the mean per capita income, income inequality proxied by the GINI co-efficient and international remittances. Their result showed that international remittances significantly reduced the level, depth and severity of poverty in the developing countries of the world.

Le Goff (2010) considered the macroeconomic efficiency of migrants' remittances and their determining factors with a view to evaluating the impact of remittances on the development of the home countries and the relationship between migrants' remittances and instability, in the recipient countries, that is, economic, political and environmental instabilities. Following (Adams & Page, 2005; Patillo et al 2007), the paper expressed the dependent variable as the poverty headcount index, i.e. the percentage of the population living with one dollar or less per day, and the poverty gap which represents the depth of poverty. The independent variables are the real GDP per capita, the GINI coefficient and the remittances, as well as the instability variables and the interactive term of remittances and instability. The data was based on panel data from 65 developing countries running from 1980-2005 at intervals of 5 years. By using the fixed-effects estimates, he concluded that remittances play a positive and effective role in reducing the poverty headcount and the poverty gap in the migrants' origin countries.

Abeng (2011) studied remittances and economic growth and poverty reduction nexus in Nigeria by examining the linkages between remittances, economic growth and poverty reduction in Nigeria using the OLS techniques and Granger two stage procedures. For the linkages between remittances and economic growth, the paper followed the framework of Barro (1996), Burgess and Haksar (2005), Barro and Sahi-i-Martin (1995) and Giuliani and Ruiz-Arranz (2005) in their model specification. The dependent variable was real GDP while their independent variables include workers' remittance, gross capital formation, foreign direct investment and vector of control variables such as government current consumption expenditure, trade openness, adult literacy level and annual percentage change in the consumer price index as a measure of Inflation rate.

In a study that focused on international remittances inflow and household welfare in Nigeria, Fonta, Onyukwu and Nwosu (2011) adopted Foster, Greer and Thorbecke (1984) poverty decomposition techniques to analyze how poverty decline across all the geopolitical zones of Nigerian by sex and locality as a result of remittances inflows. The result showed that with remittances, household poverty fall from 0.35 to 0.30 in the south- south region, 0.45 to 0.36 in the south- west region. Poverty also declined from 0.67 to 0.60 in the North-central region, 0.72 to 0.66 in the North-Hast and from 0.71 to 0 66 in the North- West region. Similarly, in the GINI decompositions, the study finds that increase in remittances reduces income inequality more in urban areas (0.1) than in rural areas (0.02). In other words, a 10% increase in remittances, other things being equal, is associated with decline in GINI coefficient of total income inequality of 0.02% in rural areas and 0.1% in the urban area respectively.

In another study on the effects of remittances on poverty on rural households in Nigeria, Olowa, et al (2013) used a large nationally-representative household survey to analyze the impact of domestic remittances (from Nigeria) and foreign remittances (from African and other countries) on poverty in rural Nigeria. The data for the study was the National Living Standard Survey (N.LSS) collected by the National Bureau of Statistics (NBS), The data extracted for the study (which invariably can be regarded as the independent variables) included socio-economic characteristic, expenditure, household income, Domestic Remittances (DRs) and foreign Remittances (RFs). The data were analyzed using descriptive statistics, and Foster, Greer and Thorbecke (FRT). The independent variables are the poverty head count, the poverty gap and the squared poverty gap. The results of the findings indicated (hat the socio-economic characteristics showed that on the average, households that received foreign remittances had older heads (61.7 ± 19.7 years), smaller household size (4.0 ± 2.5),bigger land size (18.53 ± 26.5ha), higher literacy rate(0.50 ± 0.5), and non-poor (0.08 ± 0.3), with higher annual per capita expenditure (111,768 ± 179,868). Poverty analysis showed that both types of remittances reduce level, depth and severity of poverty in rural Nigeria. The study found that poverty is reduced more when domestic, as opposed to foreign remittances are included in household income, and when poverty is measured by the more sensitive measures, namely- poverty gap and squared poverty gap. At a poverty line of N23,733 per annum, a 10% increase in domestic remittances decrease poverty incidence (PI), poverty gap(PG) and square poverty gap (SPG) by 1.80%, 1.60% and 1.60% respectively while 10% rises in foreign remittances reduced PI, PG and SGP by (IM)V0.62S% and 0.62% in rural Nigeria respectively. Across GPZs, while 10% increase in foreign remittances reduced PI (-0.88%) in North- Central (NC) it had no effect in NE (0.00%). The same increase in domestic remittances reduced PLPG and SPG most in the SS (-0.29%, -1,85%and -0.75%) and least in NE(-0.09%, -0. 09%, 0 iS2% and -0.22%). The paper therefore concluded that while remittances were poverty reducing, any poverty programmes that seek to adjust for remittances shortfall must examine carefully the situation for all groups but more especially the poor in rural areas. The study like most survey studies dwelt on a micro level and individual household. It can never suffice for macroeconomic analysis and therefore of limited application. Important variables that have bearing on the rate of remittances inflow and poverty reduction, such as education or trade openness, were not captured by the study.

2.3.1 Identified Gap in Empirical Literature

Certain features and weaknesses were identified as the gap in knowledge this study will fill: All the reviewed papers have, except one, based their studies on surveys of poverty headcount which are limited in coverage and thus of limited application for macroeconomic analysis and policy actions. The work of Abeng (20l1) which adopted a macro level outlook did not use the appropriate estimation techniques. This paper adopted the macroeconomic level approach and used the appropriate Co integration and error correction approach (ECM) techniques.

Furthermore, the data used by Fonta, Onyukwu and Nwosu (2011) was based on Nigeria Living Standard and Measurements Survey (NLSMS) of 2004 conducted by the National Bureau of Statistics (NBS, 2004) that covered all the thirty-six states of Nigeria and the Federal Capital Territory (FCT) on 19,158 household incomes from various sources including remittances. The dependent variables in their study were poverty head count, poverty depth and severity while the independent variables were remittances sub classified into household with and without remittances, education and gender. The study is of limited application because of its scanty coverage. A 2004 Nigerian Living Standard Measurement Survey (NLSMS) cannot tell sufficiently the story of remittances impact at a time when the Central Bank of Nigeria (CBN) has only started official recording of remittances inflow two years earlier. Moreover, based on the population of Nigeria as at the time of the survey, we cannot extrapolate for the total population based on less than 0.02% of the total population surveyed.

This research work intends to fill these identified gaps by estimating a macro-economic model using a key variable such as foreign direct investment and the Error Correction Model technique

3.0 Research Methodology

The research design employed in this research is the ex-post facto research design. Ex-post facto research is a systematic empirical inquiry in which the scientist does not have direct control of independent variables because their manifestations have already occurred or because they are inherently not manipulated.

The theoretical framework of the study is derived from the classical theory of remittance. This theory was based on the assumption that large-scale capital transfer to poor countries would move their economies towards rapid economic development, industrialization and modernization. Classical theorists posit that migration leads to a North-South transfer of investment capital and accelerates the exposure of traditional communities to liberal, rational and democratic ideas, modem knowledge and education.

Following from the classical theory of remittance, the study adopts and modified the empirical works of (Acosta, et al 2008); Abeng (2011). In other words, the remittance- poverty nexus were examined on the basis of macroeconomic perspective. To this effect, two models are formulated where Poverty rate and Real GDP are used as proxies for poverty reduction and economic growth respectively. The models are specified thus:

POVR = f(Remittances) …(3.1)

RGDP = f(Remittances) …(3.2)

However, given that there are other economic factors that affect remittances as earlier identified, we introduce these variables in the following two equations thus:

POVR = f(REM, RGDP, FDI, FMA, OPEN) …(3.3)

RGDP = f(REM, FDI, FMA, OPEN, EXCHR) …(3.4)

The Linear Form of the Models is stated thus:

$POVR = a_0 + a_1LnREM + a_2LnRGDP + a_3LnFDI + a_4FMA + a_5OPEN + U_t$ …(3.5)

$RGDP = b_0 + b_1LnREM + b_2LnFDI + b_3FMA + b_4OPEN + b_5EXCHR + U_t$ …(3.6)

Where:

POVR = Poverty rate

REM = Remittances inflow into Nigeria

RGDPC = Real Gross Domestic Product per capita

FDI = Foreign Direct Investment

FMA = Financial Market Access

OPEN = Trade Openness

INF = Inflation rate

U_t = error term, Ln = Natural Logarithm Connotation, $a_0 – a_5$ and $b_0 – b_5$ are the unknown parameters of the model to be estimated and other variables are as previously defined.

The apriori expectation of the two models are such that $a_0 – a_5 > 0$ and $b_0 – b_5 > 0$.

The data used in the estimation are time series and annual in nature. They were therefore subjected to stationary/unit root test using the Augmented Dickey-Fuller (ADF) and Philip Peron unit root tests to ensure their stationarity at levels or be made so through differencing, to avoid spurious regression. Moreover, to confirm the existence or otherwise of the long-run relationship among the variables, Johansen co-integration (Johansen, 1988) tests were carried out and 5% level of significance was adopted to guide decisions on these tests. Also to ensure that there is no autocorrelation between the error terms, a test of autocorrelation was carried out using Durbin- Watson techniques and other diagnostic tests were carried out to ensure high quality results,. Furthermore, error correction model (ECM) technique was adopted to estimate the coefficients of the model.

4.0 Results and Discussion

4.1 Unit Root Test: Table 4.1 below reports the results of the unit tests results using the Augmented Dickey Fuller (ADF) unit root test. The test is summarized as follows:

Table 4.1: Summary of Unit Root Test Result

		ADF Test statistics			
Variable		**At Level**	**1st Difference**	**Decision**	**Order of Integration**
POVR		-1.431530	-3.443603	Stationary at 1st difference	I(1)
LnRGDP		0.707672	-3.405984	Stationary at 1st difference	I(1)
LnREM		-1.144022	-6.829805	Stationary at 1st difference	I(1)
LnFDI		-1.366728	-7.506180	Stationary at 1st difference	I(1)
FMA		0.416446	-5.025848	Stationary at 1st difference	I(1)
OPEN		-2.200264	-7.980352	Stationary at 1st difference	I(1)
EXCHR		2.147288	-3.687580	Stationary at 1st difference	I(1)
Critical Values	1%	*-3.621023*	*-3.626784*		
	5%	*-2.945842*	*-2.945842*		
	10%	*-2.610263*	*-2.611531*		

Source: Researchers' Computation using E-Views 9.0

The unit root test above reveals that the variables are stationary at first difference, which implies that variables are integrated of order one, I(1). Based on this result, one can test for the existence of a long-run relationship amongst the variables, i.e. cointegration.

4.2A: Cointegration Test: The long run relationships amongst the variables are tested thus:

Table 4.2A: Model 1 Johansen Cointegration Test Results

Model 1: Poverty Rate – Remittances Model		**Trace Statistic**			**Max-Eigen Statistic**		
Hypothesized No of CE (S)	**Eigen-Value**	**Trace statistics**	**5% Critical Value**	**Prob****	**Max-Eigen statistics**	**5% Critical value**	**Prob****
None**	0.797909	129.3795	95.75366	0.0000	57.56533	40.07757	0.0002
At Most 1**	0.619562	71.81418	69.81889	0.0344	34.79157	33.87687	0.0388
At Most 2	0.421064	37.02262	47.85613	0.3465	19.67628	27.58434	0.3639

At Most 3	0.240809	17.34633	29.79707	0.6144	9.918070	21.13162	0.7523
At Most 4	0.170601	7.428263	15.49471	0.5284	6.733928	14.26460	0.5211
At Most 5	0.019102	0.694335	3.841466	0.4047	0.694335	3.841466	0.4047

Note: **Trace test indicates 2 cointegrating eqn(s) at the 0.05 level

**Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level

Source: Researchers' Computation using E-view 9

Table 4.2B: Model 2 Johansen Cointegration Test Results

Model 2: Real GDP – Remittances Model (Trace Statistic)					**Max-Eigen Statistic**		
Hypothesized No of CE (S)	**Eigen-Value**	**Trace statistics**	**5% Critical Value**	**Prob****	**Max-Eigen statistics**	**5% Critical value**	**Prob****
None**	0.735127	131.8446	95.75366	0.0000	47.82618	40.07757	0.0055
At Most 1*	0.607485	84.01846	69.81889	0.0024	33.66651	33.87687	0.0529
At Most 2*	0.510347	50.35195	47.85613	0.0286	25.70610	27.58434	0.0853
At Most 3	0.353074	24.64585	29.79707	0.1745	15.67882	21.13162	0.2442
At Most 4	0.207460	8.967028	15.49471	0.3684	8.370440	14.26460	0.3423
At Most 5	0.016435	0.596587	3.841466	0.4399	0.596587	3.841466	0.4399

Note: **Trace test indicates 3 cointegrating eqn(s) at the 0.05 level

**Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level

Source: Researchers' Computation using E-view 9

The result of the Johansen cointegration rank tests presented in table 4.2 and 4.3 above shows that the Trace and Max-eigen statistics in the first model indicate two (2) Cointegrating equations at the 5% level. For the second model, the Trace statistic indicated 3 cointegrating equations while the Max-eigen statistic showed there is 1 cointegrating equation at 5% level. The existence of at least 1 cointegrating equation(s) in both models is an indication that there exists a long-run relationship between poverty rate and remittances on one hand and poverty rate and economic growth on the other hand. In effect, remittances have a long run effect on both poverty reduction and economic growth in Nigeria (Idowu, Sani & Ibeagha, 2012).

4.3 Long Run Model Estimates

The long run model was estimated and the result for both equations is shown below:

Table 4.3A: Long Run Estimates For Model One

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-247.9124	68.11607	-3.639558	0.0010
LNREM	0.638480	1.426817	0.447485	0.6575
LNRGDP	0.251422	10.19414	0.024663	0.1192
LNFDI	0.956947	0.095023	10.070688	0.0007
FMA	-0.042693	0.484113	-0.088188	0.9303

OPEN	0.303600	0.127283	2.385232	0.0232
R-squared	0.938776			
Adjusted R-squared	0.929210			
Durbin-Watson stat	0.613069			
F-statistic	98.13416			

Table 4.3B: Long Run Estimates For Model Two

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.447523	0.369602	20.15009	0.0000
LNREM	0.084542	0.015670	5.395334	0.0000
LNFDI	0.054231	0.020776	2.610273	0.0137
FMA	0.030144	0.005494	5.486742	0.0000
OPEN	0.001506	0.002206	0.682567	0.4998
EXCHR	0.001851	0.000582	3.182051	0.0032
R-squared	0.975210			
Adjusted R-squared	0.971336			
Durbin-Watson stat	1.627421			
F-statistic	251.7636			

Source: Extracted from Eviews Output (See Appendix)

The long run estimates above shows that as remittances increases, poverty rate also increases by 64% annually. The same applies to real GDP, FDI and trade openness which increases poverty rate by 25%, 95% and 30% respectively. However, for the second model, all the indices of remittance increase Real GDP significantly except for trade openness which had an insignificant relationship. Remittances, FDI and financial market access increased real GDP by 8%, 5% and 3% respectively while trade openness and exchange rate increased real GDP by 0.2% each.

