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Hundred Years of Revenue Sharing in Nigeria: The Need for a Rethink

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Abstract
The problem of revenue allocation among the federating units in Nigeria has become a recurring decimal. Previous attempts at finding a peaceful resolution to the problem have not yielded desired results. It is against this backdrop that this paper seeks to examine the genesis of the problem and what we have done wrong as a people, more especially as the country mark one hundred years of amalgamation of the Southern and Northern protectorate. Through a descriptive historical analysis, this paper argues that the problem originated from our colonial masters and was made worse by the inability of the country to come up with an acceptable and equitable revenue sharing formula. This development has put a question mark on the ability of Nigeria to achieve sustainable development as seen, among others, in the continuous creation of unviable units, poor internal revenue generation, and lack of accountability among the federating units. It is recommended that, in the spirit of true federalism, the federating units should be given a wider revenue base and more autonomy to enable them generate enough funds to be able to provide the needed services for their people. This will go a long way in ensuring that the people will be able to hold their leaders accountable for their actions and inactions.

Key Words: Federation Account, Federating units, Revenue allocation formula, Revenue sharing principles, True federalism.

Introduction
The British (our colonial masters) have been accused of amalgamating people that have nothing in common. Ugwu (n.d) lends credence to this when he states that:

Nigeria is a nation brought together by the British government not out of cultural affinity, nor religious belief, not even due to ethnic bondage, or geographical location neither due to economic development, nor administrative uniformity, nor even due to social understanding, nor tribal resemblance or identity. It was merely due to political convenience (para.1)

Inherent in the 1914 amalgamation was the problem of how to share equitably the revenues accruing to the amalgamated protectorates. Ironically, as Nigeria advances in years the revenue sharing problem keep aggravating. Omotoso (2010) echoes this fact when he asserts that no revenue formula in Nigeria has been accepted to all levels of government at any point in time. In his contribution, Lukpata (2013) argues that revenue allocation in Nigeria, be it in Pre-independence or Post-independence era is characterized with controversy. On his part, Ikeji (2011) painted a hopeless picture when he states that the Nigerian State have not and may well not be able to resolve this nagging issues. He contended that the promise of inventing development promoting revenue sharing formula is lost in Nigeria. Considering the gravity of the issues in revenue sharing, Mefor (2009) sees it as a time bomb that need to be detonated.

The foregoing lends credence to the seriousness of the problem of revenue sharing in Nigeria. As the country mark one hundred years of the amalgamation of the Southern and Northern protectorate it is apt that as a country we pause and ask ourselves certain pertinent questions, such as: what did we do wrong or who does this to us? What are the implications of our mode of revenue sharing? What is the way forward? These are the issues that this paper seeks to address.

Overview of Revenue Sharing in Nigeria
Revenue allocation can be described “as a method(s) of sharing the centrally generated revenue among the different tiers of government and how the amount allocated to a particular tier is shared among the components” (Ikeji, 2011:122). Thus, in Nigeria there are two components of revenue
allocation viz: vertical sharing and horizontal sharing. Vertical sharing is the revenue allocation between the three tiers of government (Federal, States & Local governments) while horizontal sharing has to do with the allocation of the share of the States and Local governments from the vertical sharing basis among the existing States and Local governments.

The revenue allocation formula in Nigeria (both vertical and horizontal), over the years have continued to change because of the failure of the federating units to agree on an acceptable and equitable formula. The historical trend of revenue allocation is summarized in a table at the Appendix. The table shows the frequency in the changes in revenue allocation formula in Nigeria. Where it seems to be stable, it was not as a result of acceptability to the federating units but the lack of courage to cause a change because of the much political interest that accompany the desire to review the existing formula.

The major changes from June 1992 to date is the 13% derivation given to oil producing areas, and the abolition of the special fund by the Supreme Court in April, 2002. One obvious fact from the table is that derivation was one of the consistent principles in revenue sharing as seen from 1946 to 1967. Within this period derivation reached an all time high of 100% for certain items of revenue and 50% for others (Inekwe, 2007). Anyafo (1994) also stressed this fact when he stated that attempt at true federalism came to a climax in 1954 with the breaking up of the Central Marketing Board into regional Boards, leading to the sharing of central reserves on the principle of derivation: North (46⅔%), East (20%) and West (33⅓%). This was the situation when petroleum was not the main stay of the Nigerian economy. It has been argued that derivation was most favoured then because each region produced one economic resources or the other. That confirms Sagay (2006) assertion that:

In 1960, there were no petroleum resources of any significance. The main income earning exports were Cocoa (Yoruba West), Groundnut and Hides and Skin (Hausa/Fulani North), and Palm oil (Ibo East), Rubber, Palm oil and Palm Kernel and Timber in the Midwest and present Rivers State. Therefore, it was convenient for these majority groups to emphasis derivation hence it strong showing in the 1960/63 constitution (p.11).

The above statement is a food for thought for every Nigerian that is concerned with where we have gone wrong or what we have done wrong. Analyzing the derivation issue Inekwe (2007, p. 341), raised a pertinent question that “why was derivation which was emphasized in revenue sharing when the mainstay of the nation’s economy was agriculture in the 1940s through to the 1960s de-emphasized when oil became the major revenue earner from the mid 1970s?”

Another observation from the table is the fact that, over the years Federal government allocation has been consistently higher than the share of the States and Local governments put together. This should not be where true federalism is practiced. On the horizontal basis of revenue sharing a number of principles have been tried at one period or the other. Anyafo (1994) identified fourteen principles which are in agreement with the thirteen principles outlined on the table in the Appendix, except Continuity of Government Services principle. Out of these principles it is observed that Equality of States and population are the most favoured since 1970 to date. One of the contestable late entries in horizontal revenue sharing is the principle of Landmass and terrain. Thus, the span and topography of the land of a State became a determining factor for revenue sharing in this country. In 2008 the horizontal sharing principles were once more altered viz: Equality 45.23%, Population 25.60%, Population Density 1.45%, Internal Revenue Generation Effort 8.31%, Landmass 5.35%, Terrain 5.35%, Rural roads and Inland Waterways 1.21%, Portable Water 1.50%, Education 3% , and Health 3%.

Challenges of an Equitable and Acceptable Revenue Formula in Nigeria
There are a number of reasons why it has been difficult for Nigeria to arrive at an equitable and acceptable revenue sharing formula among its federating units. These include the following among others:

**Inability of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) to play its constitutional roles effectively:** Since it was established as a permanent body (National Revenue Mobilization Allocation and Fiscal Commission-NRMAFC) by the military in 1989 and its subsequent inclusion in the 1999 Constitution, the body has not been able to come up with a formula in compliance with Constitutional provisions. Yusuf (2012) confirmed this fact when he stated that since the return of democracy in 1999, there have not been any constitutionally backed revenue allocation formula. This is largely attributable to interest interplay anytime an attempt was made to review the formula. For instance, he equally reported that the governor’s forum constituted a Committee headed by the governor Babatunde Fasola of Lagos State that came up with their own formula as against that of RMAFC (Yusuf, 2012). The paper equally stated that the Speakers of the six State House of Assembly in the South-South, rising from a meeting at Uyo demanded for an upward review of the derivation formula from 13% to 50% while the Northern governors and the newly formed coalition of Northern leadersfaulted what they saw as the huge financial allocation to the oil producing States and said the Northern States were being cheated under the arrangement. Amaefule (2013) has it that the 36 States of the Federation and the Federal Capital Territory are finding it difficult to agree on classification of the country in terms of terrain. The Northern part of the country want RMAFC to recognize desert as a special terrain while their counterparts in the South want coastal nature treated as a special terrain. This is against the classification of the country into Wet land, High land and Plain land by the Surveyor General of the Federation. The situation is beginning to get out of hands with States presenting outrageous data in a bid to get more revenue from the Federation Account. Nigeria Intel (2013) captured this development thus:

> …a memo obtained by our correspondent exposed outrageous data given by States to RMAFC, as they try to outsmart one another for more revenue. In one of the suspicious data, RMAFC discovered that Kogi State has more Internally Generated Revenue (IGR) than Lagos State. Bayelsa State, with 27,437 hospital beds has more beds than public health care facilities in Lagos, Delta, Oyo and Kano (para.9).

Apart from the RMAFC failing in their duties, the National Assembly seems incapacitated in the passage of proposed revenue sharing formula from the RMAFC. It beats our collective imagination that an issue so crucial as revenue sharing formula is determined by Executive Order or mere circular as against the constitutional provisions. Since the president has the power of Executive Order and the members of the National Assembly see nothing wrong in this practice, it will be difficult for the RMAFC to come with a revenue formula that will see the light of the day.

**Legal tussle:** Sometime the RMAFC revenue sharing proposal is aborted as a result of court judgments. For instance, the Supreme Court judgment in April, 2002 that abolish Special Fund and resolved the onshore/offshore dichotomy between the federal government and the States made the RMAFC to withdraw proposed bill on revenue sharing formula before the National Assembly.

**High percentage share of the Federal government:** the Federal government has, on several occasion been accused of allocating so much revenue to itself. In this respect, Inekwe (2007) contended that “though States and Local governments have not fully tapped their revenue potentials, it is a known fact that the Federal government allocated to itself lucrative sources of revenue leaving other tiers of government with source not so lucrative”(p.341). The longer the Federal government continues to maintain a higher share from the Federation Account, the more difficult it will be for the country to reach an amicable resolution.
Over dependent on the Federation government through the Federation Account: The situation in Nigeria today is that the States and Local governments are fully dependent on the Federation Account for their expenditure needs. The paper is of the view that as long as the major source of fund for the sustenance of most States and Local governments is from the Federation Account, it will be difficult to have a revenue sharing formula that is acceptable to all the federating units. These facts have been demonstrated throughout this paper.

Inclusion of unhealthy revenue sharing principles in the Constitution: The horizontal sharing principles are provided for in the 1999 Constitution of the Federal Republic of Nigeria. Thus, section 162(2) provided that the President, upon the receipt of advice from the RMAFC, shall table before the National Assembly proposals for revenue allocation from the Federation Account, and in determining the formula, the National Assembly shall take into account principles especially those of population, equality of States, internal revenue generation, land mass terrain as well as population density, provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen percent of the revenue accruing to the federation Account directly from any natural resources. The foregoing shows that the country is locked up in the principles for consideration. The implication is that except something drastic is done the RMAFC may not be able to come with an acceptable revenue formula because of the restrictions of the Constitution. If one may ask, why has it been difficult for the country to go beyond the 13% minimum for derivation recommended by the Constitution since 1999? What is the definition of natural resources and why are most States finding it difficult to benefit from the derivation principle? Is it because they have no natural resources or is it because natural resources were not defined by the Constitution? We should ponder over these questions if we want to know where we got it wrong.

Consequences of Nigeria Revenue Sharing Method
The basis for the allocation of revenue in Nigeria has over the years, impacted negatively on its economic development. In other words, from the time Nigeria play down on derivation and internal revenue generation efforts and introduce other contestable principles, and allowed the Federal government the highest share from the Federation Account, revenue sharing became a nagging issue in the politics of Nigeria. The effect stirs every Nigerian daily in the eye. These are evidence in several areas among which are the following:

Mono-product economy: According to Inekwe (2007), the country’s resource control and distribution principles, over the years have ensured that Nigeria remains a single product economy. This is a risky development considering the vagaries of world oil price and the uncertainties of production. Nnanna (as cited in Inekwe, 2007) highlighted the effect of the country dependence on oil thus:

Whenever there is a fall in revenue as a result of the weakening of the oil market most States and Local governments resort to borrowing in order to bridge their budgetary gaps with implications for monetary stability…Some State governments who over borrowed and over spent had to shift the burden to Central government (p.342).

Creation of unviable fiscal units: It is a fact that most States and Local government in Nigeria today cannot cater for the basic need of their citizens yet there are clamours for State and local government creation. Troubled with this development, Ugiagbe (2013, para.10) asked “why a State should be created out of nothing only in the name of politics, tribalism and nepotism? It is beyond human comprehension and the consequences of the Junta’s action are what we are going through today in Nigeria”. The military in Nigeria were able, over the years, to create unviable States and local governments majorly because of the use revenue sharing principles that encouraged such. Inekwe (2007) lends credence to this when he states that once a state or local government is created
such state or local government ranks pari-pasu with all others already in existence, and thus can strive comfortably on such principles as equality, population, land mass and terrain, etc.

**Unreliable population census:** Population census is a key factor in development planning. However, as Anyanwu (1997) rightly noted, the widespread consciousness of the link between population and revenue allocation has resulted in the politicization of census in Nigeria. According to Inekwe (2005) attempts by the National Population Commission (NPC) to sensitize the populace that population census is not meant for revenue allocation is like a child play. This to a large extent explain why Nigeria is unable to conduct a reliable population census.

**The fight to control the centre:** Nigeria vertical revenue sharing formula allocates too much money to the Federal government. That has been the main cause of every ethnic group fighting to be in control of the centre. The North, South, East, West, etc, at one point or the other claim it was their turn to be the president of this country. Most ethnic insurgency in this country like Niger Delta Militants, Boko Haram, Odua People Congress (OPC) and Movement for the Actualization of the Sovereign State of Biafra (MOSSOB) are all ethnic reactions to their inability to control the centre at one point or the other. Also, the huge financial resource at the disposal of the Federal government is the root cause of the high level corruption at the centre. Glaring evidence of this abounds in Nigerian history. L’Evenement du Jeudi -French Weekly (as cited in Ukpata, 2007, p. 252) gave cash holdings of some Nigerian looters in banks in London, Switzerland, USA and Germany. The naira equivalent of the loot is at about ₦11.13 trillion. The individual profile is presented in the table below:

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<td>€120m</td>
<td>$800m</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Ukpata, 2007

Although the above list is not exhaustive these are people who were in control of the centre at one point or the other. It is not that there is no corruption at the State and Local government level, the point being made here is that, given Nigeria poor level of public accountability, there is too much money in the centre that engender corruption. Unfortunately, any attempt at recovering money from people who corruptly enrich themselves in Nigeria is usually stalled by ethnic coloration. It is high time the centre is made less attractive if the country is to make appreciable progress.
Lack of Accountability: The practice of the federation units not generating their own fund but awaits monthly allocation from the Federation Account has made them not to be accountable to the citizens. As it today, virtually all the States and Local governments in Nigeria blame their inability to deliver the needed dividend of democracy on the Federal government. That is, not getting enough fund from the Federation Account. Apart from the above, there are stories of State governments making unnecessary deductions from the allocations to Local governments, States not complying with the provisions of the Constitution which provided that 10% of State quarterly internally generated revenue be shared among the Local governments in the State. The State governments have on various occasion complain of being shortchanged by the Federal government because of non remittance of all revenue due to the Federation Account. These problems are as a result of the way revenue is shared among the federating units in Nigeria. This paper is of the opinion that if a State source most of its revenue, the people of that State would want to know how the revenue is used.

Conclusion and the Way Forward
This analysis has shown that the mode and basis of revenue allocation both vertical and horizontal is one of the major problems threatening the foundation of Nigeria Federation. That is why this paper agrees with the RMAFC boss, Mr. Mbam when he asserts that "if we are able to produce a revenue sharing formula that most Nigerian are happy with, over 50% of what the national dialogue aim to achieve would have been done"(Primium Times, 2013, para.3). This may only remain a dream because all the principles tried in this country have been criticized for one reason or the other. Aboyade Committee captured this fact succinctly thus:

Population has been characterized illogically inconsistancy and inequity; derivation has done much to poison intergovernmental relations and hamper a sense of national unity; need had little if any operational relevance; even development was analytically ambiguous… (and was) not technically feasible to measure in any meaningful way; equality of status of States was a consolation prize to State(s) not favoured by the population and derivation principles; geographical peculiarities defied any concise definition…(and had) little or no merit; national interest was capable of many interpretations and circumstances (Omotoso, 2010, p.250)

From the foregoing, it is clear that no matter how big the amounts that accrues to the Federation Account may be, its distribution will continue to be a problem. The only way out of the log-jam is to stop States and Local governments from free riding on others. To achieve this, more revenue sourcing powers and autonomy should be devolved to the States to enable them generate enough fund to meet there expenditure needs, and be answerable to their citizens. To fund the Federal government, to enable it cater for the country’s common interest such as Armed Forces, Foreign Affairs, currency, etc, it is suggested that States be made to contribute 10% of their generated revenue. With this each state destiny will be in its own hand and federal government can only make financial intervention in States based on availability of fund. There is no gain saying the fact that if this suggestion is applied things will be difficult at the beginning but the country and her citizen will be better off at the end of the day.

References


Appendix

Historical Overview of Revenue Allocation in Nigeria

<table>
<thead>
<tr>
<th>S/N</th>
<th>Commission/Committee/Decree, etc</th>
<th>Vertical Sharing</th>
<th>Horizontal Sharing used/Recommended Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Phillipson (1946)</td>
<td>-</td>
<td>i. Derivation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ii. Even Progress</td>
</tr>
<tr>
<td>2</td>
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<td>-</td>
<td>i. Derivation</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>ii. Fiscal autonomy</td>
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<td></td>
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<td></td>
<td>iii. Need</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>iv. National Interest</td>
</tr>
<tr>
<td>3</td>
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<td>-</td>
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</tr>
<tr>
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<td>-</td>
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<td>ii. Fiscal autonomy</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>iii. Balanced development</td>
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<tr>
<td></td>
<td></td>
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<td>iv. Need</td>
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<tr>
<td>5</td>
<td>Binns (1964)</td>
<td>-</td>
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<tr>
<td>6</td>
<td>Decree No. 15 (1967)</td>
<td>-</td>
<td>Same as (5) above</td>
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<td>7</td>
<td>Dina (1968)*</td>
<td>-</td>
<td>i. Even development</td>
</tr>
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<td></td>
<td></td>
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<td>ii. Derivation</td>
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<td></td>
<td></td>
<td></td>
<td>iii. Need</td>
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<td></td>
<td></td>
<td></td>
<td>iv. Minimum Responsibility of Govt.</td>
</tr>
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<td>8</td>
<td>Decree No. 13 (1970)</td>
<td>-</td>
<td>i. Population (50%)</td>
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<td></td>
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<td>ii. Equality (50%)</td>
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<tr>
<td>9</td>
<td>Decree No. 9 (1971)</td>
<td>-</td>
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<td>10</td>
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<td>-</td>
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<td>11</td>
<td>Aboyade (1977)*</td>
<td>Federal 57%</td>
<td>i. Equality of Access 0.25%</td>
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<td></td>
<td></td>
<td>States 30%</td>
<td>ii. National Minimum Standard 0.22%</td>
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<td></td>
<td></td>
<td>Local Govts. 10%</td>
<td>iii. Absorptive Capacity 0.20%</td>
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<tr>
<td></td>
<td></td>
<td>Special fund 3%</td>
<td>iv. Independent Revenue 0.18%</td>
</tr>
<tr>
<td>Year</td>
<td>Source Description</td>
<td>Federal Allocation</td>
<td>States Allocation</td>
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<tr>
<td>------------------------</td>
<td>---------------------------------------------</td>
<td>----------------------</td>
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<tr>
<td>12 Okigbo (1980)</td>
<td></td>
<td>53%</td>
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<tr>
<td>13 1981 Act</td>
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<td>55%</td>
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<tr>
<td>14 Decree No. 36 (1984)</td>
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<td>55%</td>
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<tr>
<td>15 Danjuma (1989)</td>
<td></td>
<td>47%</td>
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<td>16 AFRC Approval Jan, 1990</td>
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<td>50%</td>
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<tr>
<td>17 AFRC Approval Jan, 1992</td>
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<tr>
<td>18 AFRC Approval June, 1992</td>
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<td>19 Executive Order 1 (May, 2002)</td>
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<td>56%</td>
<td>24%</td>
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<td>20 Executive Order 2 (July, 2002)</td>
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<td>54.68%</td>
<td>24.72%</td>
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<td>21 Minister of Finance Circular (January, 2004)</td>
<td></td>
<td>52.68%</td>
<td>26.72%</td>
</tr>
</tbody>
</table>

Source: Adapted from Anyanwu, 1997; Aluko, 2004; Babalola, 2008.
Note: The recommendations with asterisk were rejected.
FORCED CONSUMPTION OF SOME ESSENTIAL CONSUMER BRANDS AMONGST RURAL DWELLERS IN AFRICA: THE NIGERIAN EXPERIENCE

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Abstract
This study investigates post-purchase behaviour of consumers of brands of aerosol mosquito insecticides in Idah, Nigeria. One hundred heads of households were purposively sampled through self-administered questionnaire. The result shows that though respondents’ value expectations were not met from previous consumption, they nevertheless engaged in repeat purchases of the brands. This forced consumption (FCS) is facilitated by weak regulatory structures, counterfeiting, illiteracy and poverty and criticality of products to consumers’ survival against malarial rampage in Nigeria. Study recommends restructuring and strengthening of regulatory agencies and product monitoring by brand owners in the country. Further research is indicated.