4.4 Error Correction Model Estimation

The study proceeded with the estimation of the Error Correction Model which was developed by Engle and Granger to reconcile the short-run behavior of remittances with its long-run behavior, and to investigate the adjustment mechanisms towards the long-run equilibrium represented by the cointegration relationship. Hence, ECM shows the dynamics of short run adjustments remittances towards the long run equilibrium with poverty reduction and economic growth in Nigeria. The result is summarized below:

Table 4.4A: Error Correction Model Result For Model 1

Error Correction Model
Dependent Variable: POVR
Sample: 1980 2017

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-29.48167	6.686279	-4.409279	0.0001
D(LNREM)	-0.364333	0.062734	-5.807584	0.0012
D(LNRGDP)	-31.64704	9.969604	-3.174352	0.0036
D(LNFD)I	-2.558403	1.352354	1.891814	0.0689
D(FMA)	-0.613881	0.500081	-1.227562	0.2298
D(OPEN)	0.196720	0.127752	1.539862	0.1348
ECM(-1)	-0.070827	0.015526	-4.561832	0.0199
R-squared	0.936714			
Adjusted R-squared	0.923153			
F-statistic	69.07286			
Prob(F-statistic)	0.000000			

Durbin-Watson stat	1.542522

Source: Researcher's Computation using E-View9

Table 4.4B: Error Correction Model Result For Model 2

Error Correction Model
Dependent Variable: LnRGDP
Sample: 1980 2017

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.658893	0.407383	18.80023	0.0000
D(LNREM)	0.072106	0.017652	4.084860	0.0003
D(LNFDI)	0.047051	0.021562	2.182075	0.0377
D(FMA)	0.033591	0.005869	5.723028	0.0000
D(OPEN)	0.002890	0.002335	1.237619	0.2261
D(EXCHR)	0.002208	0.000673	3.279916	0.0028
ECM(-1)	-0.010090	0.001203	-8.387365	0.0000

R-squared	0.975667	Mean dependent var	10.28507
Adjusted R-squared	0.970453	S.D. dependent var	0.550816
S.E. of regression	0.094681	Akaike info criterion	-1.699751
Sum squared resid	0.251006	Schwarz criterion	-1.388681
Log likelihood	36.74564	Hannan-Quinn criter.	-1.592370
F-statistic	187.1186	Durbin-Watson stat	1.970506
Prob(F-statistic)	0.000000		

Source: Researcher's Computation using E-View9

The estimated short run equations for both models are specified as follows:

$$D(POVR) = -29.482 - 0.364*D(LNREM) - 31.647*D(LNRGDP) - 2.558*D(LNFDI) - 0.6139*D(FMA) + 0.1967*D(OPEN) - 0.0708*ECM(-1) \quad (4.1)$$

$$D(LnRGDP) = 7.6589 + 0.0721*D(LnREM) + 0.0471*D(LnFDI) + 0.0334*D(LnFMA) + 0.00289*D(OPEN) + 0.00221*D(EXCHR) - 0.01009*ECM(-1) \quad (4.2)$$

4.5 Post-Estimation Test Results

Table 4.6 below shows the post estimation test results which comprised of the Breusch-Godfrey serial correlation test, Durbin Watson test for autocorrelation, Cumulative Sum test, Normality test and the Coefficient of determination (R-squared and Adjusted R-squared. These tests are necessary in order to ascertain the statistical robustness and predictive ability of the model. They are summarized as follows:

Table 4.5: Diagnostic Tests

S/N	Test	Probability		Decision
		Model 1	Model 2	
1.	Breusch-Godfrey serial correlation LM test	0.2025	0.9937	No serial correlation.
2.	Durbin Watson Statistic	1.5425	1.9705	No Autocorrelation
3.	Breusch-Pagan-Godfrey Heteroscedasticity Test	0.3131	0.8612	No Heteroscedasticity

4.	CUSUM Test	Within bands of 5% significance level	Within bands of 5% significance level	Stable
5.	Normality (Residual) Test	Skewness: -0.951574 Kurtosis: 3.348892 Jarque-Bera: 5.459658 (p=0.0652)	Skewness: -0.617997 Kurtosis: 4.176297 Jarque-Bera: 4.245725 (p=0.1197)	Series are not normally distributed.
6.	R-squared and Adjusted R-squared	0.936714 (94%) 0.923153 (92%)	0.975667 (98%) 0.970453 (97%)	High explanatory coefficient

Source: Extracted from E-Views 9.0 output (See Appendix)

The post-estimation tests as presented in table 4.6 above shows that the model is free of serial correlation of the error terms given the p-value of the Breusch-Godfrey Serial Correlation LM test. Also, the Durbin Watson statistic suggests that there is no autocorrelation in the model since the DW value tends towards 2 than to 0. In addition, the Breusch Pagan Godfrey Heteroscadasticity test indicates that the variance or errors are the same over the sample period, as indicated by the p-value. However, the normality test suggests that the models do not comply with the normality assumptions as attested by the Jarque-Bera statistic and the p-value.

The cumulative sum (CUSUM) test shows and affirms the stability and suitability of the model for forecasting since the CUSUM line is within the upper and lower bounds 5% critical value lines (See Appendix).

Finally, the adjusted R-squared values of 0.9232 and 0.9704 indicate that the explanatory variables (remittances and its indices) accounts for up to 92% and 97% of the variations in poverty rate and economic growth in Nigeria respectively. Based on the model formulated in this research, this gives a very good fit.

4.6 Evaluation of Research Hypotheses

Test of Hypothesis One

H_{01}: Remittance inflow into Nigeria has no significant impact on poverty reduction in Nigeria.

t-statistic = -5.807584

t-table = $t_{0.025,32}$ = 1.960

Decision Rule: Since the t-statistic is greater than the t-table value at 5% level of significance, we reject the null hypothesis and conclude that Remittance inflow into Nigeria has significant impact on poverty reduction in Nigeria.

Test of Hypothesis Two

H_{02}: There is no significant relationship between remittances and economic growth in Nigeria.

t-statistic = 4.08486

t-table = $t_{0.025,32}$ = 1.960

Decision Rule: The t-statistic is greater than the t-table value at 5% level of significance; therefore, we reject the null hypothesis and conclude that Remittance inflow into Nigeria has significant impact on economic growth in Nigeria.

4.7 Summary of Findings

Following the analysis of the data, the following findings made in the study are summarized as follows:

1. In the long run, remittances inflow increases poverty rate by 64%. This also increased Real GDP by 8.5% at the same time. This shows that remittances have not had the desired effect on poverty reduction in Nigeria even though it is a major contributor to economic growth in Nigeria.
2. In the short run, there is an inverse relationship between remittances and poverty rate in Nigeria. A unit increase in remittances results to11% decrease in poverty rate.

3. Other indices of remittances such as Real GDP, Foreign Direct Investment and Financial Market Access have negative relationship with poverty rate reducing poverty rate by 31%, 2.6% and 61% respectively.
4. The positive effect of remittances on economic growth (real GDP) in the second model means that as remittances decreases poverty rate, it increases economic growth given increased expenditure in various sectors of the economy.
5. Other remittances indices used in the second model such as FDI, Financial Market Access, Trade Openness and Exchange Rate have positive effects on economic growth of Nigeria.
6. Error Correction Model estimated a speed of adjustment of 7.08% for model one and 1.0% for model two. Thus, given a steady state of increase in remittances by 7.08% and 1.0% annually, poverty rate will experience a decrease while economic growth will be at equilibrium growth state in the long run.
7. The explanatory variables used in the model jointly impacted on poverty reduction and economic growth in Nigeria accounting for up to 92% and 97% of the changes in poverty rate and real GDP respectively.

4.8 Implications of Results/Findings

This research empirically investigated the remittances- poverty reduction nexus in Nigeria, using the Error Correction Model (ECM) approach. Specifically, the paper examined the short-run effect of remittances inflows on poverty rate in Nigeria for the period 1980 to 2017.

The statistical properties of the time series data were examined through unit root test using Augmented Dickey-Fuller Unit root test. The results show that all the variables are integrated of order one, i.e. 1(1). This necessitated the test for long run relationship amongst the variables using the Johansen Cointegration test. The result established the existence of a long-run relationship between the dependent and independent variables. This implied that remittances have long run effect on poverty reduction and economic growth in Nigeria.

Consequently, the Error Correction Model estimated an adjustment rate of 7.08% and 1.0% of the two models to long run equilibrium. The implication of this is that given a steady state of increase in remittances by 7.08% annually, poverty rate will experience a decrease in the long run. Similarly, holding remittances at an annual 1.0% rate of increase, economic growth will increase. The negative sign of the ECM coefficients indicated that there is adjustment towards long-run equilibrium. As a result, the study confirms the effect of remittances in reducing poverty and growing the economy in the long run.

Short run results from the ECM estimates indicated that for model one, an inverse and significant stable relationship exists between remittances inflow, real GDP and poverty reduction in Nigeria while FDI and Financial market Access have decreasing but insignificant effect on poverty rate during the reviewed period. However, trade openness exhibited a positive and insignificant relationship with poverty rate in Nigeria.

For the second model, remittances and other indices for measuring remittances increases Real GDP significantly in the short run period. However, only trade openness exhibited a non-significant effect on real GDP for the period reviewed.

These findings are close to most of the studies reviewed in this paper. The economic implication of this is that as remittances inflow into Nigeria increases, poverty rate is decreased thereby leading to improved general well-being of households. This results to economic growth in the long run given that each individual household expends remittances from the abroad to various sectors of the economy. The drive for households to increase their remittances enhances economic power and also leads to increased FDI inflow into the country. The remittances indices used in the model jointly accounted for up to 92% of the changes in poverty rate and 97% of the changes in real GDP for the period under review.

The diagnostic tests carried out on the data showed that the error terms are not serially correlated hence the model is non-spurious. Also, the two models showed long run stability based on the Cumulative Sum (CUSUM) test.

5.0 Conclusion

This paper examined the impact of remittance on poverty reduction in Nigeria. To achieve the avowed objectives of the study, the necessary literature were reviewed- conceptually, theoretically and empirically. Some major flaws of the reviewed empirical works were identified and based on that the study tried filling the observed gaps. The study utilized some time series properties including the unit root, co-integration and error correction modeling technique to estimate the short run relationship between remittances and poverty reduction in Nigeria by estimating two models; the first model took care of the remittances – poverty reduction nexus while the second model took care of the remittances – economic growth nexus. Following the findings of the study, recommendations were made to ensure that remittance impacts heavily on poverty reduction and economic growth in Nigeria. Consequently, the study concluded that remittances inflow into Nigeria have indeed reduced poverty rate and increased household income; This has led to increase in real GDP as a result of the investment of these remittances into various sectors of the economy. The expected impact of Real GDP and FDI on poverty rate confirms the fact that remittances have had a multiplier effect on other economic variables hence the need to further enact policies that will aid the inflow of legal and direct remittances into the economy.

5.1 Recommendations

Having seen the relationship between remittances and poverty reduction in Nigeria, the following recommendations are made:

1. Since remittance contribute immensely to poverty reduction in Nigeria, measures to attract and sustain the inflow of remittances should be put in place. They include using our consular offices abroad to regularize the resident status of Nigerian illegal migrants and receiving and channeling remittance of such migrants through formal remittance channels in their coverage areas.
2. In the long run, remittances have no effect on poverty reduction in Nigeria. Government should put more effort in opening up the financial sector to diaspora remittances so as to encourage the people to make use of financial services in mobilizing savings, investments and other forms of businesses which enhances standard of living.
3. In addition to the recommendation made in (1) above, there should be creation of diaspora bonds that are projects-specific as well as organizing Nigerian migrants into investment associations or co-operatives by the consular personnel. This will encourage migrants to remit more on a sustainable basis.
4. The authorities can adopt a deliberate emigration policy that encourages remittances inflow by investing our Sovereign Wealth Fund in labour intensive projects abroad that can equally employ both skilled and unskilled Nigerians. Through this way, the Nigerian employees of such projects and their families who incidentally may engage in other employments in their resident countries will remit more and help to sustain the local economy.
5. The negative relationship exhibited by FMA with poverty rate may be attributed to the quality of the DMBs credits to the private sector; the authorities can change this by exercising stringent supervisory role on banks so that loans will be channeled to projects that add value to the economy and thus poverty reduction.
6. One of the major challenges for policy makers in Nigeria is to motivate senders and recipients of remittances to conduct their money transfer operations through formal financial institutions. In that way, remittances could become formal savings and deposits in financial institutions and, thus have a multiplier effect in the economy. This could be addressed by increasing the supply of financial services to both senders and recipients of remittances. Products that could be offered to poor families receiving remittances include deposit and savings accounts, consumer loans, mortgages, life and non-life insurance products, pensions, etc. This would not only deepen the financial system, but more importantly help recipients of remittances improve their living conditions.

5.2 Areas for Further Research

Further research should be conducted in the area of remittances and growth of the private sector in Nigeria. By taking a holistic view of the private sector activities vis-avis remittances, it would bring to the fore the important role played by remitted funds in the growth of the private sector in Nigeria. and thus the scope of this research will be widened. Also, since no single research is exhaustive, further studies can be carried out on the effect of remittances on household consumption income and poverty reduction for the period 1980 to 2018. This is recommended since this research work stops at 2017, an update to the analysis is necessary.

References

Abeng, M.O.(2011) Remittances, Economic Growth and Poverty Nexus: Evidence from Nigeria. *Economic and Financial Review Vol 49 No. 2 CBN, June.*

Acosta, P., Calderon, C., Fajnzy, P. and Lopez, J. (2008) Do Remittances Lower Poverty in Latin America? In Remittances and Development: Lessons from Latin America, eds. Fajnzylber, P. and Lopez J. II. *The World Bank,*

Adams, R. Jr. and Page, J. (2005) Do International Migration and Remittances Reduce Poverty in Developing Countries? *World Bank: World Development vol.* 33 No 10.

Adams, R.H.(1991)The Effects of International Remittances on Poverty, Inequality and Development in Rural Egypt. *Research Report 86, International Food Policy Research Institute, Washington DC.*

Adams, R.H.(2004) Remittances and Poverty in Guatemala, *World Bank Policy Research Working Paper* 3418, September.

Adam's, R.H.(2005) Remittances and Poverty in Ghana, *Development Research Group (DECRG) Washington DC World Bank.*

Adedokun, O. A. (2003) The rights of Migrants Workers' Families: Nigeria: *UNESCO Series of Country Reports on the Ratification of the UN Convention on Migrants.*

Ajakaiye, D. O and Adeyeye, V. A (2016) Concepts, Measurement and Causes Of Poverty,

CBN Economic & Financial Review, VOL. 39 No. 4

Ajayi, M. A. (2007) The Determinants of Loans and Advances in the Financial System: An Evidence from Nigeria commercial banks. *Journal of Business and Social Sciences, 12(1):12-25*

Alessandra, A. and Ivo, H., (2006) Issue Paper: Definition of Remittances, meeting of the United Nations Technical Subgroup on Movement of Persons. *Mode 4* New*York, United Nations Secretariat.*

Anyanwu, J. C. and Erhijakpor, A. E.(2009) Do international Remittances Affect Poverty in Africa? *African Development Bank (AfDB)*

Azam, J.P. and Gilbert, F., (2006), Migrants, Remittances and the household in Africa: A Review of the Evidence. *Journal of African Economics 2(2):10-32*

Ballard, R. (2001)The impact of kinship on the economic dynamics of: transnational networks: Reflections on South Asia developments. *Centre for Applied South Asian Studies, University of Manchester, United Kingdom.*

Birdsail N. and Londono, J.(1997) Asset Inequality Matters: An Assessments of the World Bank's approach to poverty reduction. *American Economic Review 5)6):23-45*

Blackwood and Lynch (1994) “The Measurement of Inequality and Poverty: A Policy

Maker’s Guide to the Literature”, World development 22 (4) : 567-578

Brown; R. L., Durbin, J. and Evans, J. M.1975) Techniques for testing the Constancy of

Regression relationships over time, *Journal of the Royal Statistical Society. Series B, 39.*

Burgess, R. and Ilaksar. I.T.(2005) Migration and Foreign Remittances in the Philippines. *IMF Working Paper WP/05/111*.

Central Bank of Nigeria (2008) The remittance Environment in Nigeria. *Occasional Paper No. 33*

Central Bank of Nigeria (2013) *The Statistical Bulletin 2013 CBN Publication Vol.24 December.*

Central Bank of Nigeria (2013b) *Annual Economic Report. Abuja, CBN Publications. December.* www.ebn.gov.ng

Central Bank of Nigeria (2013), *Statistical Bulletin, Vol. 24 Dec. World Bunk (20/3). Migration and Development Brief 20.*

Chami, R., and Fullenkamp, C. and Jahjah, S.(2003) Are Immigrant Remittance (a source of capital for development? *IMF Working Paper 01/189, IMF*, Washington *DC.*

Chukwuone, N.,Amaechi, R., lyoko, E., Enebeli-Uzor, S.E. and Okpukpara, B. (2007) Analysis of Impact of Remittances on Poverty and Inequality in Nigeria, *A Research Proposal submitted to 6th Poverty and Economic Policy, PEP Research Network General Meeting, Sheraton Lima Hotel. Lima, Peru, June 14-16.*

Clark and Drinkwater, S., (2001) An Investigation of Household Remittance Behaviour. *Manchester School of Economic Studies. Discussion Paper. Manchester, England.*

De Luna Marlinez, .J. (2005) Worker's Remittances to Developing Countries: A Survey with Central Banks on selected public issues. *Policy Research Working Paper 3638. World Bank, Washington DC.*

DFID (2003) An International Conference on Migrant Remittances: Development Impact Workshop Report, *Opportunities for the Financial Sector and Future Prospects. London 9-10 October.*

Dhungel, K. R. (2014) Estimation of Short and Long Run Equilibrium Coefficients in Error

Correction Model: Empirical Evidence from Nepal, International Journal of Econometrics and Financial Management 2(6) pp214-219

Dicky, D.A. and Fuller, W. A.(1979) Distribution of the estimation for autoregressive time series with a unit root. *Journal of American Statistical Association 3(4):74-84.*

Egbulonu, K.G (2001) Advance Business Statistics, Owerri: Peace Publisher.

Egbulonu, K.G (2005) Basic Econometric Methods, Owerri, Peace Publishers.