Key words: Malaria, mosquito insecticides, forced consumption, consumer values, rural dwellers

Introduction
Consumption of counterfeit versions of popular brands of aerosol mosquito insecticides became prevalent since 2009 when these products were massively imported into Nigeria from China. In 2011, there was a mass outcry against increasing counterfeiting of these brands all over the country, (Euromonitor International, 2011). According to reports, the booming global trade in counterfeit goods is shifting to pesticides and medicine with serious health and safety implications (CNN 2012; Hargreaves, 2012).

In Nigeria, it is estimated that 55% of all imported products are counterfeit causing manufacturers and Government revenue losses of up to 15 billion Naira per annum (Iba, et al 2010). Among the many consumer products being counterfeited are all popular brands of aerosol insecticides marketed in the country. These brands have been household names in the control of mosquito population especially in malaria-endemic rural communities in Nigeria. The rainy season that ensues in late March and ends in November of every year facilitates heightened breeding of anopheles responsible for transmission of species of malaria parasites that cause malarial fever among the vulnerable groups in the country. Devoid of access to quality curative healthcare, Nigerian consumers engage in preventive measures by using available brands of the product to control mosquito population. Brands such as Raid, Rambo, Mobil, Killit, Zappo, Mortein, Have-a-Dream and Baygon were effective in controlling mosquito rampage in the area. However, since 2010, there has been wide spread expression of consumer discontent over these products’ performance in the country (Nairaland, 2011). This is attributed to product counterfeiting and faking in the nation.

A closer observation shows that fake versions contain chemicals other than tetramethrin, d-allethrin, or deltamithrin reputed to be effective in controlling household insect populations. Indications are that the mosquitoes go into coma when sprayed upon and revive after some times. It is also indicated that mosquitoes are becoming increasingly resistant to insecticides in the country (Njanji, 2009). These challenges could cause a significant derailment of the global fight against malaria in the region. Economically, it could weaken the nations bid for food security since 3/4 of half of Nigeria’s population living in the rural areas are farmers.

Under normal consumption scenario, consumers shift to other brands of a particular product or to substitutes if their value expectations are not met. In the case of the rural dwellers in Idah, with a survival need, are their value expectations of these brands being met? If no, what was their consumption attitude in the face of needs critical to their survival? This study was designed to
address this information gap. The study investigates consumption of brands of aerosol mosquito insecticides in Idah, a rural setting in Nigeria. It has two specific objectives: (1) determine whether consumers’ value expectations for aerosol mosquito insecticides in Idah were met within the past twelve months and also determine consumers’ repeat purchase of aerosol mosquito insecticides brands after initial product usage. Two hypotheses were postulated to form the platform for data gathering:

- $H_{o1}$: Consumers’ value expectations for aerosol mosquito insecticides in Idah were met within the past twelve months;
- $H_{o2}$: Consumers of aerosol mosquito insecticides did not engage in repeat purchase of the products after their initial product purchases.

This study is organized into four parts. First a review of empirical and theoretical literature was done followed by methods adopted in the study. The third section discusses findings of the study. In the final part, conclusions are made while study implications and future direction for the study of forced consumption are suggested.

**Literature Review**

**Counterfeiting, Counterfeits and Consequences**

Counterfeiting aids smuggling of illicit products (Amy, 2008), eliminates jobs, (Fighting counterfeiting, 2007), leads to loss of government tax revenues (Kelleher, 2006) and aids terrorism. Investigations show that the bombing of the World Trade Centre was funded by proceeds from counterfeit fashion goods, (Henry, 2003). Other than this, sale and consumption of health related products is capable of causing not only economic losses but loss of lives also.

Counterfeiting has become a global phenomenon translating into enormous business since the advent of globalization (Eisend, & Schuchert, 2008). Globally, counterfeiting is worth 600 billion US dollars on annual basis (Nanda, 2007; Dimet, 2006). Research has shown that 70% of counterfeits traded in the United States originate from China, Korea, and Taiwan, (Nellis, 2003). Because of its significance, a lot of attention have been drawn to various aspects of counterfeiting in the literature: Counterfeiting in luxury goods, (Seung-Hee,. & Boonghee, 2010; Wiedman, et al, 2012; Gabrielli, et al 2012); impacts of counterfeits on original brands, (Camuri, 2009); purchase intention for counterfeits, (Shih-I, 2011). Despite this ever increasing interest on the subject in the developed world, not much attention has been paid to the problem in many under-developed countries of Africa though there are thriving networks of counterfeiting in African countries of which Nigeria is one.

**Consumption, Value, and Models of Consumer Behaviour**

Consumption is the use of a brand by the final user. It is the act of using something up, (Microsoft Encarta). Consumers engage in purchase and consumption of products/brands because of their value expectation, (Redmond, 2009; Cheng & Fang, 2008). Customers are value maximizers (Kotler and Keller, 2012). This means then that a basic driver of customer choice is value. Value is the importance a customer attaches to a product in terms of expected consumption outcome. It is
also defined as individual choice preference and tastes (Kaze, 2010). A series of activities accompany the consumer’s decision to buy a brand. Attempts have been made by scholars to represent this choice process visibly through what is known as consumer behavior models. Among these are those of EKB (1973), Nicosia (1976) and Howard-Sheth (1969) models. The Howard-Sheth model shall constitute the basis of our discussion here as indicated in figure 1 below. The greater interest of the paper is in the post-purchase behavior of the consumer and this is where we take our bearing from in this model. A look at the outputs section shows purchase giving rise to satisfaction. Satisfaction and dissatisfaction are two possible outcomes of consumption. However, the Howard-Sheth model does not represent the choice behaviour of a dissatisfied consumer. The model indicates that a consumer moves from purchase → satisfaction → brand comprehension → confidence → intention → purchase again. The other possibility of a dissatisfied consumer is not captured by the model.

Fig. The Howard-Sheth Model of Consumer Behaviour


From extant literature, a dissatisfied consumer has options such as asking for repair, replacement or refund of money. Others may switch to substitutes or stop buying from the particular marketer or shop (Ralph and Stephen 1979; Reginald). Looking at the Howard-Sheth model below, the dissatisfied customer and his behavior is not captured. In this proposal, from purchase box, the consumer moves dissatisfaction → brand comprehension → loss of confidence → intention to purchase → purchase. Ordinarily, the consumer is supposed to demonstrate switch behaviour but does not because of an inhibitor: - the criticality of the products to his survival. This study therefore
Materials and Methods
This study was a descriptive survey of consumers’ perception of and attitude to aerosol mosquito insecticide brands in Nigeria. Structured Questionnaire copies were initially administered on two hundred heads of households in the area. Out of this number, one hundred and sixty-nine of one hundred and eighty-seven returned were found usable. Eighty-eight of this number (those whose value expectations for the brands were not met from previous consumptions) was further surveyed with another questionnaire to determine their post-purchase behaviour after their discontent. Usable data were analyzed with descriptive statistics and hypotheses tested with the Chi-square test of significance.

Results and Discussions
This section deals with data presentation and test of the two hypotheses postulated for the study. Out of the one hundred questionnaire copies administered to respondents, eighty-eight were found usable. The hypotheses were tested using the Chi-square test of significance.

Consumers’ Value Expectations for Aerosol Mosquito Insecticides
Respondents were asked to indicate whether their value expectations were met with the various brands of aerosol sprays they had used in the past one year. The hypothesis and question are replicated and consumers’ responses and the chi-square analysis are presented below.

Ho1: Consumers’ value expectations for aerosol mosquito sprays in Nigeria were met within the past twelve months;

Q. Did the aerosol mosquito insecticide purchased and used in your household in the past twelve months meet your value expectations?
(a) Yes 33 (b) No 46 (c) not sure 9 =88.

Table 1: Consumers’ Value Expectations for Aerosol Mosquito Insecticides

<table>
<thead>
<tr>
<th>Consumers’ Expectations</th>
<th>Observed</th>
<th>Expected</th>
<th>X² Cal</th>
<th>X² Critical</th>
<th>DF</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>64</td>
<td>56.3</td>
<td>24.02</td>
<td>5.99</td>
<td>2</td>
<td>Significant</td>
</tr>
<tr>
<td>No</td>
<td>88</td>
<td>56.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Sure</td>
<td>17</td>
<td>56.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researchers
The chi-square result in table 1 above shows X²cal=24.02>X²crit 5.99. The null hypothesis is rejected. This means a value gap between consumer value expectation and value perception exists. Consumers don’t part with their money except they have needs. Consumer’s purchase of a product or service is based on the expectation that the item purchased will fill his need. Consumer product marketers are not always dubious but are sometimes unwary and not mindful of the need to monitor their products in the market. Apart from counterfeiting and adulteration which is the case with the brands under study, consumer tastes and preference do change over time. Marketers who are worth their salt should, as a matter of policy, routinely engage customer attitude tracking to avoid consumer value erosion.

Repeat purchase of the products after initial products’ failure to value expectations.
Ho2: Consumers of aerosol mosquito insecticides did not engage in repeat purchase of the products when they knew through previous use the product brands were not likely to meet their value expectations. Data collected here were used to test hypothesis two of this
study as shown below.

Q Did you still buy the product after your initial disappointment?

(a) Yes (b) No (c) not sure

<table>
<thead>
<tr>
<th>Repeat Purchase</th>
<th>Observed</th>
<th>Expected</th>
<th>X² Cal</th>
<th>X² Critical</th>
<th>DF</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>49</td>
<td>29.3</td>
<td>36.16</td>
<td>5.99</td>
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<tr>
<td>No</td>
<td>35</td>
<td>29.3</td>
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<tr>
<td>Not Sure</td>
<td>4</td>
<td>29.3</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Researchers

Table two reveals that $X^2_{cal} = 36.16 > X^2_{crit} = 5.99$ thereby leading to rejection of the hypothesis. This is to say that majority of respondents (56%) still purchased aerosol mosquito sprays even after observing product failures in previous consumptions. In a rational situation, this is rarely witnessed. Many response options are open to a dissatisfied consumer. According to Ralph and Stephen (1979), dissatisfied consumers demonstrate complaint behaviours such as asking for repair, replacement or refund of money. Others refused to buy the product, the brand or stopped buying from the shop. But in the situation of forced consumption syndrome, the consumer could unwillingly purchase a product service if such item is critical to survival like the case of the brands under study. It also a fact that consumer make purchase decisions within uncontrollable environmental variables. These could be part of the factors that account for this consumption which we termed forced consumption. A further probing into why respondents still purchased the products when they were in doubt as to their efficacies showed that they were constrained as many of them said it was because there were no alternatives than the counterfeited ones.

Conclusion

Repeat purchase of a brand is a function of consumer value perception. Consumption of products and services depend on the attitude the consumer has towards the product among other factors (Leon, 1990). Attitude is an antecedent of the likely purchase outcomes of a consumer or a customer (Argyriou and Melewar, 2011). The consumer is a rational being especially when it comes to making purchase choices, (Richarme, 2005). To every general rule however, there are exceptions. This is the case of this consumption scenario.

From the results of the study, it is clear that is a product value expectation and perception gap amongst consumers of mosquito aerosol brands in Nigeria. The descriptive data show that 44 (50%) of respondents indicated that they suffered an average of 5 malaria fever attacks in their household within the past 12 months. Furthermore, majority of respondents (56%) indicated that the brands consumed proved to be ineffective against mosquitoes in the area. This is corroborated by Njani (2009).

Despite the foregoing position, empirical data show that despite the fact that these brands failed to meet consumer value expectation, 56% of respondents still engaged in repeat purchase of the product. The data was used to test the first hypothesis. The chi-square test of significance yielded a significant $X^2_{Cal} = 36.16$ and $X^2_{Crit} = 5.99$. This finding contradicts those of Ralph and Stephen (1979) and Kjell and Johan (1980). What is known is that a dissatisfied customer has several options such as returning the product for refund or replacement. He may also report to appropriate agency for redress or refuse to return to that brand any more. The case of
repeat purchase of a product a customer is dissatisfied with, which we call forced consumption syndrome (FCS) is un-researched in consumer behaviour literature.

The Concept of Forced Consumption syndrome

Forced consumption is an un-researched un-appreciated consumption phenomenon though it has been there for quite sometimes. Emphasis has been laid on economic rationality while ignoring existence of this phenomenon probably because it has all the while appertained to the minority of consumers in every civilization. Every consumer, especially at one time or the other had bought products he was more than 50% sure was going to be a failure. Choice is a function of availability of alternatives and other factors. In monopolistic scenario, the customer is left with no or few choice alternatives. Such choice may still fill his need. The case identified in this study is different from that of monopoly because choice alternatives were many. For example there were 8 different brands of aerosol insecticides in the market where this study was conducted, yet, consumers indicated dissatisfaction with product performances. This perception cuts across all brands in the market in Nigeria. Certain factors account for FCS in Nigeria. Some of them are discussed below:

Factors that support Forced Consumption syndrome

Consumer activism, ethical obligations and legal restrictions are critical to consumers’ getting value for their moneys. Competition is another facilitator of customer satisfaction or compensation in cases of product failure. Marketers in developed nations won’t even allow their customers to suffer any form of dissatisfaction because the cost implication is always heavy on them. In Nigeria, this is not the case. The factors that facilitate forced consumption in the country include, but are not limited to the followings:

1. Weak regulatory structures
A number of agencies in the country are entrusted with the duty of regulating manufacture and marketing of household chemicals in Nigeria. Three of them are Standard Organization of Nigeria (SON), Consumer Protection Council (CPC), and National Agency for Foods, Drugs Administration and Control (NAFDAC). Existence of these agencies has not curtailed the rampant practice of marketing counterfeit insecticides in the country.

2. Corruption endemism in the country
Nigeria is a nation blessed with abundance but has not gotten it right yet mainly because of corruption which successive administrations have tried to stamp out but without success. The SON awarded manufacturers of these aerosol brands in the country National Industrial Standards (NIS) even as the accusation of product counterfeiting was going on in 2011(see appendix ii).

3. Illiteracy and poverty
These two go together. It is easy for a literate well-fed consumer to fight for redress of breach of his right where they exist. The generality of Nigerian population are poor even though a substantial portion can read and write. These are the main reasons why marketers of counterfeit aerosol insecticides are having a field day and why forced consumption abounds in the country especially in rural areas.

4. Lack of better alternatives or substitutes
One identifiable thing in a free market economy is competition. Where this exists, customer switching is a common experience. But where there are no better substitutes as in the case of mosquito aerosol brands in Nigeria, the customer is compelled to engage in repeat purchase of a dissatisfying product or brand.
5. Criticality of product to consumers’ survival (essential products)

From the study, the following has been established among consumers of aerosol mosquito sprays in Idah, Nigeria. Rate of malarial fever attacks on the respondents is significant; respondents’ value expectations for aerosol mosquito sprays have not been filled by the consumption of the items thus making them to perceive the products as ineffective and finally, despite the apparent product failure they still purchased them since they could not do without them in the face of rampaging malarial fever occurrences in the area.

Implications of the study

The findings of this research have a number of implications for government, marketers and consumers of counterfeit products in Nigeria. Government has a duty to protect the consumer from sharp practices through the various regulatory frameworks in the country. SON, NAFDAC and CPC should be restructured and strengthened to deliver on their mandates. Stiffer penalties should be spelt out for breach of consumer rights in the country.

The marketers of these brands are equally implicated. They are the legal owners of the insecticide brands that are being counterfeited. This phenomenon may have a negative long-run effect on their brand image. For one, the loss of business is palpable. The manufacturers owe it a duty therefore to engage in regular customer and brand tracking exercises. The fight against counterfeiting of their brands should be a collaborative effort between them and the relevant government agencies in the country. For the consumers, it is their duty to complain. The CPC has a website and various channels of communication. The social media networks are good protest platforms in Nigeria as in other countries of the world.

Further Research

The present study has a number of limitations that will necessitate further studies. The result of the study cannot be generalizable because of the research universe and sample size. It is recommended that the study be replicated using a different research population and other products critical to consumer survival. The research could be tried out in another economic environment where regulatory agencies of government are effective and poverty is not an inhibitor of consumer activism. Furthermore, studies could be undertaken using a different data analysis tool.

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Appendix i:
Nigerians’ reactions to endorsement of insecticides companies by Nigerian Industrial Standards in 2011

I wonder how Insecticide Companies get their Nigerian Mark of Quality endorsement from NIS as all of them carry this Mark of Quality; they are just a waste of hard earned money. The traditional mosquito coil is far better and I think I will stock my apartment with some rather than waste N350, N250 (ZAPPO, have you heard about it? If you shake it, it sounds like when you put water in a can) N500 for big Baygon, nonsense.

I have been on a mosquito hunt for years and I have tried virtually all insecticides in the market, there are none I can boast of. If you know of any, please, let me know its name. These companies should spend their money on researches and come up with a very good, effective and human friendly products instead of spending the money on adverts telling people how effective their products are. Perhaps, I didn’t get the original of these products.

KillIT used to be very effective before and it kills all household insect pests with a very fast knock down, but suddenly it lost its effectiveness and the mosquitoes in my house would just fly away as I run after them spraying almost half of the content of KILLIT.

I see this Nigerian Mark of Quality (NIS) on lots of products, does it means that NIS has rigorously tested all the products that carry this sign? Or these companies just labeled their products NIS certified? I’m talking about all the insecticides in the market.

Keep your home and environs clean. Dustbin out and well covered, bathroom tiles dry and clean, same for your kitchen. You’d experience little or no mosquito if you’re in a clean environment.
National Microfinance Policy and Credit Accessibility by Micro, Small and Medium Entrepreneurs in Nigeria

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Abstract
This paper examines the impact of the Microfinance policy on credit accessibility and financial inclusion by micro entrepreneurs, low income household, economically active poor, being denied access to financial services. This study therefore seeks to establish why the economically active poor, micro entrepreneurs in Nigeria are excluded from financial services. From findings only 35 percent of the economically active poor have access to financial services while 65 percent are denied access to financial inclusion. The reason is as a result of the CBN high Monetary Policy Rate of 12 percent, compelling commercial banks and microfinance banks to lend as high as 19 and 22 percent while the latter 30 percent and above, discouraging borrowers and posing threat to the development of the SMES sector. Findings also reveal that the uneven spread of microfinance institutions across the country also accounts for the poor financial accessibility by micro entrepreneurs. Statistically, the South-west geopolitical zone has 343 microfinance banks (39.4%), North-East only has 32 (3.7%), South-South has 117 (13.4%), North-West has 58 (6.7%), North-Central 151(17.4%), South-East 169 (19.4%). Thus, those in South-West have more access to financial services than those in the North-East and North-West part of the country. The study therefore observed and recommended that the CBN reduced its 12% Monetary Policy Rate to 9 percent, to enhance financial inclusiveness and accessibility by the economically active poor. The study also recommended that more microfinance institutions be established in zones that has less. States like Yobe has only 1, microfinance bank, Bayelsa 4, Borno (4), while Lagos has 180, Anambra (75). The study also recommends that microfinance institutions should not demand for tangible assets and financial instruments as collateral security, it accounts for the poor financial inclusion and accessibility by micro entrepreneurs.

Key Words: National, Microfinance policy, Credit accessibility, Entrepreneurs, MSMEs

Introduction
Credit accessibility by the low income earners and the economically active poor in underdeveloped economies like Nigeria had best been described as one of the bane of the country’s entrepreneurial underdevelopment and slow economic growth rate and development. It has been rightly observed that robust economic growth cannot be achieved without putting in place well focused and sustainable policy programmes to reduce poverty through empowering people by increasing their access to factors of production, specifically credit accessibility (CBN, 2011). The essence of Microfinance is to provide financial services to the economically poor that are traditionally not served by the conventional financial institutions, the commercial banks.

In order to boost credit accessibility, in December 2005, the Central Bank of Nigeria introduced microfinance regulatory policy frame work to promote and enhance the accessibility of micro entrepreneurs, the economically active poor, low income households to financial services required to expand and consolidate on their business fortunes. The economic rationale is that no inclusive economic growth can be attain without a deliberate and conscious effort on the part of policy makers such as the parliament (National Assembly) and the executive arm (Presidency) in creating a sustainable legal framework geared towards credit accessibility and affordability through a realistic interest rate regime.