Englama, A.(2007) The impact of Remittance on Economic Development. *Bullion.Publication of the Central Bank of Nigeria, October-December.*

Essays, UK. (November 2018). Theories For Remittances. Retrieved from https://www.ukessays.com/essays/econommics/theories-remittances

Fonta, W., Onyeukwu, E.O., and Nwosu, H. O.(2011) International Remittances Inflows and Household Welfare: Empirical Evidence from Nigeria. *Research Journal of Finance and Accounting, 2(3): 32-54.*

Foster, J.,G and Thorbecke, E.(1984) A Case of Decomposable poverty measures. *Econometrica, 52(3): 1-10*

Gupta, D. N. and Porter, D. C. (2009), *Basic Econometrics* (5ed). Amsterdam,North Holland Publishing Co.

Gupta, S., Patilo and Wagh, S.(2007) Impact of Remittances on Poverty and Financial Development in Sub-Saharan Africa. *IMF Working Paper No lVP'07/38. Washington DC.*

Harrison, A. T. (2003) Working Abroad- The benefits of nationals working in other economics. *OECD Round table on Sustainable Development.*

Hein-De-Haas, J. (2007) Remittances, Migration and Social Development *A Conceptual*

Review of the Literature, United Nations Research Institute for Social Development, Social Policy and Development Programme Paper Number 34

Idowu, E. A., Sam. K.G. and Ibeagha, D. (2012) Are Fiscal and Current Accounts Deficits Twins or Cousins? *Abuja, CBN Economic and Financial Review. 50th Anniversary, Vol 3 Part B, September.*

International Monetary Fund (1999 Are Immigrant Remittances flows a source of capital development www.imf.org/external/pubs/cat/longres.cfm?sk=16801.0 International Monetary Fund (2005), World economic outlook. *International* Monetary *Fund, Washington D.C.*

International Monetary Fund(2007) Balance of Payments and International Investment position. *Manual 6 (BPM6) IMF Publications.*

Jangwanich, J. (2007) Workers' Remittances, Economic Growth and Poverty in developing Asia and the Pacific Countries. *UNESCAP Working Paper WP/07/21, January*.

Johansen, S (1988) Statistical Analysis of cointegrating vectors. *Journal of* E*conomic Dynamics and Control. 12: 13-26*

Jones, Richard C. (1998). Introduction: The renewed role of remittances in the New World

Order." Economic Geography, Vol. 74, No. 1, pp. 1–7.

Kapur, Devesh. 2003. Remittances: The New Development Mantra? United Nations

Conference on Trade and Development, Geneva.

Kuznets, S (1955) Economic growth and income inequality, *American Economic Review 65:11-32*

Le Goff, M.(2010). How remittances contribute to poverty reduction: A stabilizing C*ERDL-CNRS, University of Auvergne (France), January*.

Levitt, P., (1996). A conceptual tool for understanding migration and development.*Working Paper Series No. 96, 04 October.*

Lipton, M.(1980). Migration from rural areas of poor countries: The Impact on Rural Productivity and Income Distribution. *World Development 8. London.*

Lucas, R.B and Stark,O.(1985). Motivation to Remit: Evidence from Botswana. Journal *of Political Economy 93(5)*

National Bureau of Statistics (2004) *Nigerian National Living Standard Survey 2004.*

Ogbuagu, U.R., Chioke, M. I. and Uda, 1,B. (2013) Banking sector credit development and investment productivity in Nigeria: *International Journal of 'Economic Behaviour and Organization 1 (1) pp: 61-64.*

Okafor P.N. Shitile, T. S., Osude, C, Ihediwa, C. C., Owolabi, O. II., Sham, V. C.and Agbadaola, H. (2013) Determinants of Income Velocity of Money in Nigeria. *Abuja, Economic and Financial Review. Central Bank of Nigeria, 51 (1):4-18*

Olowa, O.W., Awoyemi, Shittu, and Olowa, A. O.(2013) The effects of Remittances on Poverty on Rural Households.

Onyemesim, E.O. (2014 Demand and Supply Functions of Deposit Money Banks' credit to the private sector in Nigeria: 1986-2013. *Abakaliki. Unpublished PhD Seminar Paper Submitted to Department of Economics, Ebonyi State University.*

Opong, K. K. (2012), Prospect Theory and Migrant Remittance Decision Making, Social Science Research Network (SSRN) vol. 5(12) pp1-33

Pesaran, M. H., Shin, Y and Smith, R. J. (2001) Bounds Testing Approaches to the Analysis

of Level Relationships, Journal of Applied Econometrics, 16, 289-326

Quartey, P., (2006) The impact of migrant remittances on household welfare in Ghana. Nairobi, *African Economic Research Consortium (AERC).*

Rapoport, H. and Docquier, F. (2005) The economics of migrants' remittances. *Handbook on the Economics of Reciprocity, Giving 'and Altruism in eds, Taiwo(2007)*

Ratha, D. and Timmer, H. (2013) Outlook for migration and remittances 2013-15. *Power Point Preservation of the World Bank Development Prospects Group, Washington DC*

Ratha, D., (2013) The impact of remittances on economic growth and poverty reduction. *Migration Policy Institute. Washington D. C.*

Ratha. D. (2012) Global prospects for migration and remittances in 2012: Implication for Asia; *World Bank, Tokyo, Japan, Jan 18-20.*

Ravallion, M.(1997) Can high-inequality developing countries escape absolute poverty'.' *Economics Letters, 56.*

Reardon, T. and Taylor J. E. (1996) Agriculture climatic shocks, income inequality and poverty: Evidence from Burkina Paso. *World Development . 24.*

Roel, J. (2006) Economic theories of international migration and the role of immigration policy; *Cited in CBN (2008). The Remittance Environment in Nigeria.*

Sen, .A. (1983) Poor Relatively Speaking", Oxford Economic Papers 35

World Bank (1996a) "Taking Action for Poverty Alleviation in Sub-Saharan Africa"

Sibel, K., and Andrea, P.(2006) Small remittance sector: A macroeconomic perspective.

UNCDF Social Development Paper 38 November.

Spatafora, N., (2005) Workers' remittances. *IMF Research Bulletin Vol. 6 No. 4*

Stahl, C., (1982) Labour emigration and economic development. *International Migration Review, Vol. 16.*

Stark O.(1991) The migration of labour. Oxford, Basil Blackwell.

Stark, O., and Bloom, D. (1985) The Economics of Labour Migration. *American Economic Review* 75.

Steeten, P. and S.J Burki (1978) "Basic Needs: Some Issues" World Development 6(3):411-21

Taiwo, S. H. (2007) Remittance inflow: A potential source of economic development for Nigeria. *Bullion, Publication of the Central Bank of Nigeria. October- December.*

Tewolde (2005) Remittances as a tool for development and reconstruction in Eritrea: An economic analysis. *Journal of Middle Eastern Geopolitics Vol. 1/2.*

Todaro, M. P.(1977) Economics for a Developing World. *Longman Group Limited,*

United Nations (2003) Nigeria Country Profile, Nigeria country office on drugs and crime [online] URL: http;//www.undc.org/nigeria/en/socialcontcxt

United Nations (2014) Nigeria country profile- Nigeria country office on economic prospects (online).

Zubair, A., Okorie, G, and Sanusi, A. R. (2013) Exchange rate pass through to domestic prices in Nigeria: An empirical investigation. *Abuja, CBN, Economic and Financial Review. 51 (1).*

RESPONSIBILITY OF SPECIAL ECONOMIC ZONES FOR DEVELOPMENT OF EXPORT INFRASTRUCTURE IN INDIA

AVTAR SINGH, DEEPAK SINGH
Department of Economics
Monad University, Hapur (U.P.), India
singh.avtar4566@gmail.com

ABSTRACT

Special Economic Zones (SEZ) are growth engines that can boost manufacturing, augment exports and generate employment. The private sector has been actively associated with the development of SEZs. The SEZs require special fiscal and regulatory regime in order to impart a hassle free operational regime encompassing the state of the art infrastructure and support services. The proposed legislation on SEZs to be enacted in the near future would cover the concepts of the developer and co- developer, incorporate the provision of virtual SEZs, have fiscal concessions under the Income Tax and Customs Act, provide for Offshore Banking Units (OBUs) etc. A special economic zone (SEZ) is an area within a nation which has relaxed financial and economic laws. The laws are altered with the goal of attracting foreign investors who might be interested in doing business in an area where they receive favorable treatment. One example of a special economic zone is a free trade zone, although they are many other types of special economic zones. Some of the most famous are found in China, where the government has been creating such areas since the 1980s. Numerous nations have experienced economic booms as a result of special economic zones. People who opt to work in the zones may be able to earn salaries higher than those in other areas of the country, and can send money home to family to improve living conditions outside the zone. The effort to attract foreign investment can be highly effective, providing host nations with more economic and political power as a result of their increased international standing. India is divided into two territories; one of which is SEZ and another is 'Domestic Tariff Areas (DTAs). The area outside of the SEZs is DTAs where the laws of the country will be applicable. On the other hand, in the SEZs the laws & courts of the country may be applicable only partially. In fact, The SEZs will enjoy special laws. Minimum 35% of SEZs must be 'processing area' (i.e., industry/factory/projects including infrastructures). Rest of the 65% area will be provided for developing housing complexes, hotels, restaurants, hospitals, shopping malls, entertainment centres, multiplexes, playgrounds, and even golf courses, etc. In these SEZs all the units will be declared as 'public utilities' where existing labour laws will not act. Besides this, the state governments can enact new labour laws for the respective state-SEZs which were already done in Maharashtra, Gujarat, Tamilnadu and UP. Hire-and-fire, employing casual and/or contract labour under any conditions will be allowed. The workers/employees are stripped off the rights of strike. Out of 237 SEZs, which are approved formally, 148 or 62% SEZs are IT, ITeS & BPOs, 28 (12%) are textile/apparels, and 17 (7%) are electronics SEZs. Moreover, out of the 160 SEZs, which are approved in-principle, half of them are IT, ITeS & BPO SEZs. Therefore, out of the approved SEZs (403) till October 2006, more-or-less 55% are going to be IT-related SEZs (besides this, a substantial amount is slated for low-tech textile/garment sector). In fact, at present, a bulk of the exports of India (in value terms) is IT services (of $24 billion in 2005). Therefore, the new SEZs will only consolidate the trends of IT exports in place of the exports of manufacturing. It is funny that these export-led IT services are enjoying no-tax benefits during the last ten years. They are mainly located in 47 'Software Technology Parks' (STPs) where 6500 IT units had been set up. Out of these IT service providers (and exporters), there are five biggest IT houses which are enjoying tax-rebates of INR 1000 crore per annum. By 2009, scope of tax-holidays for these STPs will be terminated. For this reason, the IT units are beginning to scramble to the SEZs. Moreover, after the declaration of minimal taxes (MAT) on the exports of these IT companies in the budget of 2007-08, these IT behemoths are making hue and cry to relocate to the SEZs. Interestingly, *these IT companies have recruited just 1.8 millions of super-tech jobs. Hence, it is crystal-clear that the IT SEZs cannot absorb the ocean of unemployment in the country.*

Keywords: SEZ's, STP, Domestic Tariff Areas, Minimal taxes, Offshore Banking Units.

LEAN SUPPLY CHAIN MANAGEMENT IN SMALL AND MEDIUM -SIZED ENTERPRISES (SME): A CASE STUDY OF A NEPAL COMPANY

BISHWA RAJ KHADKA

Institute affiliation: Tribhuvan Univesity, Gandaki, Nepal,
Mailing Address: 29- Pokhara, Kaski, Nepal.
Email: drbishwarajkhadka@gmail.com

ABSTRACT

In the modern competitive business world, Supply chain management (SCM) is playing an increasingly substantial role in successfully running a business regardless of its size (i.e. from Small to large). Lean thinking, is considered as a very useful tool to improve the efficiency of the production process. Similarly, it can also be used in the other processes and fields in a general business including SCM.

In a developing country like Nepal, small and medium-sized enterprises (SMEs) comprise a substantial part of the economic activity. During the year 2018, SMEs accounted for 90 percent of total industrial establishments, contributed 70 percent in employment generation by industrial sector, and shared about 60 percent in the industrial sector's contribution to national gross domestic product (GDP). Small and medium enterprises (SMEs) play an important role in creating self-employment opportunities, mobilizing and using local resources, and raising the income of the rural people.

This research focuses on the Lean supply chain management (LSCM) in a company of the small and medium-sized enterprises (SME) and uses literature analysis and case study as the research strategy. In the literature review, key concepts such as SC, SCM, Lean Thinking, and LSCM will be introduced and reviewed; the model of SCM and the principles of Lean Thinking will be discussed. All of these are the theory preparation for LSCM implementation.

By single case study, this research aims at finding out how the case company did the Lean implementation in the company and throughout its SC and what effects were achieved, exploring the reason why some Lean practices are suitable for an SME to improve its SCM and some others are not, and developing a theoretical explanation of what LSCM is for an SME and how to achieve it. This research tries to cast light on filling the gap in the existing theoretical research on LSCM in SMEs.

During this research I worked as an employee for this case company observed the research phenomenon from the inside of the company. This provided me a major advantage in collecting valuable data (both of primary data and secondary data), understanding the real situation, and conducting deep analysis. As a single case study on a Nepal SME, this research has some inherent difficulties with generalizing its research findings. But some general problems that the case company encounters are similar with the ones other companies have, especially for the companies in the promotional product industry and some SMEs with similar SC structure. So, some conclusions of the case study, for example the characteristics of LSCM, the method of applying lean principles and arranging lean implementation process, can be generalized to a wider scope.

DETERMINANTS OF TOTAL FACTOR PRODUCTIVITY- EVIDENCE FROM INDIAN STATES DURING 2001-2015

BISWA SWARUP MISRA

Xavier Institute of Management, Xavier University, Bhubaneswar

This paper computes total factor productivity growth for 19 Indian states during the period 2001- 2015 using growth accounting equation. This study is first of its kind to use information from surveys conducted by National Sample Survey Organisation to estimate capital stock and labour at the state level in estimating TFP growth. The TFP growth estimates are used to derive TFP levels using the translog index procedure. The study finds a deteriartion in TFP growth at the All India level as well as for majority of the states in the post global financial crisis period. We further retry to explore the determinants of TFP at the stat elevel by takinginto account the spillover reffects. Given the policy focus on building infrastructure and expanding financial access, we have estimated the impact of irrigation, electricity, road, health, education and financial depth using the Spatial Durbin Model. We find that TFP is positively impacted by irrigation, road and health. While financial depth and education were statistically insignificant, electricity had a negative impact on TFP. We provide rationale for our findings considering the country context. The findings of the study acts as pointers for shaping higher growth on a sustained basis in India.

Keywords: TFP, Infrastructure, Spatial Durbin Model.

The full text is published in India Growth and Development Review.

THE IMPACT OF FDI ON INDIAN ECONOMY: A CASE STUDY

BUTTA SINGH, RAKESH KUMAR
Department of Economics
Calorx Teachers' University, Ahmedabad, INDIA
Singhbutta778@gmail.com

ABSTRACT

OFDI (Outward Foreign Direct Investment) from India has increased appreciably over the past decade following the reforms and liberalization of policies undertaken by the Government since 1991. OFDI has emerged as an important mechanism through which the Indian economy is integrated with the global economy, along with growing trade and inward FDI (Foreign Direct Investment). The OFDI behavior of Indian firms in the earlier periods of seventies and eighties was found to be limited to a small group of large-sized family-owned business houses investing mostly in a selected group of developing countries. The restrictive government policies on firm's growth followed in India seems to have pushed these firms towards OFDI. In many cases, the Ownership pattern of Indian OFDI projects was minority-owned. The joint venture nature of Indian OFDI with intermediate technologies has been found to be appropriate to the needs and requirement of fellow developing countries. The Indian OFDI policy that time was more restrictive with cumbersome approval procedures.