Statistically, the Central Bank of Nigeria has posited that the formal financial system (banking sector) grant financial access to about 35% of the economically active population while the remaining 65% are totally excluded from financial services denying them access to the robust
business environment. The 65% are often served or given financial access by the informal financial sector through Non-Governmental Organization (NGO), microfinance institutions, cooperative societies, friends, unions, relatives and credit unions. The issue of collateral security by prospective borrowers often demanded by commercial banks as a prerequisite or condition for credit lifeline is a major obstacle to entrepreneurship development because the economically active poor that runs the micro and small and businesses are denied of an opportunity to boost, expand, diversify and consolidate on their gains (CBN, 2011).

The Central Bank of Nigeria as part of her Monetary Policy Rate (MPR) functions has pegged 12% as the official lending rate to all commercial banks and every bank. The MPR is the rate at which banks borrow from the Central Bank of Nigeria to cover their immediate cash shortfalls from time to time; thus the higher the cost of such borrowing, the higher will be the rate at which banks advances credit to the real sector (manufacturing). For instance, the CBN’s lending rate of 12% to commercial banks instigates the current borrowing cost of 18 to 28 percent to the real sector (manufacturing) and this necessitated the winding of many manufacturing firms in Kano, Lagos and Port Harcourt rendering thousands jobless. Such high cost of borrowing increases the cost of production and also makes local product uncompetitive against imported substitute, which are aggressively supported with conversely lower single digit interest rates in their home economies. (Punch online, November 19th, 2013).

The microfinance institution is allowed by the CBN to peg their own interest rate in accordance with prevailing market forces of demand and supply, whims and caprices. There are over 1,000 Microfinance banks across the country but presently the interest rate at which they give loans is as high as 30% percent and above with very short tenure ranging from one month to six months. (Daily Trust online, August 16th, 2013). Microfinance loans are small loans granted to micro enterprises by financial intermediaries on the basis of the borrower’s cash flow but not on the basis of tangible asset or financial instrument as collateral security. Ironically, from investigations and personal experience as a micro banker, some microfinance banks specifically in Bayelsa state demands for tangible assets and financial instruments as collateral security such as; land, building, deed of conveyance, certificate of occupancy, share certificate etc. a pre-condition for credit facility.

Against the backdrop of concerns expressed by stakeholders and the need to enhance financial services delivery, the 2005 Microfinance Policy, Regulatory and Supervisory Framework for Nigeria was Revised in April, 2011, and in exercise of the powers conferred on the Central Bank of Nigeria by the provisions of Section 28, sub-section (1) (b) of the CBN Act 24 of 1991 (as amended) and in pursuance of the provisions of Sections 56-60(a) of the Bank and Other Financial Institutions Act (BOFIA) 25 of 1991 (as amended). The policy recognized existing informal institutions and brought them within the supervisory purview of the CBN creating a platform for the regulation and supervision of microfinance banks (MFBs) through specially crafted Regulatory Guidelines (CBN, 2011).

The organized private sector remains the life wire of every economy as no nation can make a sustainable economic growth without the government creating the enabling environment for the private sector inclusive of the micro, small and medium scale enterprise. The Asian tigers; North Korea, South Korea, Taiwan, Singapore, and Malaysian unprecedented economic growth is attributable to the government conscious effort in driving the private sector through enabling legal credit frame work where the business community with a viable business proposal or idea have access to financial services with minimal, zero or no interest rate. That has been the brain behind the “Asian Miracle” where in the 1960’s these economies were weak, vulnerable and non viable but today the “Asian Tigers” economy is not only strong and viable but has become a safe
destination for Foreign Direct Investment attracting global attention in the manufacturing, tourism, agriculture and services industry.

China the World’s second largest economy by nominal GDP and purchasing power parity after the United States, rated globally as the fastest growing economy with growth rates averaging 10% over the past 30 years, own its success to its investment in entrepreneurship and vocational skills development geared towards self reliance, sustainable job creation, capacity building and wealth creation. The United States government also gives key priority to entrepreneurship and vocational skills development to the youths making the economy self-reliant and sustainable. The emphasis is that government alone cannot provide jobs for the teeming population and at such developed democracies and economies strive to create the enabling business environment through legal credit framework to encourage local participation in critical sectors of the economy.

The world economic and global experts have come to accept entrepreneurship as a force. According to economic experts globally, entrepreneurship is the economic force that transform the United States into the most powerful economy in the world. This has been responsible for the USA’s astronomical, growth in various sectors over the last 200 years. The fact is that the American education has its root in pragmatism, skills acquisition, challenges and psychological determination to do what appears to be impossible (Lawrence, 2013).

Statement of the Problem
The CBN Monetary Policy Rate of 12% as official lending rate to commercial banks and the unregulated interest rate charged by microfinance banks and allied institutions as high as 30 percent and above on a relatively short term basis, some on a reducing balance and majority on a flat interest rate, constitute a clog in the wheel of economic growth and development. The economically active poor and the low income households in most cases are denied access to financial services due to the high interest rate, short tenure ship, and the conditionality in terms of collateral security (tangible asset and financial instrument) posing a threat to entrepreneurship development and the CBN microfinance policy objectives of creating the enabling environment for financial accessibility and inclusion to the average unemployed Nigerian and micro businesses. The uneven distribution of microfinance banks and other allied financial institutions across the country also poses a hindrance to financial accessibility by some sections of the country as the banks are more concentrated in some geopolitical zone than others which investors perceived to possess high business volume and profitability.

Methodology
This study made use of secondary data such as; textbooks, journals, newspapers, magazines, online publications, statistical data generated from the office the Central Bank of Nigeria (CBN) and data are presented in a bar chart and statistically tables. Thus, statistical descriptive approach was used in the data analysis which aided in drawing relevant conclusions.

Microfinance Policy Objectives
In exercise of the power conferred on the CBN by the provisions of section 33 (1) (b) of the CBN ACT NO.7 of the 2007 and in pursuance of the provisions of sections 56-60 (a) of the Banks and other Financial Institution Act (BOFIA) No. 25 of 1991 (as amended) in conjunction with the MFBs operating template and revised regulatory and Supervisory Guidelines for Microfinance Banks (MFBs), presents a revised National Microfinance policy framework (April, 2011) for Nigerians that would enhance the provision of diversified microfinance services on a sustainable basis for the economically active poor and the low income households. According to Muhammad Yunus, Noble prize winner and founder, Grameen Bank, 1994 he opined that If we can come up with
a system which allows everybody access to credit while ensuring excellent repayment, I can give us a guarantee that poverty will not last long.

The microfinance policy provides the window of opportunities for the low income earners, market women, tailors, artisans, welders, etc. to expand existing business, open new businesses and consolidate on existing businesses with access to affordable credit products. The policy also promotes the development of appropriate (safe, less costly and easily accessible) savings products that would be attractive to rural clients and improve the savings level in the economy.

Policy Objectives
The microfinance policy objectives are as follows (CBN, 2011:16):

a) Provision of timely, diversified, affordable and dependable financial services to the economically active poor;
b) Creation of employment opportunities and increase the productivity and household income of the active poor in the country, thereby enhancing their standard of living;
c) Promotion of synergy and mainstreaming of the informal Microfinance sub-sector into the formal financial system;
d) Enhancement of service delivery to micro, small and medium enterprises (MSMEs);
e) Mobilization of savings for intermediation and rural transformation; Promotion of linkage programmes between microfinance institutions (MFIs), Deposit Money Banks (DMBs), Development Finance Institutions (DFIs) and specialized funding institutions;
f) Provision of dependable avenues for the administration of the microcredit programmes of government and high net worth individuals on a non-recourse basis; and
g) Promotion of a platform for microfinance service providers to network and exchange views and share experiences.

Policy Targets of the Microfinance Policy
Base on the policy objectives stated above the policy targets of the revised microfinance policy are as follows (CBN, 2011:17):

a) To increase access to financial services of the economically active poor by 10 per cent annually;
b) To increase the share of microcredit as percentage of total credit to the economy from 0.9 per cent in 2005 to at least 20 per cent in 2020; and the share of microcredit as percentage of GDP from 0.2 per cent in 2005 to at least 5 per cent in 2020;
c) To ensure the participation of all States and the FCT as well as at least two-thirds of all the Local Government Areas (LGAs) in microfinance activities by 2015; and
d) To eliminate gender disparity by ensuring that women’s access to financial services increase by 15 per cent annually, that is 5 per cent above the stipulated minimum of 10 per cent across the board.

Policy Strategies
A number of policy strategies have been derived from the objectives and policy targets of the microfinance policy. They are (CBN, 2011: 17-19):

a) License and regulate the establishment of microfinance Banks (MFBs).
b) Promote the establishment of NGO-based microfinance institutions.
c) Promote the participation of Government in the microfinance industry by encouraging States and Local Governments to devote at least one percent of their annual budgets to micro credit initiatives administered through MFBs.
d) Promote the establishment of institutions that support the development and growth of microfinance service providers and clients;

e) Strengthen the regulatory and supervisory framework for MFBs;

f) Promote sound microfinance practice by advocating professionalism, transparency and good governance in microfinance institutions;

g) Mobilize domestic savings and promote the banking culture among low-income groups;

h) Strengthen the capital base of the existing microfinance institutions;

i) Broaden the scope of activities of microfinance institutions;

j) Strengthen the skills of regulators, operators, and beneficiaries of microfinance initiatives;

k) Clearly define stakeholders’ roles in the development of the microfinance initiatives;

l) Clearly define stakeholders’ roles in the development of the microfinance sub-sector; and

m) Collaborate with donors, coordinate and monitor donor assistance in microfinance in line with the provisions of this policy.

Rationale for the Introduction of the Microfinance Policy in Nigeria

There are over one thousand (1000) Microfinance Banks across the country owned by individuals, Cooperative societies, Community Development Associations, private corporate entities, NGO-MFIs, foreign investors and among others. One major justification for the introduction of the microfinance policy by the CBN was existence of the huge size of the un-served market by the existing financial institutions. A study conducted by Enhancing Financial Innovation and Access (EFInA) in August, 2010 revealed that 39.2 million people representing 46.3 percent of the adults in Nigeria were excluded from financial services. Out of the 53.7 percent that had access, 36.3 percent derived their financial services from the formal financial institutions; while 17.4 percent exclusively patronized the informal sector. Also the result of the survey revealed that Nigeria was lagging behind South Africa, Botswana and Kenya with 26 percent, 33 percent in financial exclusion rate, respectively (CBN 2011:10-11).