However, the character of OFDI has undergone significant changes since the nineties. A large number of Indian firms from increasing number of industries and services sectors have taken the route of overseas investment to expand globally. Unlike the earlier periods, Indian outward investors have gone for complete control over their overseas ventures and increasingly started investing in developed parts of the world economy. This increased quantum of OFDI from India has been led by a number of factors and policy liberalization covering OFDI has been one among them. The sharp rise in OFDI since 1991 has been accompanied by a shift in the geographical and sectoral focus. Indian companies have also diversified sectorally to focus on areas of the country's emerging comparative advantages such as in pharmaceuticals and IT software automobiles, auto-ancillary and telecom etc. Indian enterprises have also started to acquire companies abroad to obtain access to marketing. It is contended that the new wave of OFDI reflects changes in the structure of the world economy that are a result of globalization and regionalization of economic activity. These phenomena are associated with:

• Technological advances within the sectors • Liberalization of markets

• Establishment of regional trading blocks

It is also contended that the second stage of OFDI is complementary to the first stage and simply is an intermediate stage of evolution of OFDI as the home country moves along its "IDP". Such OFDI has been a result of government assisted upgrading of location specific advantages of home country, which in turn has helped upgrade the competitive *advantages of their firms. Also while these Ownership specific advantages remain primarily country of origin specific they are being supplemented by FDI intended to augment rather than exploit such advantages.*

In light of the foregoing analysis, regarding the outward direct investment from developing countries especially India, it can be said that there has been a distinct and comprehensive change. The evidence presented here shows that the evolution of Indian OFDI is entirely consistent with the predictions of the "IDP". Each stage has been appropriate to the extent and pattern of the country's economic development. Such a growth has been conditional on the sustained improvement of the Ownership specific advantages of the firms, resulting from a continuous up gradation of the Locational specific advantages of the home country. While improved Locational advantages are a natural consequence of economic development and restructuring as the country moves from stage 2 to stage 3, this process can be accelerated by a market oriented and a holistic government policy towards trade, industrial development and innovation. This has not only helped to upgrade its indigenous resources but has encouraged the domestic firms to augment their competitive advantages by acquiring foreign resources.

Keywords: FDI; OFDI; GDP, Indian Economy; Foreign Trade.

DEMOCRACY AND THE CHALLENGES OF GOOD GOVERNANCE IN AFRICA: INTERROGATING THE LEADERSHIP FACTOR IN NIGERIA'S 4TH REPUBLIC

Professor CHUBAH EZEH

Department of Political Science
Anambra State University, Igbariam Campus, Southeast Nigeria.
Mobile: +234-803-668-5403
E-Mail: chubez2000@yahoo.com.

ABSTRACT

Globally, there is no doubt that ***Democracy*** *as a form of government has in the present 21st century enjoyed accelerated recognition as the best form of government ostensibly due to the general belief in its inherent capacity to accommodate majoritarian participation in governance as well as a potent weapon for delivering basic necessities of life to the citizenry. The international community under the propelling force of America and other* ***western capitals*** *has remained resolute at entrenching it as a culture of governance especially within the domain of most African states who, for several decades, have been subjugated by military dictatorship. However, among the African states, the adoption and practice of the democratic system of government has been severally challenged by what can be termed* ***governance failures*** *and other debilitating circumstances that have continued to hamper good governance thereby putting to question the leadership factor in democratic governance among the political class in the continent in general and Nigeria in particular.*

Employing the Marxist class theory of the state as a framework of analysis and descriptive methodology, the work was able to find out amongst others that for most states in Africa including Nigeria, the adoption of the democratic system of government has not in any way translated into ***good governance.*** *Based on the fore going, the work recommends amongst others that for democracy to take deep root in Africa and Nigeria in particular, both the electoral process and the activities of her political class needs to be re-invented.*

Keywords: Democracy, Good Governance, Leadership, Electoral Process, Democratic Governance, Political class.

INTRODUCTION

The general perception about democracy is that it is the most ideal platform to govern any society especially when governance is intended to be an activity involving the majority of the people for whom power is exercised. Leveraging on the above notion, Abraham Lincoln of the United States of America conceptualized democracy as "government of the people….." The position here as it has popularly become, is that in democracy, governance is owned by the people, exercised by them and for their own good. Supposedly too, this angle of reasoning has catapulted to an unprecedented level the general preference of the democratic form of government far above any other system of government ever developed by man. From the purview of America and other western capital, bringing democracy to the corridor of most African states has become a task of utmost priority and a qualifying condition for international aid on one hand and the conduct of international relations on the other.

Despite the expediency and level of confidence reposed on the democratic culture of governance, most developing states especially those in Africa are yet to come to terms with its realities. As a result of this, many of them Nigeria inclusive, are today thrown into a new form of learning in order to keep faith the needed democratic orientations. The obvious remains that for these emerging states, getting attuned to the basic ingredients that flourishes the democratic culture of governance has become too straining for them as a result of primordial instincts and institutional disabilities.

From the purview of Africa, most of her leaders are believed to have not in any way demonstrated in remarkable terms their true love for democracy in their respective states when assessed from the point of view of their approach to the issue of democratic leadership. In this regard, most of them have largely become obsessed with power as an end in itself to the extent of converting leadership positions into personalized property ostensibly for no other reason than for self aggrandizement.

For instance, history of democracy in Africa is dotted with stories of sit tight in office leaders who have almost spent their entire lives in office as if to possibly project the mundane excuse that they are the only fitting hub upon which the survival of their respective states depends on. The unarguable aftermath of the above notion has become that most of these post independence African leaders, due to pecuniary sentiments towards power, have driven their various states into conditions of regrettable bankruptcy through evidenced monumental corruptions while in office. Even those of them that tended to showcase brighter democratic credentials at the very beginning of their leadership had always thrown overboard such huge deposit of confidence along the path by either becoming obsessed with power at the expense of the rule of law which is believed to be the indispensable corner stone of the democratic system or even in worst case scenario, attempting to rewrite their state's constitutions in their favor and in extreme cases refusing to quit office when the ovation is still very high.

Major instances of such African leaders with track records of age long occupation of public offices for either selfish reasons or other reasons best known to them includes the likes of Ethopia's Emperor Haile Selassie (44years), Gabon's Omar Odimba Bongo (42years), Libya's late Moammer Gaddaafi(42years), Togo's Gnassingbe Eyadema (37years) and Egypt's Hosni Mubarak (31years) (Ayittey, 2012). In the same manner, Ayittey (2012) revealed that some of the current dictators whose tenures in office have spanned more than three decades are also worth mentioning and in such category are the likes of Angola's Jose dos Santos, Equatorial Guinea's Teodoro Mbasosgo, Zimbabwe's late Robert Mugabe and Cameroon's Paul Biya.

As observed by Calderisi (2006);

Like many of their contemporaries who equally
Occupied the seat of power for a long time, these
Leaders or dictators spent their entire careers in
Office en-richening themselves, intimidating political
Opponents, running down all institutions of demo-
cracy and actively frustrating movements towards
constitutional rule; sometimes thumbing themselves
up and snubbing reproaches by the international
community; they ruled like kings and blatantly
drew no distinction between personal property and

state resources

There is no doubt that the African political environment has continued to remain antithetical to the ideals of genuine democracy which is why the closest leadership characteristic has not gone beyond the enthronement of authoritarian democrats most of whom do not subscribe to the fundamental principles of democracy such as adherence to the rule of law and separation of powers. The pervading scenario where ascendancy to political positions is treated **as a do or die affair** and government positions as vital end points for profit maximization through shoddy deals remains very un-salvaging to the democratic spirit. Arising from the above is the questionable condition where political office holders siphon billions of public money in hard currencies outside the economic circles of their respective states for keep in preferred banks across Europe and America through the collaborative role of some nefarious external aiders with minimal or even no reprimands tends to exacerbate the kleptomaniac tendencies of people in power which no doubt, chokes both good governance and democracy in Africa.

Given the fact that most institutional frameworks for reprisals and checks are extremely weak or even over ran by the incumbency factor, the spate of official corruption through undue enrichment in office has continued to exist with its multiplier negative effects on the citizenry. This is why it is often believed that corruption sands the wheels of development in the African soil (Oluwole and Bissessar, 2012). What is so worrisome is that there seems to be a direct relationship between upsurge in corruption in Africa and the growing appetite for democratic governance. This is to admit that democracy in Africa tends to exacerbate corruption among her political class. Providing an explanatory inroad, the World Bank Institute (2012) noted that bad governance as opposed to good governance in Africa is manifested in its long list o dictatorial leaders, non-free media and undemocratic elections. Jespersen (1992) remarks that although Africa previously performed well in the early years of her independence, she has in recent times failed all her development performance tests as the region is now saddled with low growth rates, declining agricultural production, stagnating manufacturing capabilities, rising imports and rapidly widening external debts. Furthering, Jespersen (1992) maintained that African continent has come to grapple with multiple coups, civil unrests, ethnic violence with wide spread bureaucratic corruption coupled with administrative inefficiency and institutional disabilities and outright failure.

Back here in Nigeria, as tortuous as the democratic journey has become for most African countries, she has continued to put up repeated attempts at enthroning the democratic culture of governance. Although her democratic experience has witnessed up to twenty (20) years of practice, many still dub it as **nascent**, **emerging** or even **evolving.** Despite the fact that the Nigerian citizens have shown much preference for the democratic culture of governance, getting used to its associated orientations in the most acceptable manner has become a hard nut to crack for the Nigerian state (IDEA, 2012). Suffice it to note here that every democratization effort is sustained by an election and the quality of the electoral process is pivotal to the recruitment of the most credible candidates into leadership positions. The basic contradiction that underlies democratic practice in Nigeria today is that it has failed to deliver basic expectations to the citizenry even though it remains the best form of government ever initiated by man. In line with the above, this paper is an attempt to interrogate democracy and the leadership question in Africa with Nigeria as a case of reference and the concern remains to unearth substantially the reasons why the Nigerian democracy has not been able to recruit the best of her manpower into leadership positions to impact on her development challenges on one hand and her democratic consolidation on the other hand. As a takeoff platform, the work would in addition to other variables consider the issue of democracy, good governance, democratic consolidation and corruption as well as challenges of democracy in Nigeria's fourth republic.

THEORETICAL PRESPECTIVE

This work is anchored on the Marxian class theory of the state as its tool for analysis. Indeed, there is no doubt that the state in radical Marxian tradition has become a significant tool within the Marxian paradigm for the analysis of the interplay of relations in capital reproduction in the bourgeoisie capitalist and neo capitalist states of the world of which Nigeria cannot be isolated from (Ezeh, 2010). Despite the fact that there seems to be a lack of general consensus on the notion of what the state stands for as captured by Lenin (1975), its major role in capital reproduction has continued to spark scholarly attention as a result of the notable works of the likes of Engels (1978), Marx and Engels (1977), Lenin (1974 & 1975) and even that of Marx and Engels (1969). From the point of view of the Marxian persuasion, the state is nothing but a representative of the interest of the ruling class which on the contrary repudiates the pretence on the part of the state that she is an unbiased umpire in the distribution of the social resources based on equity and justice. In fact, the origin of the state has been tied to the emergence of classes in the society and the eventual struggle among the classes to suppress and appropriate the proceeds of production (Ezeh, 2010). Therefore, in this regard, not only is the state an agent in the hands of the ruling class but also a tool for the oppression of one social class by the other and a serving instrument for the sustenance of pecuniary socio economic and political order.

Therefore the antecedents of democracy in most African states and in Nigeria in particular judging by its lack of capacity to deliver expectations can only be explained when viewed from the point of view of the role of the political class who are outright capitalists ganging up and seizing state power only for self aggrandizement. In this regard, the state becomes in instrument in the hands of the ruling class. The struggle to capture state power is in the least informed by the resolve to deliver good governance defined by the capacity to provide the basic necessities of life to the citizenry such as electricity, portable drinking water, electricity and the rest.

Earlier thinking about the state was to concede to it the role of unbiased umpire whose objective is to regulate relationships in socio economic distribution which in this regard, she was seen as the creation for general good with equity and fairness as its watch word. The main contention of the Marxian thesis here is that at the root of the struggle for political power is the economic interplay and reward which invariably the political class in Nigeria has continued to see as a matter of **do or die** thereby inventing all proven strategies to control state power. As a matter of fact, good governance is in the least thinking of the political class which is why the Nigerian state on the contrary is saddled with the burden of bad governance. In so far as the dominating thought is that of what to get while in office as opposed to what to offer while in office, the driving spirit becomes the economic gains of office and not that of service delivery. With the interplay, democracy in Nigeria has often thrown up incompetent hands and the very unqualified but with substantial economic weight to control the machinery of governance. The height of the indecency is the growing incidence of **sit tight in office autocrats** who through shoddy electoral process characterized by massive vote buying, take up the control of state power only to promote mal integrative behaviors that have strong negative economic and political effects on state project in Africa in general and Nigeria in particular. Since the inception of the democracy of the 4th republic in Nigeria in the year 1999 which is approximately twenty (20) years, democratic credibility has remained elusive as each of the successive leaderships have only ended up celebrating bad governance marked by frustrating economic policies, failure to keep faith with provision of the basic necessities of life to the citizenry all arising from the lack of capacity to deliver on the part of such leaderships thereby projecting a glaring impression that democracy in Nigeria is indeed a burden. At the other extreme of the defense is the illusive claim that Nigeria's democracy after twenty years of practice is still being considered as **nascent, emerging** and even **evolving.** All of the above are deluding phrases orchestrated by the political class to continue to defend their inexcusable failure to fast track the gains of democracy while closing the eyes of the masses as they pillage the public treasury through outright embezzlement.

DEMOCRACY AND DEMOCRATIC GOVERNANCE IN NIGERIA'S 4TH REPUBLIC

With the growing emphasis on democracy as the best form of government, most states all over the world have been in a rat race to embrace it as a culture of governance including Nigeria. The basic understanding of the term is that it is the government of the people. From this perspective, scholars like Kwasau (2013) believes in democracy as the only form of government that fits into the socio economic and political circumstances of states gearing up for good governance, international identity and national development. As a Greek invention, democracy concedes power to the people and that is why its translation from Greek means **peoples' rule** (Sarabjit, 2002). Inherent in democracy is the practice where individuals through free and fair election define their preferences and in a pool, elect their preferred leader who can take part in decision making for their own good. This singular characteristic portray democracy as a universal practice that maintains high moral standards and at the same time too, accord the citizens the right to participate in decision making that addresses their collective will as a people (Ntalaja, 2000). Democracy is a government predicated on equity, fairness, and rule of law devoid of arbitrariness. Unfortunately and contrary to the above observed ingredients of democracy, its journey and practice in Nigeria can only be described as mere rape of democracy. This is because the spirit and letters of the term has continued to remain lame in Nigeria with over whelming abuses resulting in the production of brigandage and power drunken rascals in government with proven disabilities to deliver expectations. In Nigeria's type of democracy, those to rule are scarcely ever elected by the people. Of course, they are clearly selected by their own kind and even predetermined before election takes place (Ogundiya, 2010). So pathetic also is the fact that the Nigerian democracy has continued to promote inequity at the expense of equality and worrisome too is the senseless ethnic and religious coloration so massively imputed into the practice by the so called political class to further fan the discord among the impoverished masses at their own advantage. As aptly noted by Egwu (2011), a nation whose citizens are preoccupied with the debate over membership of Christianity or Muslim which are the world's domineering faith is not only shameful but a sad commentary to run.

Democratic governance in Nigeria has not been able to establish a proper connect with the people whose opinion should constitute the bedrock for the system. More often than not, the political class has always conducted the business of democracy as if it is a personal affair as they cut the shots in every of the proceedings ranging from the election proper to even the issue of the rule of law. In Nigeria, it has become very difficult to draw a clear distinction between democracy and authoritarianism. The Obasanjo's democratic epoch (1999-2007) became too obsessed with power and corrupt enrichment to the extent that the citizens were quick to begin to wish for a return to the military system of government. The said regime took far reaching undemocratic stance on matters that would have involved popular opinions and even other democratic institutions such as the legislature and the judiciary. The late president Umaru Musa Yar'adua led government in the 2007 election as packaged by the then president, Olusegun Obasanjo was massively rigged and was widely criticized as fraudulent as ever to the extent that the winner late Musa Yar'adua had to acknowledge the fact that the processes that brought him to power was not in any way credible. To further buttress his stand, he promised the citizens far reaching electoral reforms that can fast track credibility and democratic consolidation in the country. He was still far from achieving his dream when he died in office. The emergence of his former vice president; Goodluck Ebele Jonathan as substantive president did not come on a platter of gold as every primordial sentiment was factored into his replacement by the few political jobbers/ cabals of the late Yar'adua's Hausa-Fulani ethnic extraction contrary to the position of the Nigerian constitution in such a situation. It took the application of the doctrine of necessity by the Nigerian Senate under the leadership of Senator David Mark to bring succor to the table. Meanwhile before the demise of Yar'adua, not much impetus was added to the country's democratic value in terms of good governance epitomized in service delivery to the citizenry.

The democratic regime of Goodluck Jonathan (2011-2015) represented a great stride in democratic governance in the country. His regime conceded much to service delivery, national economic recovery, freedom of expression and the rule of law amongst others. However, the antics of the opposition political party took much advantage of his soft heart as weakness and not only made governance impossible for him but created the opportunity that brought his regime to an end after his only one term of four (4) years in office aside his period in acting capacity as a president.