Many MFBs are located in urban areas. There needs to be an increase in the number of MFBS located in rural areas. Whilst there is a need for some Microfinance Banks to be located in urban areas, the requirement for rural based Microfinance Banks is much more critical for wider financial inclusion because it is unlikely that larger commercial banks will have any presence in rural communities and villages. Commercial banks should also be encouraged to open accounts for Micro businesses and those of low income earners. According to Central Bank Nigeria (2011:13), a total of 866 microfinance banks had been licensed, Microfinance Certification Programme (MCP) for operators of microfinance banks put in place and promotional machinery beefed up."

### Distribution of Microfinance banks by geo-political zones as at 30th June 2011.

<table>
<thead>
<tr>
<th>GEOPOLITICAL ZONES</th>
<th>NUMBER OF MFBs</th>
<th>TOTAL PER ZONE</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH-WEST</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jigawa</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kaduna</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kano</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Katsina</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kebbi</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sokoto</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zamfara</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td>58</td>
<td>58</td>
<td>6.7</td>
</tr>
<tr>
<td>NORTH-CENTRAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abuja FCT</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benue</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kogi</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kwara</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nasarawa</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niger</td>
<td>24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From the table above, one discovers that Microfinance banks are not evenly spread across the country, the spread is rather lopsided as those (populace) in Lagos state (180), Anambra state (75), Delta (38), Imo (38), Kaduna (23), Niger (24) have more access to financial inclusion while states like Yobe (1), Sokoto (4), Bayelsa (4), Kano (6), Katsina (5) etc. with less number of Microfinance bank has less access to financial inclusion and accessibility in the local economy. In essence, the people from these states have less access to the different credit products cum empowerment programs offered by the federal, states, local governments and the Microfinance banks.

A graphic bar chart in figure 1 below shows the distribution of Microfinance banks in the six geopolitical zones of the country, Nigeria. The graphic bar chart above, clearly illustrates the lopsidedness in the distribution of Microfinance institutions across the country as at 31st June, 2011 posing hindrance to financial accessibility & inclusion of the economically active poor, micro-entrepreneurs etc.

Distribution of MFBs by the Six Geopolitical Zones in Nigeria

<table>
<thead>
<tr>
<th>S/N</th>
<th>Six Geopolitical Zones of Nigeria</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North-West</td>
<td>58</td>
</tr>
<tr>
<td>2</td>
<td>North-East</td>
<td>32</td>
</tr>
<tr>
<td>3</td>
<td>North-Central</td>
<td>151</td>
</tr>
<tr>
<td>4</td>
<td>South-West</td>
<td>343</td>
</tr>
<tr>
<td>5</td>
<td>South-East</td>
<td>169</td>
</tr>
<tr>
<td>6</td>
<td>South-South</td>
<td>117</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>870</td>
</tr>
</tbody>
</table>
The poor Credit Risk Management System, (CRMR) of Microfinance institutions also necessitated the introduction of the Microfinance policy in 2005. The late 1980s and 1990s witnessed rising non-performing credit portfolios in banks and these significantly contributed to the financial distress of meltdown in the banking sector. Also identified was the existence of Predatory debtors in the banking industry whose modus operandi involved the abandonment of their debt obligations in some banks only to contract new debt in other obligation. The worst is that statutes enquiries on credit status on borrowing clients were regarded as mere business courtesies to which some banks gave vague excuses, replies and some even ignore. On the contrary, some banks stills went ahead contracting fresh facilities to hard core customers with varying un-serviced debts to different banks and financial houses, which could best be describe as a systemic weakness. (CBN: 2012).

Thus, the need for a central credit data base system where personal information and credit status can be easily verified with a tap on the computer became imperative. It was against this backdrop that the CBN established the Credit Risk Management System (CRMS) or the Credit Bureau. The decision to establish a Credit Bureau in Nigeria featured in the Presidential Budget Speech of 1990. Thereafter, it was given a legal backing by the CBN Act No.24 of 1991 [sections 28 and 52] as amended. The enabling legislation empowered the CBN to obtain from all banks, returns on all credits with a minimum outstanding balance of ₦100,000.00 (now ₦1 million and above of principal and interest), for compilation and dissemination by way of status report to any interested party (i.e. operators or regulators). (CBN, 2012)

The Act made it mandatory for all financial institutions to render monthly returns to the CRMS of the CBN, in respect of all their customers with aggregate outstanding debit balance of ₦1,000,000.00 (One million naira) and above. It also required banks to update these credits on monthly basis as well as make status enquiry on any intending borrower to determine their eligibility or otherwise. Banks are penalized for non-compliance with the provisions of the Act. Presently the CRMS is web-enabled thus, allowing banks and other stakeholders to dial directly into the CRMS database for the purpose of rendering the statutory returns or conducting status enquiry on borrowers. Though, this practice is more visible in the commercial bank, the CBN has made it compulsory for all microfinance banks to furnish her with all existing and current debt
portfolio in her monthly returns, so as to ascertain its level of credit risk exposure, accumulated bad debt portfolio and sanction any erring banks that default the lending guidelines.

Also the weak capital base of existing microfinance institutions could not adequately provide cushion for the risk of lending to micro clients as microfinance banks becomes synonymous with “Wonder banks, fraud and mismanagement”. The fear of depositing monies in microfinance banks becomes the biblical beginning of wisdom; micro clients became apprehensive of banks going insolvent or broke due to the poor or low capital base, lending activities became restrictive and selective with a conditional clause for a collateral security. Also in most cases even when credit facilities are being granted to clients, the payback for both the principal and the accrued interests becomes a subject of litigation. The reasons deduce is that in most cases the duration for the loan is usually short; three (3) six (6) months while the interest rate ranges from 30 to 60 percent and above on a flat rate posing payback challenges to potential borrowers, rising profile of bad debts becomes monumental and constitutes a threat to the sector. (Online Microfinanceafrica.net August 23rd, 2012)

Prior to CBN’s intervention, Microfinance in Nigeria was taking a swift decline into the abyss. The sector was riddled with fraud and mismanagement of funds. Some of the mismanagement may have been down to a lack of understanding of Microfinance by the senior managers in some of the Microfinance Banks. This assumption was corroborated by MFB’s renting lavish offices, providing their senior personnel with salaries and benefits similar to those offered by larger commercial banks. CBN’s intervention was late in coming, but was nonetheless welcomed. CBN set about evaluating the entire sector and took action to address some of the issues that had plagued it. This included withdrawal of the licenses of some of the MFB it believed were not fit for purpose or viable.

The CBN’s actions to sanitize the sector has been complemented by NDIC’s (Nigerian Deposit Insurance Corporation), whose responsibility is to commenced a repayment program for depositors of MFBs that had been declared bankrupt, liquidate or closed as a result of mismanagement or had their licenses withdrawn. These measures have brought some succor, stability, and have increased investors’ confidence on the sector. Although there is still some way to go before the sector can start to fulfil its statutory responsibility of financial inclusion and poverty alleviation. Although there is still some way to go before the sector can start to fulfil its statutory responsibility of financial inclusion and poverty alleviation. Although there is still some way to go before the sector can start to fulfil its statutory responsibility of financial inclusion and poverty alleviation. (Online Microfinanceafrica.net August 23rd, 2012).

The CBN with the introduction of the Microfinance policy has made it compulsory for every player in the subsector to be adequately capitalized, technically sound and oriented towards lending based on cash flow and character of clients and has categorize Microfinance Banks in to three groups based on license. These are; Local, State and National; each one required a different starting capital and on-going minimum capital. Many MFBs has recapitalized to meet the new requirement for continues operation.

Categorization of Microfinance Banks
The Central Bank of Nigeria as part of its monetary policy measures on Microfinance policy has grouped Microfinance Banks in to different categories. (CBN, 2011:19-20).

Category 1: Unit Microfinance Bank (CBN, 2011:19)
A Unit Microfinance Bank is authorized to operate in one location. It is required to have a minimum paid up capital of N20 million (twenty million Naira). It is also prohibited from having branches and cash centers in other locations of the state, local government and villages. From investigations some microfinance banks are violating this condition by opening cash centers across the state as a Unit Microfinance bank, a clear act of civil disobedience against constituted authority. Such cases are rampant in Bayelsa, Rivers, Edo, Delta state.

**Category 2: State Microfinance Bank (CBN, 2011: 20)**

A State Microfinance Bank is authorized to operate in a State or the Federal Capital Territory (FCT). It is required to have a minimum paid up capital of N100 million (one hundred million Naira). It is allowed to open branches within the same State or the FCT, subject to prior written approval by the CBN for each new branch.


A National Microfinance Bank is authorized to operate in more than one State including the FCT. It is required to have a minimum paid up capital of ₦2 billion (two billion naira). It is equally allowed to open branches in all States of the Federation and the FCT, subject to prior written approval by the CBN.

**Transformation Path**

According to CBN (2011: 20-21):

a) A Unit MFB that intends to transform to a State MFB is required to surrender its license and obtain a State MFB license, subject to fulfilling stipulated requirements.

b) A State MFB that intends to transform to a National MFB must have at least 5 branches which are spread across the Local Government Areas in the State. This is to ensure that the MFB has gained experience necessary to manage a National MFB. It shall also be required to surrender its license and fulfill other stipulated requirements.

The prescribed minimum capital requirement for each Category of MFB may be reviewed from time to time by the Central Bank of Nigeria. Microfinance Banks can be established by individuals, groups of individuals, community development associations, private corporate entities, NGO-MFIs, or foreign investors. No individual, group of individuals, their proxies or corporate entities, and/or their subsidiaries, shall own controlling interest in more than one MFB, except as approved by the Central Bank of Nigeria. (CBN, 2011: 21)

**Financial Accessibility by Micro Entrepreneurs in Nigeria**

In 2012, Nigeria had about 17.6 million MSMEs employing about 32.4 million people, and contributing about 46.54 per cent of nominal GDP. A recent survey by IFC and Mckinsey (2010), suggests that 80 per cent of these MSMEs are excluded from the financial markets. The state of MSMEs in the country calls for urgent intervention, considering the critical role the sector plays in every economy. It is on record that between 2003 and 2012, commercial bank loans to small scale enterprises dropped at an exponential rate. Analysis of the annual trend in the share of commercial bank credit to small-scale industries indicates a decline from about 7.5 per cent in 2003 to less than 1% in 2006 and a further decline in 2012 to 0.14 per cent. (*Online Daily Trust, November 16, 2013*).