The exit of Goodluck Jonathan brought in Muhammed Buhari; a former military dictator and the declared winner of the county's presidential election in the year 2019 presidential election under the platform of the All Peoples' Congress (APC). With the growing performance disability of the Buhari administration, the citizens are even becoming more demoralized as the issue of good governance has become a mere day dream especially when it has become obvious that the government has been over ran with politically risky individuals who cut the shot and determine the shape and pace if the Buhari led administration in what is known in Nigerian parlance as **the cabals.** It is pertinent to add here that the Buhari administration among other promises during his election campaign did reiterate **a change mantra** which he insisted that all the political, economic and social corruptions condoned under the former president, Goodluck Jonathan are not going to be given any breeding space. It is on the thresh hold of this popular campaign agenda that the electorates in Nigeria took him so serious and were able to vote out the government of the former president Goodluck Jonathan thereby letting him in. however, with the first tenure of four years gone and almost one year down his second term in office, Nigerians are yet to experience good governance under his leadership. On the contrary, the Buhari government is rather heading towards the precipice as the worst democratic regime that any Nigerian democracy has produced. His outright crackdown on opposition parties, the media and civil rights groups coupled with unhidden distaste for rule of law, separation of powers and freedom of expression is indicative that the Nigerian democracy is in a quandary. In this regard, it is just stating the obvious to admit that what is seen as liberal democracy in Nigeria is nothing but a mere decoration over oligarchy.

DEMOCRATIC CONSOLIDATION IN NIGERIA: THE HOPES AND THE PROMISES

There is no doubt that the journey into democracy has not been easy for the Nigerian state. This is informed by the repeated failure in observing the democratic etiquettes which are actually foundational in the sustenance as well as building of an enduring democratic culture of governance. Such democratic tools like the rule of law, separation of power and even constitutionalism are not adequately sheltered from the manipulation and antics of unscrupulous political elites. For instance, getting used to institutional relevance/role and strengthening such for independent existence has remained the greatest challenge to the practice of democracy in Nigeria. Democratic consolidation in the perception of Diamond (1999) entails the process of achieving broad and deep legitimization of the democratic process in a deepened manner so that all the actors believe that popular rule is better than any other realistic alternative they can imagine for their society. It also means the capacity to trim to the barest minimum the chances of the collapse of the democratic system. A consolidated democracy points to the ability to bring the democratic practice to a point where it can be said that it can persist. Towards this end and as is the feeling of Kwasau, (2013), some scholars at this point sees democracy as regime maintenance and a situation where its key institutions are seen as the only framework legitimate enough for political contestation and ascendancy to positions of authority. A consolidated democracy is usually epitomized by enhanced economic development, well established democratic culture inclusive of rule of law and separation of powers as well as stable party systems. By implication, democratic consolidation presupposes democratic sustainability. This by implication goes to intone that democratic sustainability precedes that of consolidation and judging by every indication; both sustainability and consolidation cannot be ascribed to the Nigerian democracy of the 4th republic.

The challenge with democracy in Nigeria just as in many African countries is that their democracy is not a product of evolution as is the case with the western countries. It is more safer to admit that democracy in Africa is nothing but an imposition. This is why even though under democracy, Nigeria is still striving for its consolidation. The argument here is that there is the need to really domesticate the Nigerian democracy if it is actually going to serve the needs of her environment. Therefore as noted by Gyekye (1997), the Nigerian state and the rest of African countries should find the best means of harmonizing all the necessary democratic elements inherited from alien sources into an acceptable practice within the confines of their individual environments based on their peculiarities. It is only by so doing that democracy can grow into a culture of practice Nigeria and Africa at large in tandem with the democratic settings of modern world which can pave the way for both sustainability and consolidation.

DEMOCRACY, LEADERSHIP AND GOOD GOVERNANCE IN NIGERIA

One of the major reasons often advanced in favor of democracy is that it facilitates good governance which is made manifest through credible leadership. The understanding of what leadership is cannot easily be determined due to the multiplicity of meanings that may be assigned to it. However, it can be perceived as the embodiment of the people who lead and direct the activities of a group towards a common goal. From the perspective of Schwarzkopf as cited in Reed (2001), leadership is the process that involves the proper combination of character and strategy. Out of the variables of strategy and character, leadership skill has much to do with character as the most preferred and indispensable in its build up. As a matter of fact, the term leadership conjures up the feeling of the capacity to guide and determine the path through which others can follow in order to accomplish a given task. It involves the capacity to persuade as well as induce others to pursue a given course which the leader holds as deserving. Indeed, it is a process of social influence by which a person tends to influence others, their opinion inclusive, in order to accomplish an objective and propel the organization towards a more proven cohesive manner (Chemers, 2002). A leader therefore must have the demonstrated capacity for clarity of purpose, tact, vision, resourcefulness and the ability to deliver leadership by example in a humane servant –like manner that can inspire followership. Looking at the leadership terrain in Nigeria, one can easily discern that if there is anything that Nigeria as a state is lacking, it is leadership. As a celebrated land of unquantifiable natural endowments, the missing link needed to pool out the country from the multiplicity of her problems has been that of deserving leadership. This is why it has become a celebrated commentary that Nigeria is a land of contradiction where those who have access to political power do not have the required governance idea and those who have the required governance idea do not have access to political power. This scenario has created leadership logjam for the country and in the ensuing mess, the best of the country's hands are not in its leadership which is why good governance has become a herculean task to attain not withstanding her purported democratic posture.

As a result of lack of credible and visionary leadership for the country, the policies of government including its activities cannot be properly driven thereby leaving the spill effects on the impoverished masses. Accountability as a variable of good governance which mandates those who occupy government positions to give an account of their stewardship to the citizens or for short, be subjected to the will and desires of the society and the people they lead has continued to suffer benign neglect in Nigeria. Rather than being servants accountable to the people for their actions, leadership in the Nigerian case has turned into the other opposite where the citizens are served by force whether liked or not with the acclaimed servant lording it over the people being served all the times. This is why post independence political leadership in Nigeria has been everything but productive so to speak. Leadership in Nigeria has been distributive as against being productive and this portends great challenge for the survival of the country. Incoherent policies as well as policy summersault has become the order of the day especially for the present dispensation under the leadership of Muhammed Buhari; a leadership implanted with cluelessness, insensitivity, sectionalism and inordinacy. As Achebe (1984) noted, the problem with Nigeria is simply that of leadership and when merged with the pervading specter of corruption which has become pernicious a phenomenon, the country's survival has become as slim as ever. The pounding monumental corruption pervading every facet of the country's national life has continued unabated in the 4th republic with no solution at sight. What is even worrisome is that corruption in the country is rooted at the corridor of those in leadership which is why it is endemic and high profile in character. Governance tends to suggest the way political leaders go about the activities of government intended to promote socio economic development for the good of the people but in Nigeria, governance has been worrisomely entangled in all those activities that thwart national goal and cohesiveness mostly misuse of power that dangerously undermine the rule of law, accountability, transparency, participation as well as human and civil rights. As pointed out by Euginia (2013), the above variables or governance qualities when properly turned on have the capacity to spark the needed developmental strides that can sustain any country. In the Nigerian case, there is the complete lack of emphasis on these critical governance variables which is suggestive of a vacuous regime and apparent disconnect between governance and the reality of governance.

CHALLENGES OF DEMOCRACY IN NIGERIA: REFLECTIONS ON THE 4TH REPUBLIC

There is no doubt that Nigeria's democracy arrived at an auspicious time when the overwhelming aspirations of the people was to make it work in the country. This position and frame of mind was informed by the long period of military dictatorship that the country was subjected to few moments after her independence. In that situation, the citizens were united in the search for alternative form of government that would treasure the rule of law and respect for fundamental human rights. More concretely, the 4th republic which is the general name that is being ascribed to the period from the year 1999 to date can be described as the blossomed era for democracy in Nigeria. This is because of the existence of certain conditions considered as enhancing to democracy such as vibrant civil society groups, critical mass media and the likes. These ingredients constitute the critical platform to launch any meaningful democratic ambition. However, despite all these, it is regrettable to note that Nigeria's democracy has remained a wobbling type since the return to this form of preferred government in 1999. Her democratic journey has remained slippery, shaky and riddled with debilitating impediments which assumes perilous proportion each passing day. Such worrisome interplay can be summarized as thus:

1. **The challenging circumstance of bad governance:** The issue of bad governance needs no much introduction in Nigeria. It is replete in every facet of the country's leadership and life style. As a known impending challenge to democracy, bad governance can be reflected in the failure of the government to make available the need infrastructures that can enhance the living conditions of the people. The widespread incidences of corruption and failure to come to terms the needed panacea for rapid socioeconomic growth is informed by bad governance. Unless the country's electoral system is improved upon so as to provide for respect for credibility and emergence of candidates who are the choice of the electorates, the country's democracy cannot turn in the best hands and in this regard, bad governance will continue to haunt her development and national life.

2. **Party indiscipline:** Party indiscipline ranging from lack of observance of the party constitution to lack of internal democracy have all culminated in the challenges of democracy in Nigeria. Worrisome too is the fact that large scale corruption has continued to sweep off every degree of integrity with which parties in Nigeria could have wielded their advantage. Therefore, political parties are now the recruitment beach for dubious leaders who are sponsored by their political parties the stages of their nomination till they emerge as winners. This is so because such entities given their financial muscle do influence even the country's electoral arbiter and even up to deciding for the electorates. Political thuggery, assassination and wanton destruction opposition party's property often characterize elections in Nigeria. The constitutional provision that " no political party and its members should retain, organize, train or equip any person or group of persons to be employed for the use of force or coercion in promoting any political objective in a manner to arouse apprehension is not in any way adhered to". As a matter of fact, despite the provision, political assassination and thuggery is still rampart during Nigerian elections.

3. **Rampart constitutional abuses:** The country's democratic terrain is dotted with incidences of abuse of the constitution. Right to life as is in the constitution is no longer as given. Executive rascality and failure to protect the lives of the citizens when it comes to allowing the constitution which is the grand norm to regulate things as they ought to be has always weighed down the morale of people.

4. **Power Intoxication:** Thomas Jefferson of the United States of America maintained that "power corrupts and absolute power corrupts absolutely" Burke Edmund, a British Philosopher has to remark that "the greater the power, the more likely the abuse" all these are apt in the case of Nigerian democracy. Nigeria has often had to contend with power drunk leaders who take decision anyhow not minding the consequences. Utterances and actions of leaders under democracy in Nigeria are better imagined than experienced. The kind of force applied over certain issues under the democratic dispensation of the 4th republic just suggestive of the fact that the country is more of an autocratic state than being democratic.

5. **Electoral Malpractice:** Election period in Nigeria as it stands now is a bazaar period where the highest bidder takes home all that are available. Ballot box snatching, vote padding and vote buying are still too common practices during Nigeria's democratic elections. The Nigerian democratic election experience in 2007, 2011 and 2015 are classical cases with eloquent testimonies and provable instances.

CONCLUSION

One thing that has remained indisputable about democracy in Africa and Nigeria in particular is that the citizens having tested long periods of military dictatorship have come to appreciate the democratic form of government. This is informed by their level of resilience in the wake of the excesses of the political class who on several occasions have dragged backwards the democratic process. The political class has orchestrated unimaginable abuses of the democratic ethos when in governance and even when out of governance. The fact here is that the political class has often seen politics as an investment and not in any way a call to service. The tolerable circumstances as manifested in the actions of the citizens cannot be taken to mean lack of courage but rather a sacrifice intended not to create opportunity for military incursion. Despite the repeated disappointments and failed empty promises of the political class, the masses had always gone out to vote during each election period submitting themselves in each case to the dictum that whatever goes up must come down.

However, it has to be emphasized that the central reason for military in Nigerian politics as often claimed is bad governance defined as the failure to deliver expectations to the citizenry. The political class has often failed to deliver on promises thereby generating conditions that impoverish the citizens at their own gains which has always truncated democracy. In order to put the military at bay, good governance must be enthroned. There is no how good governance can thrive side by side with corruption. In fact, corruption in all its ramifications has remained the bane of Nigerian politics. In an attempt to contain its damaging effects on governance in Nigeria, several institutional frameworks have been put in place to fight corrupt tendencies by public office holders such as the Economic and financial crimes commission (EFCC), the Code of Conduct Bureau and the Independent and Corrupt Practices Commission (ICPC). Despite the above institutional frameworks initiated to tackle corrupt enrichment and stashing of the country's wealth abroad, not much have been gained. The political class is still far from learning their lessons. Part of the challenges that curtails the successful operations of the above institutions includes executive interference and lack of proper funding and financial autonomy. In a similar vein, democracy is all about choice making and its process is informed by elections that are transparent, free and fair. The Independent National Electoral Commission (INEC) is the electoral body entrusted with the issue of democratic elections in Nigeria and from every point of assessment, this electoral umpire has been everything but independent. It is saddening that notwithstanding the challenging responsibilities of INEC; she is still tied to the apron strings of the executive arm of government and from time to time, answerable to it for lack of financial autonomy. The fact remains that the resolve to enthrone genuine democracy in Nigeria must begin with making INEC independent in the real sense of the word. Such would go a long way in making the body assertive and guaranteeing its ability to convoke credible, free and fair elections whose outcome can be acceptable both locally and internationally. Elections when credible are bound to produce the right leader. The credibility of an election is determined by its capacity to uphold the wishes and opinion of the electorates as contained in their choice of candidate often as contained in the ballot paper. The failure of elections in Nigeria to promote transparency has often thrown up mediocre entities into sensitive positions where good governance cannot in any way be engendered. What democracy emphasizes is popular representation based on the wishes of the people as informed by an electoral outcome. Therefore, good governance can only germinate out of good leadership which must be an outcome of a credible democratic election. It is a known fact that the challenges of democracy in Nigeria revolves around leadership failure, corruption and good governance which when properly tackled can help sustain and as well consolidate the country's democratic efforts.

REFERENCES

Achebe,C. (1984). *The Trouble with Nigeria*.Enugu: Fourth Dimension Publishers

Chemers,M.M. (2012). "Cognitive, Social and Emotional Intelligence of Transformational Leadership: Efficiency and Effectiveness" In Riggio,S.E, Murphy, F.J (eds), *Multiple Intelligences and Leadership*. Ney Jersey: Lawrence Erlbaum Associates

Diamond, L (1999). *Developing Democracy: Towards Consolidation*. New York: Baltimore Publishers

Euginia, G.M. (2013). "Good Governance: Antidote for peace and security in Nigeria" in *European Journal of Business and Social*, 2(2): 56-65

Egwu, S (2011). "Ethnic and Religious Violence in Nigeria. Jos: St Stephen Inc.

Ezeh, C. (2010). "Objective Setting, Productivity and the Civil Service in Nigeria: A gap in morale Building for Optimum Results, *African Journal of Political Science Review,* (2) 1

Gyekye, K. (1997). *Tradition and Modernity: Philosophical Reflections on the African Experience*. Oxford: Oxford University Press

Institute for Democratic and Electoral Ideas (IDEA) "Democracy in Nigeria. Sweden: IDEA Publishing

Kasau, A.M. (2013). "The Challenges of Democratic Consolidation in Nigeria's Fourth Republic" in *European Scientific Journal*, 9(8):181-192

Lenin, V.I. (1975). *Imperialism: The Highest Stage of Capitalism*. Perkin: Foreign Language Press

Marx, K and Engels, F. (1977). *Manifesto of the Communist Party*. Mosco: Progress Publishers

Ogundiya, I.S. (2007). "Electoral Violence and Democratic Consolidation in Nigeria" in Jega, A and Ibeanu, O (eds) *Elections and the Future of Democracy in Nigeria*. Nsukka: Nigerian Political Science Association

Oluwole, S.B. (2003). "Democracy and Indigenous Governance: The Nigerian Experience" in Oguejiofor, J.O (ed) *Philosophy, Democracy and Responsible Governance in Africa*. New Brunswick and London: Transaction Publishers

Sarabjit, K. (2002). "Challenges of Democratic Sustenance in Nigeria, Paper presented at Centre for Democracy and Development. Lagos, July 5th

PSYCHOLOGICAL DETERMINANTS OF EMPLOYEE ENGAGEMENTS AMONG PUBLIC AND PRIVATE SECTOR EMPLOYEES OF RIVERS STATE

ENDURANCE OMONDIA[1] and IBRAHIM AJALA[2]

[1] *National Open University of Nigeria, Port Harcourt, River State, Nigeria.*
omondia.endi@gmail.com
[2] *University of Port Harcourt, Port Harcourt, Rivers State, Nigeria.*
ibrahimajala@gmail.com

ABSTRACT

The study was conducted to investigate how selected psychological factors determines employee engagement among public and private sector employees in Rivers State, Nigeria. The study was guided by four research questions and their corresponding null hypotheses. The expost-facto research design was adopted for the study with a sample of 435 employees drawn using. For data collection, three instruments were used which were properly assessed for validity and reliability. In analyzing the data obtained, mean and standard deviation were used in answering the research questions, while one-way ANOVA and independent samples t-test were used in testing the null hypotheses were applicable. Result revealed that length of service, leadership style, locus of control and financial remuneration significantly determine employee engagement. Furthermore, there was no significant difference between the employee engagement of public and private sector employees. On the basis of this result, appropriate recommendations were made.