The Agricultural sector that accounts for about 40 per cent of the country’s GDP and provides over 60 percent of employment only receives 2 percent of total lending of commercial banks which is very unhealthy for economic growth and development (Atah, 2011:9). Though, the CBN in collaboration with the ministry of Agriculture and water Resources, established the ₦200
billion Commercial Agricultural Credit Scheme (CACS) to enhance lending to Agricultural Sector to finance value chains from inputs to marketing. The scheme was also designed to reduce cost of borrowing (interest) in agricultural production so that farmers can exploit more untapped potentials of the nation’s agricultural sector. It is also aimed at boosting output, generate employment and diversify the nation’s export base. (Vanguard online, March 5, 2012)

The decision by the Monetary Policy Committee to retain the benchmark lending rate at 12 percent for the eighth time in a row is seen as a two edged-sword because of the ugly effect it will have on inflation and the real sector. The agony of business owners to get loan facilities for their business is definitely going to persist. The MPR is the rate at which banks borrow from the Central Bank of Nigeria to cover their immediate cash shortfalls from time to time; thus, the higher the cost of such borrowing, the higher also will be the rate at which banks advance credit to the real sector. For instance, the CBN’s lending rate of 12 per cent to commercial banks instigates the current borrowing cost of 18 to 28 per cent to the real sector. Such a high cost of borrowing increases production costs and also makes local products uncompetitive against imported substitutes, which are aggressively supported with conversely lower single digit interest rates in their home economies. (Punch online November 19, 2013)

The pressure of meeting the repayments with high interest rates is counterproductive. Any Micro business owners paying these levels of interest will not be able to grow their businesses and improve their living condition. The damaging effect of high interest rates caused to Microfinance in India should be taken seriously by the regulatory bodies and not allowed to repeat itself in Nigeria. The interest rates in India were much lower than the ones reportedly charged by MFBs in Nigeria, but were still too high and drove many Indians to commit suicides because they couldn’t stand being declared bankrupt. One is not advocating that interest rates should be regulated, it is a function of demand and supply but Microfinance Banks must be continually sensitize on the need for responsible lending and the need to ensure interest rates are not excessively exploitative. Any reported excessive interest rates must be investigated by CBN and punitive action or sanction must be taken against any MFBs found guilty of excessive profiteering.

To ensure financial accessibility, empowerment and development of the local economies through SMEs intervention fund, the Central Bank of Nigeria on the 15th launched a ₦220 billion fund to be distributed to Micro, Small and Medium Scale Enterprises (MSMEs) by the micro finance institutions at 9 percent interest rate. The CBN governor, Sanusi Lamido Sanusi, said that the fund is to address the funding challenges currently faced by the SMEs in the country. The N 220Billion is for Micro, Small and Medium Enterprises Development Fund (MSMEDF). The Fund is designed to further enhance access to finance by MSMEs with the following major objectives, to:

(i) Provide wholesale financing windows for participating financial institutions (PFIs);
(ii) Improve the capacity of the PFIs to meet credit needs of MSMEs;
(iii) Provide funds at reduced cost to PFIs;
(iv) Enhance access of women entrepreneurs to finance by allocating 60 per cent of the Fund to them; and
(v) Improve access of NGOs/MFIs to finance.”

The fund is one of the elements in the Micro Finance Policy of the federal government which was launched in 2005. According to Sanusi (2013) (Daily Trust online November 16, 2013) “The policy is being implemented in stages; we got the micro finance banks, which are now strong and capable of handling such fund. After we have done competency requirement test on them, we are now confident that we can inject such fund into the micro finance banks. The package did not only stop at funding the MSMEs but will address issues that are related to marketing of final products and how to help address post harvest loss by the small farmers”.

The then CBN Governor Sanusi Lamido said sixty percent of the funds would be channeled to women with strict monitoring in collaboration with other government institutions. He said choosing women to be the major beneficiary is as a result of the role they play in the economic cycle of the country. There are over 1,000 micro finance banks across the country but presently the interest rate at which they give loans is as high as 30 percent with very short tenure. The CBN fund has a long tenure that will give enough room for MSMEs to break even. According to him:

The ultimate responsibility for sustainable intermediation for the subsector lies with the financial markets. Moreover, these interventions serve to integrate the micro-entrepreneurs, the low-income earners, farmers, artisans and the active poor who operate in the informal sector, into the financial system to improve the effectiveness of public policy (Daily Trust online November 16, 2013).

Conclusion

Conclusively, from finding majority of Micro, Small and Medium Entrepreneurs are still excluded from financial services at the micro level of the Nigerian economy either due to lack of policy framework on the part of the government or as a result of the uneven spread of Microfinance institutions across the country. The microfinance banks are more dominant in states like Lagos, Delta, Oyo, Imo while states like Yobe, a state with 27 LGAs has only one microfinance bank, Bayelsa has eight LGAs but only has four (4) MFBs, Sokoto with its huge population size with 23 LGAs only has four (4), Borno has 27 LGAs but only has four (4) MFBs. The implication is that more than 80 percent of the local people, the economically active poor that are engaged in trade, petty business, farmers, artisans etc. that are resident in the villages and communities in these states have been automatically denied and alienated from financial accessibility and inclusion. Even in states with sizable number of microfinance banks, more than 90% of them are located in the state capital.

The Monetary Policy Rate of 12 percent, the official lending rate of government (CBN) to commercial banks also poses a threat to micro entrepreneurs and the development of the Micro, Small and Medium Enterprises (MSMEs) in Nigeria as commercial banks interest rate is as high as 19 and 22 percent while Microfinance banks interest is from 30 percent and above thereby, discouraging many from borrowing. And even those who finally borrow ends up in bad debt due to the high servicing interest rate.

Recommendations

Based on the findings of this paper, the following are recommendations for consideration by relevant government authorities; Ministries, Department and Agencies as a means of ensuring that the average Nigerian entrepreneur, the economically active poor, the low income households etc. has access to financial inclusion and accessibility in the microfinance sub-sector as part of the Microfinance Policy Objectives, so as to promote sustainable economic growth and development in Nigeria.
1) That the Central Bank of Nigeria as part of its monetary policy statutory responsibility must continue to ensure the full implementation of the Microfinance Policy Objectives of promoting financial inclusion and accessibility to the economically active poor and the micro entrepreneurs.

2) The CBN also as part of its monetary policy measure must also ensure that the Monetary Policy Rate of 12%, the official lending rate of the CBN to commercial banks which the CBN has consistently maintain for a period has to be downwardly reviewed to 9 percent so as to enhance more financial accessibility and inclusion with a low interest rate, thereby encouraging borrowing for potential entrepreneurs and the economically active poor.

3) The government must also ensure that investors are encouraged to establish more branches of microfinance banks in villages, towns and all LGAs across the country so as to correct the anomaly in the lopsided nature of the spread of microfinance banks. From findings the spread of microfinance institutions are more dominant in the South-West and South-East geopolitical zone of the country. Therefore the government through collaborative effort with the organized private sector must work to ensure the establishment of more microfinance institutions across the country to enhance financial inclusion and accessibility in all part of the country.

4) The government must also sensitize and monitor the activities of microfinance institutions in terms of arbitrary interest rate charge, and durations of loans so as to encourage potential borrowers, the economically active poor from being exploited by banks.

5) The government must also advice Management of Microfinance banks from giving unnecessary conditionality in the form of collateral security as pre condition for credit facility. The demand for tangible assets and financial instruments such as; cars, houses, deed of conveyance, Certificate of Occupancy, bank shares among others must be discouraged by microfinance institutions so as to promote financial accessibility by the economically active poor.

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ICT INFRASTRUCTURE AND SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN NIGERIA: AN IMPACT ASSESSMENT OF MICROFINANCE BANKS

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Abstract

The study examines the application of Information and Communications Technology (ICTs) Infrastructure in the Nigerian Small and Medium Scale Enterprises (SMEs) with a view to assessing the Microfinance Banks in the Federal Capital Territory Abuja. The study underscores the importance of ICT infrastructure where for SMEs to be relevant, they have to devise ways of bridging the digital divide. The study employs opinion survey. Analysis of data was conducted using tables and charts. The research reveals that SMEs in Abuja, Nigeria did not seem to be acquiring relevant ICT infrastructures. Although computers were found in virtually all the SMEs offices they were not connected to the information super highway. The study recommends that SMEs must equip themselves adequately with ICT facilities, computers should necessarily be connected to the information super highway, and the energy sector should urgently be over-hauled to ensure constant and uninterrupted electricity supply.

Key Words: ICTs, TECHNOLOGY, COMPUTERS, SMEs, MICROFINANCE

Introduction

Today we live in an information society in which more people must manage more information, which in turn requires more technological support, which both demands and creates more information. Electronic technology and information are mutually reinforcing phenomena, and one of the key aspects of living in the information society is the growing level of interactions we have with this complex and increasingly electronic environment. The general consequence is that we deal with large volumes of information, new forms and aggregations of information, and new tools for working with information (Marchionini, 1997). These new tools we use to manage information at corporate, governmental and societal level are tools we must learn to use, pay for, and maintain. The primary tool of the information society is the computer. Microprocessors are used to improve the performance of other technologies, and computers are increasingly used to control and integrate other kinds of information technology (e.g. TV, radio, telephones).

Current literatures have it that ongoing advances in information systems and communication technologies allow organizations to achieve greater levels of productivity, efficiency and service delivery (Brown, 2000; Dawes et al, 1997; Drucker, 1995; Tapscott and Caston, 1993). For example, one electronic mail message replaces the dictation of a memo which is then typed, copied and distributed. Electronic workflow processing allows operational reports to be stored and forwarded to appropriate units for follow-up without a host of manual intervening steps.

One other thing that is crucial as far as ICTs are concerned is that, because of technological and communication innovations, geographic boundaries that once defined citizens, client and customer service jurisdiction no longer apply. The move toward e-commerce, e-banking and e-governance provides an excellent example of how organizations are no longer restricted to, a contained geographic boundary. In this 21st century, organizations all over the world have come to realize that only those that overhaul the whole of their administrative systems and operations are likely to survive and prosper. Due to the pressures of competition and the need to maintain a high level of efficiency and productivity organizations have been forced to catch on to the technological craze. Thus in order to place themselves in a favorable position to meet the growing expectations of their customers, and become organizations or co-operations to be reckoned with, more
organizations are making use of it to smoothen and speed up the process of administration. They have not only started ensuring that their PC per capita use is one for every staff, but have also started bringing PC's together to form local and wide area networks.