TAX REVENUE POLICY REFORMS AND ITS IMPACT ON NIGERIA ECONOMIC GROWTH AND DEVELOPMENT: AN EMPIRICAL ANALYSIS

IHEZIE UGOCHUKWU REMIGIUS ACE, AFCPN
Economics Unit, Department of Social Science,
School of Humanities and Social Science, Federal Polytechnic Nekede
P.M. B. 1036, Owerri, Imo State. Nigeria.
Email: ugihezie@gmail.com
Phone Numbers :08030894724, 08120018446

ABSTRACT

The study examines the impact of tax revenue policy reforms on Nigeria economic growth and development from 2000 to 2015. To achieve the objective of the study, relevant data were collected from the Central Bank of Nigeria (CBN) statistical Bulletin, Federal Inland Revenue Service (FIRS) Publications, CBN 2015 Annual report. The data were analyzed using econometric model of multiple regressions- SPSS. The result of the study revealed that the impact of tax policy reforms on value added tax and personal income tax are significantly related to Nigeria economic growth and development, while petroleum profit tax, company income tax and custom excise duties are not significantly related to Nigeria economic growth and development. But jointly the tax variables are significantly related to Nigeria economic growth and development. This implies that the tax variables used shows that tax revenue through its policy reforms contributed immensely to Nigeria economic growth and development. Based on the findings, the study concluded that tax policy reforms have improved the revenue generating machinery of government to undertake socially desirable expenditure that will translate to economic growth in real output and per capita basis. However, it was recommended that to improve on the contribution of tax revenue to Nigeria economic growth and development, the following measure should be adopted. Government should be more transparent to engender public confidence on tax matters; only trained, qualified and corrupt-free personnel should be employed in tax administration. Citizens should be given a value re – orientation and enlightenment on their altitude towards payment of tax. Government should also embrace the E – commence taxation approach which uses internet and computer system. I also recommend that sustainable economic growth and development cannot be attained with tax policy reform processes except obsolete tax laws and rates are reviewed in line with macro economic objectives.

Keywords: Tax, tax revenue, tax policy reforms, Nigeria economic growth, Nigeria economic development, macro economics, empirical analysis.

INTRODUCTION

Taxes are levied on individual, groups, business or corporate organizations, by constituted authority for funds by state in the maintenance of peace, security, economic development, and social engineering among others for the benefit of the citizenry. In this view, the management of a society for effective growth rest on the government who can only discharge such responsibilities creditably to the citizenry with adequate resources. Therefore, it behaves a responsible citizenry to discharge his/her duties to the state through prompt and regular payment of taxes.

The political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in that given country. However, one means of generating the amount of revenue for providing the needed infrastructure is through well structured tax system (Ogbonna and Appah 2011).

The economic history of both developed and developing countries, reveals that taxation is an important weapon in the hands of government; not only to generate revenue, but also to achieve fiscal goals such as influencing the direction of investment and faming the consumption of certain goods and services. In the work of Azubuike (2009), tax is a major player in every society of the world. A tax system offers itself as one of the most effective means of mobilizing a nation's internal resources and it leads itself to creating an environment conducive to the promotion of economic growth.

Taxation as a system has been known to have existed as early as history. In our religion, the holy Bible made us to understand that the Jews paid their taxes in the form of tithes, which is still practiced in our Churches onto this day. Tithing entails payment of 1/10th of all income as sacrifice to God in His sanctuary (Hebrew:7:18). Tithing has generally helped in the well – being and maintenance of spiritual workers in our holy places. Our Lord Jesus Christ in his teaching years on earth advised His followers to pay tax. During His missionary days, He saw the need to support the Roman Government through the payment of tax hence, He advised His followers to "render therefore unto Cesar the things which are Caesars". Pagaragha (2005) in Vein Rabiu (1981) states that "the various forms of taxes prescribed in the Holy Koran and which were operative in the Northern Nigerian to include :Zakat which is a form of tax levied on Islamic adherents for charitable, religious and educational purposes. Proceeds from Zakat are used to help the poor and less privilege members of the society and also used in "Jihad" and other forms of religious promotions. "Kurdinkasa" and "Shukka – shukka" are levies imposed on agricultural yields. They are usually paid during harvest seasons and the proceeds used to finance the Emirate administration. "Jangali" is also a form of tax levied on livestock. It is a form of community tax paid to the emirate Authority.

According to Nzolta (2007), taxes constituted key sources of revenue to the federation account shared by the Federal state and Local governments. This is why odusola (2006) argued that in Nigeria, the government's fiscal power is divided into three – tiered tax structure between the federal, state and local governments, each of which has different tax jurisdictions. The system is lopsided and dominated by oil revenue. He further argues that over the past two decades oil revenue has accounted for at least 70% of the revenue thus indicating that traditional tax revenue has never assumed a strong role in the country's management of fiscal policy. It is on the account of this lopsided revenue structure that tax experts and scholars stated in clear terms that the Nigeria tax policy system need to be reformed to achieve long term economic growth and development.

According to Ogbonna and Appah (2011), Tax is a compulsory levy imposed on a subject or upon his property by the government to provides security, social amenities and create conditions for the economic well – being of the society. (Appah, (2004), Anyanfo (1996) and Anyanwu (1997) state that tax are Imposed to regulate the production of certain goods and services, protection of infant industries, control business and curb inflation, reduce income inequalities etc. Pagaragha (2005) states that' a tax is simply a compulsory payment levied on the citizens by government for the purpose of achieving its goals.

In the work of Ogbonna and Appah (2011) in Azubuike (2009) tax is a major source of government revenue all over the world. Government use tax proceeds to render their traditional functions, such as the provision of public goods, maintenance of law and order, defence against external aggression, regulation of trade and business to ensure social and economic maintenance.

Musgrave and Musgrave (2004) also states that the economic effect of tax include micro effects on the distribution of income and efficiency of resource use as well as macro effect on the level of capacity output, employment, prices, and growth. However, the use of tax as an instrument of fiscal policy cannot be achieved because of dwindling level of revenue generated as a result of ineffectiveness of government officials. Tax is dynamic, so reforms are necessary to effect the required changes in the national economy (Ola, 2001). Azubuike (2009) noted that tax policy reform is an ongoing process with tax policy makers and tax administrators continually adopting the tax system to reflect changing economic, social and political circumstances in the economy.

Therefore, the objective of this study is to examine the effect of tax policy reforms on the economic growth of Nigeria (1995 – 2010)

EMPIRICAL AND THEORETICAL LITERATURE REVEIW

Empirical studies: Several empirical studies have been conducted on the impact of tax revenue on economic growth and they provided different explanations to taxes on economic growth and development.

Worlu & Nkoro in Amos etal(2017) examined the impact tax revenue on economic growth of Nigeria between 1980 and 2007 using its effects on infrastructural development. They reported that tax revenue had a direct and indirect relationship with the infrastructural development and the gross domestic product respectively (GDP). The authors argue that the channels through which tax revenue affects economic growth in Nigeria are infrastructural development, foreign direct investment, and GDP. They stressed that availability of infrastructure stirs up an investment that in turn bring about economic growth.

Bukie & Adeumo in Amos et al (2017) also examine the effect of tax revenue on economic growth of Nigeria for the period 1970 to 2011, regressing indicators of economic growth (domestic investment, labour force and foreign direct investment) on tax revenue. The result shows that the indicators all have a positive and significant relationship with economic growth in Nigeria.

Lee and Gordon (2005) studied the effects of corporate tax structure of GDP growth. They begin their discussion by analyzing positive externalities resulting from tax structures which are not accounted for in the neo – classical framework that may potentially affect economic growth. They find that corporate tax is negatively correlated with economic growth using cross section data from 70 countries from 1970 to 1997. Lee and Gordon’s regression result predicts that a ten percent decrease in the corporate tax rate will lead to a 1.1% increase in GDP growth. Their result suggests to me that taxing corporation deters them from making more investment decision that lead to greater economic growth.

Padavano and Galli (2007) examine the effects of tax rate on economic growth in 23 OECD countries from 1950 to 1990. They find that higher marginal tax rates and tax progressivity are negatively correlated with long – run economic growth. Padavano and Galli explain that these results contradict previous literature that tax structure and economic growth are not significantly correlated because their regression depended on marginal tax rates. These results suggest that the effect of progressivity must be judged based on the socioeconomic specific effects of the tax schedule not just the total amount of revenue collected.

Lucas (1990) discuses the effect of tax structure using human capital accumulation as the engine for economic growth and finds that contrary to his original hypothesis, that tax changes may alter long – run growth rates and equilibrium levels, tax changes had trivial effects. He altributes these findings to labour taxation affecting “equally both the cost and the benefit side of the marginal condition governing the learning decision”. Stokey and Robelo (1995) find that Lucas’s estimate of the effect of tax structure on human capital accumulation is robust. They emphasize though, that while the effects of tax structure on growth are modest, the effects on welfare are large.

Engen and Skinner (1996) in their study of taxation and economic growth of U.S. economy, large sample of countries and use of evidence from micro level studies of labour supply, investment demand, and productivity growth. Their result suggests Modest effects on the order of 0.2 to 0.3 percentage points’ differences in growth rates in response to a major reform, they stated that such small effects can have a large cumulative impact on living standards.

Tosun and Abizadeh (2005) in their study of economic growth of tax changes in OECD countries from 1980 to 1999 reveals that economic growth measured by GDP per capita has a significant effect on tax mix at GDP per capita. It is show that while the shares of personal and property taxes have responded positively on economic growth, shares of the payroll and goods and services taxes have shown a relative decline.

Theories of taxation: according to Bhartia (2009), a taxation theory may be derived on the assumption that there need not be any relationship between tax paid and benefits received from state activities. In this group, there are two theories namely,

- Socio – political theory
- The expediency theory.

Also, a tax theory may be based on a link between tax liability and state activities. This reasoning justifies the imposition of taxes for financing state activities and also providing a basis for apportioning the tax burden between members of the society. This reasoning yield the benefit received theory and cost of service theory. There is also the faculty theory of taxation.

SOCIO – POLITICAL THEORY: This theory of taxation states that social and political objectives should be the major factors in selecting taxes. The theory advocated that a tax system should not be designed to serve individuals, but should be used to cure the ills of society as a whole.

EXPEDIENCY THEORY: This theory asserts that every tax proposal must pass the test of practicality. It must be the only consideration weighing with the authorities in choosing a tax proposal. Economic and social objective of the state and also the effects of a tax system should be treated irrelevant (Bhartia, 2009).

BENEFIT RECIVED THEORY: This theory proceeds on the assumption that there is basically an exchange relationship between tax – payers and the state. The state provide centain goods and services to the members of the society and they contribute to the cost of these supplies in proportion to the benefits received (Bhartia, 2009). Anyanfo (1996) argues that taxes should be allocated on the basis of benefits received from government expenditure.

COST OF SERVICE THEORY: This theory is similar to the benefits received theory. It emphasizes the semi – commercial relationship between the state and the citizens to a greater extent. In this theory, the state is being asked to give up basis protective and welfare functions. It is to scrupulously recover the cost of the services and therefore this theory implies a balanced budget policy.

FACULTY THEORY: According to Anyanfo (1996), this theory state that one should be taxed according to the ability to pay. It is simply an attempt to maximize an explicit value judgment about the distributive effects of taxes. Bhartia (2009) argue that a citizen is to pay taxes just because he can, and his relative share in the total tax burden is to be determined by his relative paying capacity.

NATURE AND SCOPE OF TAXES:

Anyanwu (1997) defined taxation as the compulsory transfer or payment (or occasionally of goods and services) from private individuals, institutions or groups to the government. The main purpose of tax is to raise revenue to meet government expenditure and to redistribute wealth and management of the economy (Ola, 2001; Jhingan, 2004; Bhartia, 2009).

According to Nzotta (2007), four key issues must be understood for taxation to play its functions in the society. First, a tax is a compulsory contribution made by the citizen to the government and this contribution is for general common use. Secondly, a tax imposes a general obligation on the tax payer. Thirdly, there is a presumption that the contribution to the Public revenue made by the tax payer may not be equivalent to the benefits received. Finally, a tax is not imposed on the citizen by the government because it has rendered specific services to him or his family. Thus, it is evident that a good tax structure plays a multiple role in the process of economic development of any nation which Nigeria is not an exception (Appah, 2010).

However, Anyanwu (1993) pointed out that there are three basic objectives of taxation. These are to raise revenue for the government, to regulate the economy and economic activities and to control income and employment. Also Nzotta (2007) noted that taxes generally have allocational, distributional and stabilization functions. The allocation function of taxes entails the determination of the pattern of production, the goods that should be produced, who produces them, the relationship between the private and public sectors and the point of social balance between the two sectors. The distribution function of taxes relates to the manner in which the effective demand over economic goods is divided, among individuals in the society.

According to Musgrave and Musgrave (2004), the distribution function deals with the distribution of income and wealth to ensure conformity with what society considers a fair or just state of distribution. The stabilization function of taxes seeks to attain high level of employment, a reasonable level of price stability, an appropriate rate of economic growth, with allowances for effects on trade and on the balance of payments. Nwezeaku (2005) argues that the scope of these functions depends, inter alia, on the political and economic orientation of the people, their needs and aspirations as well as their willingness to pay tax. Thus the extent to which a government can perform its functions depend largely on the ability to design tax plans and administration largely on the willingness and patriotism of the governed

According to Anyanfo (1996), the principles of taxation mean the appropriate criteria to be applied in the development and evaluation of the tax structure. Such principles are essentially an application of some concepts derived from welfare economists. In order to achieve the broader objectives of social justice, the tax system of a country should be based on sound principles.

Jhingan (2004), Bhartia (2009), listed the principles of taxation as equality, certainty, convenience economy, simplicity, productivity, flexibility and diversity.

Equity principle: states that every tax payer should pay the tax in proportion to his income. The rich should pay more and at a higher rate than the other person whose income is less. (Jhingan, 2004). Anyanfo (1996) states that it is only when a tax is based on the tax payer's ability to pay that it can be considered equitable or just. Sometimes this principle is interpreted to imply proportional taxation.

Certainty principle: of taxation states that a tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid ought to be clear and plain to the contributor and every other person (Bhartia 2009).The tax payer should know the amount, time, manner and place of payment of tax.This makes the tax system to be fair.

Convenience principle: of taxation states that the time and manner should be convenient to the tax payer. According to Anyanfo (1996), this principle of taxation provides the rationale for pay – as you – Earn (PAYE) system of tax payable system of tax collection.

Economy principle: states that every tax should be economical for the state to collect and the taxpayer to pay (Appah, 2004; Jhingan, 2004; Bhartia, 2009). Anganfo (1996) argues that this principle implies that taxes should not be imposed if their collection exceeds benefits.

Productivity principle: states that a tax should be productive in the sense that it should bring large revenue which should be adequate for the government so that the government can perform its welfare and developmental functions efficiently. This is the major reason why government in all parts of the globe continuously reforms their tax system.

Simplicity principle: states that the tax system should be plain, simple and intelligible to common taxpayer. Anyanfo (1996) argue that there should be no hidden agenda in the tax law. It simple that tax payers can understand its, implications, reasons, calculations, uses and so on.

Flexibility principle: A good tax should be flexible in order to meet the needs of the society. This implies that there should be no rigidity in taxation. The amount of tax charged should not be the same all year round. At the period of recession government should increase tax to increase government revenue and should lower the amount of tax paid at the period of economic boom cycle for other social benefits. Flexibility principles of tax help countries to deal with economic fluctuations.

Diversity principles of taxation states that there should be different variety of taxes. Bhartia (2009) argue that it is risky for state to depend upon two few a source of public revenue.

TAX REVENUE POLICY REFORMS IN NIGERIA

Taxation is a veritable and sustainable source of revenue for government and a tool for fiscal policy and macro economic management. Tax polices are dynamic, and so reforms (i.e review) are necessary to effect the required changes in the national economy. The dependence on oil revenue by all tiers of government in Nigeria has made the federal government to reform the existing tax laws/policies to reflect changing economic, social and political circumstances. According to Alli (2009), the objective of tax reforms in Nigeria include effect to bridge the gab between the national development needs and the funding of the needs; the need to ensure taxation, as a fiscal policy instrument, to achieving improve service delivery to the public; to improve on the level of tax derivable from non – oil activities, vis-a-vis revenue from oil activities; efforts at constantly reviewing the tax laws to reduce/ manage tax evasion and avoidance; Effort to improve the tax administration to make it more responsive, reliable, skilful and taxpayers friendly; and to achieve other fiscal objectives.

HISTORICAL PERSPECTIVE OF TAX REVENUE REPOLICY REFORMS IN NIGERIA

According to Alli (2009), the Nigeria tax revenue reforms has experienced series of reformation since 1904 to date. The effect of the reforms is as follows: introduction of income tax in Nigeria between 1904 and 1926; grant of autonomy to the Nigeria inland revenue in 1945; The Raisman Fiscal commission of 1957, Formation of the inland Revenue Board in 1958; the promulgation of the petroleum profit Tax ordinance N015 of 1959, the promulgation of the income Tax management Act 1961; establishment of the Lagos state internal Revenue Department; The promulgation of the companies income Tax Act (CITA) 1979; Establishment of the Federal Board of Inland Revenue, under the provision of the CITA in 1979; establishment of the Federal Inland Revenue Service between 1991 and 1992; and tax policy and administration reforms amendment – 2001 and 2004 proposal.

Ogbonna and Appah (2011) states that government embarked upon the latest tax policy reform process by instituting study group on the Nigeria tax system, consisting of individual from business, academia, and the government to study the present tax laws and recommend the appropriate reform in general and their impact to the overall economy. As a result of the reform, nine (9) bills on tax policy reforms we approved by the Federal Executive council for the consideration of the National Assembly and subsequently passed as Act. The Acts, are as enumerated as follows: An Act to establish the Federal Inland Revenue Service as an autonomous service 2004; An Act to amend the companies income Tax Act 2004; An Act to amend the petroleum profit Tax Act 2004; An Act to amend the personal income Tax Act 2004; An Act to amend the Education Tax Act 2004; An Act to amend the customs, Excise Tariffs, etc (consolidation) Act 2004; An Act to amend the National sugar development. Council Act 2004; and an Act to amend the National Automotive council Act of 2004

ECONOMIC GROWTH

According to Pagaragha(2005), economic growth is more or less the increase in the output of goods and services, i.e increase in the real " Gross Domestic Product" Economic growth is measured roughly by increase in real gross national product per head of population. Dwivedi (2004) states that economic growth is a sustained increase in per capita national output or net national product over a long period of time. It implies that the rate of increase in total output must be grater than the rate of population growth. Economic growth can be determined by four important determinates namely; human resources, national resources, capital formation and technological development. The theories of economic growth, can be examined under the Harrod Domar theory of growth, Kaldor madel of distribution, slow model of long run growth etc.Though economic growth depend on both consumption and investment, sustained economic growth depend heavily on the adequate level of new investment.

STRATEGIES FOR ACHIEVEING RESULTS FOR TAX REVENUE POLICY REFORMS IN NIGERIA

According to Alli (2009), for a tax revenue policy reform to achieve the desired results, the reform need to be driven strategically, to provide a competitive environment that", assures that our tax system will be fundamentally based on the three principles of fairness, simplicity, and opportunity and economic growth; fosters rapid economic growth on a sustainable basis such that it is broad based, stimulates savings, encourages investment, job creation and steadily increasing per capita income; encourages entrepreneurship; provides increased incentives to strategic industries in the economy, including broadening the list of industries / products that would for the grant of pioneer status; maintains taxpayers, faith in the integrity of the tax systems; will lead to a fall in the overall tax burden of the tax pagers, both individual and corporate; avoid multiplicity of taxes amongst the ties of government and will facilitate full computerization of the Nigeria tax administration.

DATA AND METHODOLOGY

The data employed in carrying out the study was secondary data sourced from Central Bank of Nigeria statistical Bulletin, Dec 2010 Federal Inland Revenue services (FIRS) Publication; Central Bank of Nigeria (CBN) 2010 Annual report. The macroeconomic data cover various tax Revenue (TR) and GDP as proxy to Economic Growth (EG) between 1995 and 2010 in Nigeria. Which was analyzed using multiply regression of SPSS programme

MODEL SPECIFICATION

The model specifies a relationship between Gross Domestic product as the dependent variables on the Y – axis and some tax variables as the independent / explanatory variables on the X –axis.

Thus the model to be estimated is

GDP = F(PPT,CINT, VAT, PIT, CED), This lead to linear specification of : $GDP_t = b_o + b_1 PPT_t + b_2 CINT_t + b_3 VAT_t + b_4 PIT_t + b_5 CED_t + U_t$

Where GDP_t = Gross Domestic Product over time

PPT_t = Petroleum profit Tax Revenue over time

$CINT_t$ = Company Income Tax Revenue over time

VAT_t = Value Added Tax Revenue over time

PIT_t = Personal Income Tax Revenue over time

CED_t = Custom and Excise Duties Revenue over time

b_o = constant in the equation

b_1, b_2, b_3, b_4, b_5, are unknown population parameter that is partially slop co – efficient

U_t = error term or stochastic disturbance over time

PRESENTATION OF DATA

S/N	YEAR	GDP	PPT	CINT VAT	PIT	CED	
1	2000	1933,211,550,000	42,857,900,000	21,878,300,000	20,761,000,000	591821,608	37,364,000
2	2001	2,702,719,130,000	76,667,000,000	22,000,000,000	31,000,000,000	734,664,106	55,000,000
3	2002	2,801,972,580,000	63,574,100,000	26,000,000,000	34,000,000,000	790,155,883	63,000,000
4	2003	2,708,430,860,000	68,000,000,000	33,300,000,000	36,900,000,000	1,109,204,000	57,700,000
5	2004	3,194,014,970,000	164,300,000,000	46,200,000,000	47,100,000,000	1,274,319,000	87,900,000
6	2005	4,582,127,290,000	525,100,000,000	51,100,000,000	58,500,000,000	2,224,163,170	101,500,000
7	2006	4,725,086,000,000	639,200,000,000	68,700,000,000	91,800,000,000	1794,261,000	170,600,000

Source: Central Bank of Nigeria (CBN) Statistical Bulletin Volume 21 Dec. 2014; Central Bank of Nigeria (CBN) Annual Report 31st Dec 2014 Federal Inland Revenue Services (FIRS) quarterly Publication 2015

REGRESSION RESULT AND DISCUSSION

Source: Central Bank of Nigeria (CBN) Statistical Bulletin Volume 21 Dec. 2014; Central Bank of Nigeria (CBN) Annual Report 31st Dec 2014 Federal Inland Revenue Services (FIRS) quarterly Publication 2015

REGRESSION RESULT AND DISCUSSION

ANOVAb

Model		Sum of Squares	df	mean Square	F	Sig
1	Regression	1.304E27	5	2.607E26	329.943	.000a
	Residual	7.902E24	10	7.902E23		

a. **Predictors: (Constant), ced, ppt, cint, pit, vat**
b. **Dependent Variable: gdp**

COEFFICIENTSa

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std.Error	Beta	t	Sig	Tolerance	VIF
1 (Constant)	1.110E12	6.039E11		1.839	.096		

From the regression Results

GDP_t =1.110E12 + 0.523PPT_t – 34.984$CINT_t$ + 73.507VAT_t +1007.483PIT_t

(std error) (0.594) (18.963) (25.498) (250.853)

– 15086.721 CED_t

(9807.032)

From the model, there is a positive linear relationship between PPT, VAT, PIT, and GDP. A unit increase in PPT VAT and PIT will cause GDP to increase by 0.523, 73.507 and 1007.483 respectively. While CINT and CED has a negative linear relationship with GDP. That is a unit increase in CINT and CED will cause GDP to decrease by – 34.984 and – 15086. 721. The constant of 1.110E12 shows that when all the explanatory variables included in the model are all equal to zero GDP will be 1.110E12 unit.

TEST FOR INDIVIDUAL SIGNIFICANT USING STUDENT "T" DISTRIBUTION TEST

Degree of freedom = n-k = 16 – 6 =10

Level of significant =5% = $\frac{0.05}{2}$ = 0.025

t. tabulated = 2.223

Decision Rule

If t calculated is less that t tabulated, accept the null hypothesis (H_o) and reject the alternative hypothesis (H_1), otherwise reject the null hypothesis (H_o) and accept the alternative hypothesis (H_1)

STATEMENT OF HYPOTHESIS

H_o, $b_o = 0$: There is no significant relationship between tax variables and Gross domestic product.

H_1, $b_1 \neq 0$: There is significant relationship between tax variables and Gross domestic product.

PPT: The null hypothesis (H_o) were accepted for petroleum profit tax and the alternative hypothesis (H_1) were rejected and conclude that there is no significant relationship between PPT and GDP since t calculated(0.881) is less than t tabulated (2.223)

CINT: The null hypothesis (H_o) were accepted of company Income tax and the alternative hypothesis (H_1) were rejected and conclude that there is no significant relationship between CINT and GDP since t calculated (**-** 1.845) is less than t tabulated (2.223)

VAT: The null hypothesis (H_o) where rejected for value added tax and the alternative hypothesis (H_1) were accepted and conclude that there is a significant relationship between VAT and GDP since t calculated (2.883) is greater than t tabulated (2.223)

PIT: The null hypothesis (H_o) where rejected for personal Income tax and the alternative hypothesis (H_1)were accepted and conclude that there is a significant relationship between PIT and GDP since t calculated (4.016) is greater than t tabulated (2.223)

CED: The null hypothesis (H_o) where accepted for custom and excise duties and the alternative hypothesis (H_1) were rejected and conclude that there is no significant relationship between CED and GDP since t calculated (-1.538) is less than t tabulated (2.223)

TEST FOR JOINT SIGNIFICANT USING ANOVA TABLE

Degree of freedom, n-k: k – 1, б = 0.05, 16 – 6, 6 – 1, =F10, 5, 0.05

Decision Rule

If F calculated (F cal) is greater than F tabulated (F tab), we reject the null hypothesis (H_o) and accept the alternative hypothesis (H_1) otherwise accept the null hypothesis (H_o) and reject the alternative hypothesis (H_1)

STATEMENT OF HYPOTHESIS

H_o: $b_1,b_2,b_3,b_4,b_5 = 0$ There is no significant relationship between

PPT, CINT, VAT, PIT, CED, and GDP

H_1: $b_1,b_2,b_3,b_4,b_5 \neq 0$: There is significant relationship between

PPT, CINT, VAT, PIT, CED and GDP

F cal = 329.943, F tab = 3.33

Since F cal is greater than F tab, we reject the null hypothesis (H_o) and accept the alternative hypothesis (H_1). Thus accepting that at least one of PPT, CINT, VAT, PIT, CED have a significant relationship with GDP. Therefore, we conclude that PPT, CINT, VAT, PIT, CED jointly affect GDP.

REPORT OF FINDINGS

The multiple regression conducted confirmed that a positive relationship exists between tax policy reforms on PPT, VAT, PIT and economic growth while a negative relationship exists between tax policy reforms on company income tax, custom and excise duties and economic growth between 1995 and 2010. While VAT and PIT has a significant relationship with GDP, PPT, CINT and CED have no significant relationship with GDP. Jointly tax policy reforms have significantly affected economic growth.

CONCLUSION

The objective of this study is to investigate the relationship between tax revenue policy reforms and Nigeria economic growth and development. It goes further to examine whether tax policy reforms on petroleum profit tax, companies income tax, value added tax, personal income tax, and customs excise duties affect the economic growth measured with gross domestic product of Nigeria. From our findings, tax policy reforms had added to the growth of Nigeria economy. The reforms process has indeed, chanted a road map to drive the Nigeria economy to international relevance, as it is to provide adequate revenue for the government to undertake socially desirable expenditure that will translate to economic growth in real output and per capita basis for it is the only part to ensure efficient transport system, regular supply of water, electricity etc. Government may in this way use tax revenue from the various policy reforms processes to impact on the economy of Nigeria.

RECOMMENDATIONS

Having dwelt extensively on the issue of the effect of tax policy reforms on economic growth of Nigeria for over sixteen years period, we are now to recommend that to improve on the contributions of taxes to economic growth the following measure should be adopted:

- A viable and sustainable tax policy reforms should be adopted from the develop countries like U.S.A,UK etc.
- Sustainable economic growth cannot be attained with tax policy reforms processes except obsolete tax laws and rates are reviewed in line with macro economic objectives.
- Government should be more transparent to engender public confidence on tax matters.
- Only trained qualified and corrupt – free personnel should be employed in tax administration.
- Citizen should be given a value re – orientation and enlightenment on their altitude towards payment of tax.

AUTHOR BIOGRAPHY

Ihezie Ugochukwu Remigius is currently a lecturer in economics unit, department of social science, Federal Polytechnic Nekede Owerri. He obtained his first and master degree from Abia State University Uturu and Imo State University Owerri respectively. He also has a post graduate diploma in education from Usmanu Danfodoyo University Sokoto. Currently he is undergoing a Phd proramme in public sector economics in Imo State University Owerri.

He is an associate member of Institute of Chartered Economics of Nigeria (ICEN) , an affiliate member of Computer Professional of Nigeria(CPN) and also a registered member Teachers Registration Council of Nigeria. He is computer literate and have professional diploma certificate in computer operation.

The author has attended more than fourteen workshops/conferences and presented more than eight academic papers and has more than seven journal papers. He is a co-author of three text books-: Approach to Macro Economics, Micro Economic Theory an Expository text and Introduction to Micro Economics. Mr Ihezie Ugochukwu R. is a native of Umuonyenekwe in Umuosimaku Umuokeh, Obowo LGA Imo State, Nigeria.He is married with four children.

REFERENCES

Alli, B.D. (2009). Managing the Tax Reform Process in Nigeria, Niger. Account, 42 (1):45 -51.

Amos O.A; Uniamikogbo E. & Aigienohuwa O.O. (2017) Tax Revenue and Economic Growth of Nigeria. Scholar Journal of Economics, Business and Management. SAS publishers.

Anyanfo.A.M.O (1996). Public Finance in a Developing Economy:The Nigerian case. Department of Banking and Finance, University of Nigeria, Enugu Campus Enugu.

Anyanwu,J.C.(1993).Monetary Economics Theory, Policy and Institution.Hybrid Publisher, Onitsha.

Anyanwu J.C. (1997).Nigerian Public Finance. Joanne Educational Publisher, Onitsha

Appah, E. (2004) Principles and Practice of Nigeria Taxation, Ezevin Mint Printers and Publishers, Port Harcourt.

Appah E. (2010).The Problems of Tax Planning and Administration in Nigeria: The Federal and State Government Experience. Int J. Lab. Organ. Psyechol. 4 (1-2): 1 -14.

Azubuike, J.U.B; (2009), Challenges of tax Authorities, Tax payers in the Management of Tax Reform Processes. Niger. Account; 42 (2):36 – 42.

Asterious,D.and S. Hall (2007). Applied Econometrics: A Modern Approach Palgrave Macmillan, London.

Bhartia, H.L; (2009) Public Finance. 14th Edition Vikas Publishing House PVT Ltd, New Delhi. CBN (2010) Statistical Bulletin Volume 21. CBN (2010) Annual Report.

Dwivedi,D.N; (2004) Managerial Economics. 6th Edn; Vikas Publishing House PVT Ltd; New Delhi

Engen, E. and J. Skinner (1996). Taxation and Economic Growth. Nat. Tax J; 49 (4): 617 – 642.

FIRS (2008) quantity publication

Jhingan, M.L. (2004). Money, Banking, International Trade and Public Finance. Vrinda publications, New Delhi, India.

Koutsoyiannis A. (1997) Theory of Econometrics, second edition, New York Palagrave Houndmills.

Lee, Y. and R.Gordon (2005) Tax structure and Economic Growth”. Journal of Public Economics, 89,

Lucas, R.E (1990) Supply – side Economic: An analytical Review. Oxford Economic Papers, 42, (2)

Musgrave, R.A and Musgrave P.B (2004). Public Finance in Theory and Practice. Tata McGraw Hill, New Delhi; India.

Nwezeaku,N.C; (2005) Taxation in Nigeria: Principles and Practice. Springfield Publishers, Owerri.

Nzotta, S.M; (2007) Tax Evasion Problems in Nigeria: A critique Niger Account, 40 (2): 40 – 43

Odusola A; (2006) Tax Policy Reforms in Nigeria. Research Paper No: 2006 / 03 United Nations University – World Institute for Development Economic Research

Ogbonna G.N and Appah E (2011) Impact of Tax Reforms and Economic Growth of Nigeria: A Time series Analysis current Research Journal of social sciences 4 (1): 62 – 68, 2012.

Ola C.S (2001) Income Tax Law and Practice in Nigeria Heineman Education Books (Nigeria) PLC Ibadan.

Padavano F and Galli. E (2007) Tax Rate and Economic Growth in the OECD countries, Economic Inquiry, 39.

Pagaragha A. (2005) Taxation and Economic Growth An Investigation of Nigeria Experiences, an unpublished M.sc Thesis. University of Port Harcourt.

Stokey N.L and Rebelo S (1995) Growth Effect of Flat – rate Taxes. The Journal of Political Economy, 103 (3),519 – 550.

Tosun, M.S. and Abizadeh S. (2005) Economic Growth and Tax Component: An analysis of tax change in OECD. Appl. Econ;; 37

SCENARIO PLANNING FOR EMERGENT TECHNOLOGY (BIG DATA AND CLOUD) IN HEALTHCARE INDUSTRY

NAZLI AKHLAGHINIA[1] and ALI RAJABZADEH GHATARI[2]

[1] *Industrial Management Tarbiat Modares University, Tehran, Iran.* *Nazli_soh@Yahoo.com*

[2]*Associate Professor, Tarbiat Modares University, Tehran, Iran.* *Alirajabzadeh@modarers.ac.ir*

ABSTRACT

Digital transformation has revolutionized business models in a variety of industries. The adoption of digital services in pharmaceutical industry, however, has progressed at a relatively slow pace. Product-centricity has remained at the core of pharmaceutical business model .pharmaceutical companies are still in an experimental phase when it comes to offering digital services beyond traditional products. The pharmaceuticals industry is burgeoning with data. Pharma manufacturers, research centers, pharma retailers, hospitals and other medical stakeholders are all collecting data like never before. Having data that are consistent, reliable, and well linked is one of the biggest challenges facing pharmaceutical R&D. The ability to manage and integrate data generated at all stages of the value chain, from discovery to real-world use after regulatory approval, is a fundamental requirement to allow companies to derive maximum benefit from the technology trends. Data are the foundation upon which the value-adding analytics are built. Effective end-to-end data integration establishes an authoritative source for all pieces of information and accurately links disparate data regardless of the source—be it internal or external, proprietary or publicly available. Data integration also enables comprehensive searches for subsets of data based on the linkages established rather than on the information itself. "Smart" algorithms linking laboratory and clinical data, for example, could create automatic reports that identify related applications or compounds and raise red flags concerning safety or efficacy . This new algorithm could be considered with the data deluge, this is a reason of considering cloud and big data in this research. Developing scenarios with considering these two emerging technologies could be necessary for mapping their changes variables.

In this paper we use system dynamics model to evaluate impact of latest emergent technology (big data and cloud) on pharma supply chain. We developing four scenarios for these technology for guiding managers of health care organization.

Keywords: Pharmaceutical Industry, Supply Chain, Digital Transformation, Big Data, Cloud.

INDIVIDUAL AND ORGANIZATIONAL PREDICTORS OF WORK-LIFE BALANCE AMONG COMMERCIAL BANK WORKERS IN RIVERS STATE, NIGERIA

NZUBECHUKWU CHUKWUEMEKA UMEUZUEGBU [1] and EBELENNA SAMUEL ANEKWE [2]

[1]*National Open University of Nigeria, Rivers State, Nigeria.*
smartspace.analytics@gmail.com
[2]*Colorado State University, Colorado, United States of America.*
ebelenna.anekwe@csuglobal.edu

ABSTRACT

For many commercial bank workers In Nigeria, achieving satisfactory sense of work-life balance has been an onerous task, especially in the Nigerian financial sector with the current technological-induced take-home responsibilities. The globalized nature of electronic banking and stiff competition among commercial banks has made work-life balance elusive for many workers. This paper therefore seeks to investigate on personal and organizational variables and their relationship with work-life balance among commercial bank workers in Rivers State, South-West Nigeria. Using a conveniently drawn sample of 208 commercial bank workers in Rivers State, the correlational research design was adopted. Data collection was done using a semi-structured questionnaire. Obtained data were analyzed using multiple and simple linear regression coefficients. Result showed that organizational commitment and emotional intelligence jointly and independently predicted work-life balance among the respondents. Furthermore, it was shown that male respondents reported a higher level of work-life balance than female workers. The study recommended that commercial bank workers should be provided opportunity to execute some job responsibilities from their homes as this is likely to increase their feelings of work-life balance.

Keywords: Work-Life Balance, Organizational Commitment, Emotional Intelligence, Commercial Banks.

EXAMINING THE EFFECTS OF POST FORMAT AND BLOGGER TYPE (INFLUENCERS VS CELEBRITIES) IN INSTAGRAM MARKETING

PELIN OZGEN[1] and AMIR BEHRAD MAHMUDIAN[2]
[1] Atilim University,
Mailing Address: Atilim University, Kizilcasar St., 06830 Incek Golbasi,Ankara/ TURKEY.
E-mail: pelin.ozgen@atilim.edu.tr
[2] ASAM (Association for Solidarity with Asylum Seekers and Migrants),
Mailing Address: Asagi Dikmen, Galip Erdem St. No:42, 06450 Cankaya-Ankara/TURKEY
E-mail: abm_8854@yahoo.com

Aim and Objective: It is well known that traditional methods of advertising are no longer credible and an alternative way of communication is emerged as product placement especially in social media. Social media is getting more and more into daily routines of everyone. Similar to daily routines, people who are in decision making positions also inevitably adopt the communication skills to be able to successfully communicate with the target audience. At this point, it is important to reveal the right source for the message with the right type of format. Considering the wide use of Instagram by consumers, both for personal and shopping purposes, the communication media is selected as Instagram. The objective of this study is to evaluate the difference between two kinds of product placement which are direct product promotion (DPP) and simple product placement (SPP) as different types of formats in terms of two blogger types (influencer vs. celebrity) as the message source. Given these independent variables, the change in consumers' attitude towards the advertisement, attitude towards the product and the purchase intention was examined through the mediation effect of blogger's credibility.

Methodology: In this study, the dependent variables are *consumer attitudes towards the post, towards the product and purchase intention* through mediating effect of credibility of the blogger where the manipulated variables are *the message source* (i.e *the blogger type*- either celebrity) and the post format (*DPP- Direct product promotion* with interaction between blogger and product or *SPP- Simple product promotion* where there exists no interaction between blogger and product). The study is designed as a 2X2 between-subjects experiment. A total number of 399 participants attended the online survey voluntarily with non-random sampling methods. To decrease the externalities, participants were randomly assigned to one of the four conditions: celebrity + SPP, celebrity + DPP, influencer + SPP or influencer + DPP.

Findings: Among the 399 respondents, 62% are between 25-34 years of age, 85% of them have a bachelor's degree, 60% female and 40% male. In analyzing Instagram activity, it is seen that 65% of the participants are using the application for more than 3 years and 46% of this group has followers between 100 and 300, whereas more than 80% of the respondents (corresponding to 321 participants) are following more than 500 other Instagram users. Among 399 participants, 385 people (62%) are following celebrity profiles. In the case of influencers, most popular to follow are food bloggers (35%) followed by fashion bloggers (31%), fitness bloggers (26%) and finally beauty bloggers (21%). In addition to these, it is worth mentioning that company/brand pages also are being followed almost by one third of participants (33%).

To test the effects of posting format (DPP vs. SPP) and message source (celebrity vs. influencer) on consumer attitudes towards the post, towards the product and purchase intention mediated by credibility, the PROCESS macro in SPSS was used (model 4 with bootstrap 50000). The analysis revealed that there is a significant effect of credibility on attitudes towards the post ($b = .13$, $t(796) = 2.83$, $p < .05$), however, no significant effect of type of blog post on credibility was observed ($p = .78$). Therefore, the hypothesis that type of blog post affects attitudes towards the post through mediation by credibility was not accepted. Similarly type of blog post and attitudes towards the products is analyzed. The results show that while the attitude towards the product can be predicted by credibility ($b = .30$, $t(796)$

= 7.15, $p < .001$) the relation between blog type and credibility is not statistically significant ($p = .11$), leading to rejection of the hypothesis about type of Instagram post and the attitude towards the product via credibility. Similarly, in analyzing the relationship between the purchase intention and the type of post, no significant effect for mediating the relationship between the type of blog post and purchase intentions is observed ($b = .02$, $t(796)= .27$, $p = .78$).

In the second part, the main hypothesis states that an influencer will perceived as more credible and therefore has more positive effect on the attitude towards the post, attitude towards the product, and purchase intention compared to a celebrity. For this relationship, the same procedure was applied and credibility is tested as the mediator between the blogger type (influencer and celebrity) on one hand and attitude toward the advertisement, product, and purchase intention on the other hand. The results of analysis revealed that credibility significantly mediated the relationship between the blogger type and the attitudes towards the post ($b = .02$, 95% CI [.0014, .0538]), and blogger type predicted credibility ($b = .17$, $t (796) = 2.52$, $p < .05$), and credibility also predicted attitudes towards the post ($b = .12$, $t (796) = 2.77$, $p < .0$). Considering the relationship between the blogger type and the attitudes towards the product, again credibility is accepted as a mediator ($b = .02$, 95% CI [.0013, .0538]) and the relation between blogger type and credibility ($b = .17$, $t (796) = 2.52$, $p < .05$) and credibility and attitudes towards the products ($b = .13$, $t (796) = 2.93$, $p < .005$) are also found to be significant. Furthermore, the analysis reveal that credibility mediated the relationship between blogger type and purchase intention ($b = .08$, 95% CI [.0371, .1359]) whereas the blogger type significantly predicted credibility ($b = .17$, $t (796) = 2.52$, $p < .05$) and credibility predicted purchase intention ($b = .14$, $t (796) = 2.78$, $p < .01$). In conclusion, credibility could be understood as a mediator in the relationship between the blogger type and the attitudes towards the advertisement whereas no such significant relation is observed between posting type and the dependent variables through mediation of credibility.

Results and Discussion: The findings of the study once again confirm that social media is used with great intensity and frequency not only for keeping in touch with friends and family, but from consumer perspective it is also employed to gather information, get unbiased opinions on products or brands and get inspiration for future purchases. This fact is undeniably important and therefore, companies and brand managers should pay more attention to influencers in promoting their product or brand. The results of the analysis show that influencers are found to be more credible and therefore are able to effect the consumers more than celebrities, whereas the type of posting (post format) had no significant effect on credibility and other dependent variables. This fact could be more elaborated with theories from psychology in another academic research. Moreover, future research could evaluate the effects of different kinds of influencers (like fitness bloggers, cosmetic bloggers and etc.) with different product types on their posts and the credibility could be tested.

DISTRIBUTION OF EMOTIONS IN MOVIE ONLINE REVIEWS

RAHAT ULLAH, SUJA SARAH THOMAS

Al Ghurair University, Academic City, Dubai, United Arab Emirates.

ABSTRACT

Online word of mouth (Online reviews) develop into a primary source for consumer's decision making and has significant implications for a broad range of products. Previous studies focus on WOM volume and valence, although one of the important reasons of WOM generation is emotions. This study tests the textual emotional content distribution in online reviews for movies, which are experience goods and thus online reviews are important sources of product information. The results show that there is more emotional content in the opening week than in the prerelease and later weeks. This suggests that the chances of satisfaction or dissatisfaction are higher the week a movie is released. The more positive emotional content in movie reviews in the opening week also explains the extent of bias in the early reviews, as the early consumers are more positively biased.

Keywords: Emotional Content, Experience Goods, Movies, Word of Mouth.

ASSESSING THE WILLINGNESS TO PAY FOR RECREATION IN MINNESOTA

RUTHERFORD CARD. JOHNSON and EDDIE WALKER
University of Minnesota Crookston

Minnesota has a strong reputation as a year-round destination for outdoor recreation. It is a key part of the state economy. In the summer, activities such as boating, camping, and fishing dominate. In the fall, hunting is popular. Winter sports and winter recreation are also widely enjoyed. Participants in recreation in Minnesota are both from the state and surrounding states, and also from around the US and Canada. This study seeks to gain insight into the willingness to pay for outdoor recreation amenities and activities in the state of Minnesota in order to determine if there are differences in valuation based on state region destination and/or participant location of origin. This information will be used to make economic policy recommendations and industry recommendations.

HOUSING INSECURITY AMONG THE ELDERLY IN SOUTH AFRICA

STEVEN HENRY DUNGA

North West University, Vanderbijlpark Campus, South Africa.
Steve.dunga@nwu.ac.za

The understanding of poverty as a multifaceted phenomenon has necessitated multipronged approaches to both its understanding and the resultant mitigating policies. The World bank in its 2018 report acknowledged that the battle against poverty is being won in other fronts and also being lost in other fronts, especially the sub-Saharan front and mostly among the children women and the elderly. The study of poverty has therefore broken down into categories that have to be dealt with using different approaches all with the aim of one final goal, of achieving the sustainable development goal number 1 by 2030. Within the study of poverty is the housing insecurity leg, which has not received enough attention in the literature and yet it is a very crucial component in the poverty puzzle considering the consequences associated with housing insecurity at household level. This paper examines the hosing insecurity among the elderly in South Africa Using the 2018 general household survey data. Of special importance is how housing insecurity is conceived and measured, as we are in the process of developing a unified measure of housing insecurity which is currently non-existent in the literature. The expectation is that housing insecurity will be high among the single headed females. Also we expect that by race the black elderly will be more likely to be housing insecure emanating from the fact that most of them may have no education and hence may not have accumulated enough pension to be utilised in their old age.

Keywords: Poverty, Housing Insecurity, Elderly, Housing Insecurity Measure.

COMPARING THE CREDIBILITY OF ADS DEPICTING INTERRACIAL AND SAME-RACE COUPLES

SUBODH BHAT, Ph.D

Professor of Marketing, San Francisco State University

ABSTRACT

Despite the progress in the acceptance of interracial relationships in our society, interracial or mixed-race couples still remain a point of controversy. In spite of the increasing use of interracial couples as models in ads, little is known about whether individuals perceive the credibility of claims made in ads depicting interracial couples as similar to the credibility of ads depicting same-race couples. A study was designed to test whether this proposition is true. The expectation was that interracial couple ads would be perceived as less credible because of their relative rarity and therefore, less useful or effective for advertisers. Print ads for the same product were designed depicting six different combinations of interracial or same-race couples: three races (white, black or Asian) with two genders (male or female). The data collected however, showed that 147 subjects in a cosmopolitan city in the United States did not differentiate between the believability of the interracial ads and that of the same-race couple ads. In other words, the different same-race and interracial couple ads were seen as similarly credible. One plausible explanation for finding that interracial ads were not less believable is that despite the similar posing of models in the six different ads, interracial couples were perhaps less likely to be perceived to be in a romantic relationship. The study wanted to rule out this possibility. The data showed that subjects did not perceive any differences in the romantic or sexual nature of the interracial or the same-race couples. The findings of this study therefore, clearly suggests that marketers need not be concerned with the use of interracial couples in ads shown to urban audiences in the United States as they are perceived to be as credible as the more common same-race couple ads.

Keywords: Controversial Advertising, Interracial or Mixed-Race Couples, Advertising Credibility.

EFFECTS OF PRODUCTIVE AND UNPRODUCTIVE GOVERNMENT SPENDING ON ECONOMIC GROWTH IN SOUTH AFRICA

TEMITOPE LYDIA LESHORO
UNIVERSITY OF SOUTH AFRICA (UNISA)

ABSTRACT

Purpose: *Weak economic growth experienced by South Africa, in the face of increased government spending is a concern. Earlier studies in South Africa considered the effects of total government spending on economic growth, however, estimating this effect does not depict reality. Investigating different components of government spending helps to observe their relationships with economic growth.*

Design/methodology/approach: *This study used annual data from 1976 to 2017 to observe this relationship. Autoregressive distributed lag bounds-test approach to cointegration and the ARDL-based error correction method were adopted.*

Findings: *Results showed that the two components of government spending positively affect economic growth both in the short and long run. Productive government expenditure has a larger effect on economic growth in the long run than in the short run. The study shows that unproductive government expenditure outways the productive government expenditure, with latter having lower effects on economic growth.*

Originality: *Seeing that previous studies did not consider disaggregating government spending into productive and unproductive components in South Africa and observing how each component affects economic growth; this study therefore fills this gap.*

Keywords: ARDL; bounds-test; consumption; economic growth; error correction method;

disaggregated government spending; government expenditure; investment; South Africa.

JEL Classification: C32, E22, E24, O47

MONTREAL, CANADA
28-30 OCTOBER
2019

BUSINESS & ECONOMICS

BY THE WEI

ISSN 2167-3179 (ONLINE) USA