Many organizations use computer systems to run their inventory, control accounting, manage human resources, etc. Businesses are no longer relying on trails of paper work to conduct every day transactions. With an installed modern computer interconnectivity backbone, establishments can keep in touch, synchronize and co-ordinate activities with the utmost ease.

Managers now realize that information technology can be used as an engine to speed up processes, eliminate or reduce paperwork, increase the quality of output and service delivery, decrease storage costs, and enhance information sharing and communication. They also realize that they have to achieve not only management / staff wide computer literacy, i.e. knowing how to locate, analyze, store and use information. All staff in modern organizations needs to be able to search and gather data from different sources, analyze them, select the relevant ones and organize them in such a manner as to allow them make decisions based on the information.

These being the case how are Nigerian Small and Medium Scale Enterprises (SMEs) faring in joining the information technology bandwagon? What are the SMEs doing to increase their productivity and efficiency through the use of IT? What constraints or challenges are organizations facing in overhauling their management? In what ways exactly is ICT infrastructure enhancing efficiency in the Nigerian SMEs? These and related questions structure the argument of this study.

Statement of the Research Problem
SMEs in Nigeria are an informal sector whose managers are mostly the rural peasantry. Nigerian citizens particularly the rural communities who are supposed to be the ultimate beneficiaries of ICT infrastructure as an essential tool for efficient and effective service-delivery are marginalized in this era of global integration by being denied access to ICTs, which according to Bello (2003) have the potential to empower. The direct effects of such marginalization are the following problems among others:

(i) The lack of mechanisms that would enable the Nigerian SMEs especially microfinance banks to generate and share information with other communities and corporate bodies for national economic development.
(ii) Remoteness, leading to high start-up and maintenance costs, as well as a lack of electricity, so that computers often require generators and voltage stabilizers;
(iii) The lack of relevant human capital (in particular, technicians for maintenance and repair);
(iv) Consequently, costs are raised, since the equipment used must be robust; and;
(v) Low earning capacity of the majority of the SMEs especially microfinance banks, so much so that considerations of commercial viability could lead to firms having to charge prices that, at best, only a tiny minority could afford.

It is on account of the above-stated problems that this study examines the impact of Information and Communication Technology (ICT) infrastructure on Nigerian Small and Medium Scale Enterprises. Special focus is made on a sample of eight (8) microfinance banks located at the Nigeria’s Federal Capital Abuja. Results are presented using tables and charts.

On a tentative basis the following microfinance banks were used for the questionnaire administration:

1. A.C.E Microfinance, Kwali, Abuja
2. Alliance Microfinance, Garki, Abuja
3. Anchorage Microfinance, Kubwa, Abuja
4. N.C.W.S. Ltd, Garki, Abuja
5. Grants Microfinance, Gwagwalada, Abuja
6. Greenfield Microfinance, Gwarimpa, Abuja
Objectives of the Study
The broad objective of this research work is to examine the impact of Information and Communications Technology Infrastructure on Nigerian SMEs with reference to microfinance banks. The specific objectives are as follows:

(i) To determine the level of computer literacy and IT diffusion in the FCT SMEs with reference to microfinance banks.
(ii) To determine ways through which the SMEs can speed up operations and efficiency through the use of Information Technology.
(iii) To identify the likely areas of problems hindering effective realization of policy expectation in the SMEs. And;
(iv) To suggest ways and mechanisms on how best to enhance the full potential of ICTs as an enabler of socio-economic development of SMEs in Nigeria.

Review of Related Literature
Information and Communication Technologies (ICTs) have become key tools and had a revolutionary impact of how we see the world and how we live. This phenomenon has given birth to the contemporary e-commerce, e-medicine and e-education, e-governance which is part of the main focus of this study.

In view of this, a review of related literature on Information Technology, Digital Government is critical to the realization of the objectives of this research. This is especially timely and crucial as the Information Society is creating unprecedented conditions for bridging the digital divide through supporting government operations to strengthen the establishment of efficient, effective and transparent governance systems. Electronic tools can significantly improve the services and information flows from administrations, business circles to their constituencies, customers and /or clients. Communications among administrators, citizens and businesses can be enhanced as ICTs offer unique opportunities for the re-use of public and private sectors information within the emerging digital economy which in turn create vast economic opportunities for the country at large. However, these are only possible if the conducive environment for policy and regulatory framework is provided. This is necessary in order to effectuate the implementation of the National IT policy.

Nigeria, a country on the West Coast of Africa, with an estimated population of over 140 million people is the most populous nation in Sub-Saharan Africa. It occupies a land mass of about 923, 768 square kilometers, and is generally known to have over 274 ethnic groups in the Federation. The desire of the government to move closer to the people in the grassroots and instill self reliance has progressively led to the division of three major regions into 36 states grouped under six geopolitical zones with a total of 774 local government areas (LGAs). A breakdown of the statistics available on Nigeria shows the following: more than 45 % of the people are female; the poverty rate is about 67.8% the majority of the people (70%), lives in the rural areas, and over sixty percent of the young (0-15) are under the age of 15. These indicators show that the majority of Nigerians fit the main focus of the Global Forum, which is to reach those who are yet to be reached (the class of the poor, the illiterate, women, the marginalized, and those living in remote areas) through one form of education or the other/whether formal or informal education). In particular, women and minority communities, such as nomads, fisher men, and unemployed youths are examples of these hitherto mentioned regulated communities in Nigeria (Jegede, 2002:1).

In terms of its economy, Jegede (2002:1) points out that about 90 percent of Nigeria’s annual income comes from petroleum revenue – it exports two million barrels of oil a day and that it ranks as the country with the seventh largest oil reserves in the world. The country’s less than desirable economic growth makes it almost impossible to cope with the resources needed by the
huge and fast-growing population to develop the country and upgrade the welfare of ordinary persons especially in the rural areas (Akinsola, Hershelman and Jacobs, 2005:2). The Federal Government of Nigeria itself realizes the potential of Information and Communication Technology (ICT) to empower the people and declared it as a national priority which has the capacity to generate the needed socio-economic and political development as well as enhance good governance and accountability.

**Meaning and Nature of Information Technology**

The term “Information technology” evolved in the 1970s. Its basic concept, however, can be traced to the World War II alliance of the military and industry in the development of electronics, computers and information theory. There have been varying opinions on the concept of information technology most of them revolving around the same axis. Chaharbaghi and Willis (2000) present technology as something new as it drives change at an ever increasing rate. It is often equated as being modern and holds out a panacea in which the future is invariably better than the past. Information technology can be seen in the light of the following definitions.

- As the various technologies which are used in the creation, acquisition, storage, dissemination, retrieval, manipulation and transmission of information (Moll 1983)
- As a means of processing data, gathering information, storing collected materials, accumulating knowledge and expediting communication (Chan 2002)
- As having a primary focus of collecting, organizing, storing retrieving, interpreting and using information.

Frenzel (1999) conceptualizes information technology as the term that describes an organizations computing and communications infrastructure, including computer systems, telecommunications, networks, and multimedia software and hardware. He goes on to assert that information technologies are computer based and operate on a convergence of the electronics and telecommunications devices.

Information technology is also seen as the use of electronic machines and programs for the processing, storage, transfer and presentation of information. It encompasses many technologies such as computers, software, networks and even telephone and fax machines. The purpose of IT is to facilitate the exchange and management of information and has a lot of potentials for the information process component of any organization (Bjork 1999).

Information technology according to Marghalani (1987) is a term which encompasses the notion of the application of technologies to information handling (generation, storage, processing, retrieval, dissemination etc).

Information technology is defined by the Information Technology Association of America (ITAA) (2003) as the study, design, development, implementation, support or management of computer based information systems, particularly software applications and computer hardware. Encompassing the computer and information industries, information technology is the capability to electronically input process, store, output, transmit and receive data and information including text, graphics, sound and video, as well as the ability to control machines of all kinds electronically. Information technology is comprised of computers, networks, satellite communications, mobile communications, robotics, videotext, cable television, electronic mail (E-mail), electronic games and automated office equipment. The information industry consists of all computer communications and electronic related organizations including hardware, software and services. Completing tasks using information technology results in rapid processing and information mobility as well as improved reliability and integrity of processed information.

The Encyclopedia of Business (2001) defines IT as “Computer based information management systems allowing a financial institution to collect information from many different sources and develop a composite picture about its customers, its market position in different
financial centers and its net exposure in those markets. In banking terms, information technology is seen as the development, installation and implementation of computer systems and applications. Information technology is concerned with the use of technology in managing and processing information especially in large organizations. In particular it deals with the use of electronic computers and computer software of convert, store, protect, process, transmit and retrieve information. For that reason, computer professionals are often called IT specialists or business process consultants and the division of company or organization that deals with software technology is often called the IT department.

The U.S Architectural and Transportation Barriers Compliance Board (2003) defined information technology to include any equipment or interconnected system or subsystem of equipment that is used in the creation, conversion or duplication of data or information. The term includes but is not limited to, telecommunication, products, (such as telephones, information kiosks, and transaction machines. World Wide Web sites and the office equipment such as copiers and fax machines.

It is a term that encompasses all forms of technology used to create, store, exchange and utilize information in its various forms including business data conversion, multimedia presentations etc. With regards to administration/management IT can be seen as the process of electronic manipulation of information key to the process of decision making and communication of this information to its point of need within the organization, thus enhancing the achievement goals and objectives. The term “IT” encompasses the methods and techniques used in information handling and retrieving by automatic means. These means include computers, telecommunication, and office systems or any combination of these elements. It is the application of computer communications and software technology to management, processing and dissemination of information.

All the above definitions of information technology share certain key characteristics which are outlined below.

- Information technology is a combination of two major components, computers and telecommunications.
- Information technology is a master tool for managing information in all its ramifications, i.e. creating /generating, gathering, organizing, manipulating, storing , retrieving and dissemination
- Information technology has the capability and versatility to impact and improve every field of endeavor and form of organization by automating the use of information.
- Information technology carries with it the hallmarks of a modern day computer i.e. Speed, accuracy, efficiency and productivity.

However, from the knowledge of the foregoing, and for the purpose of this research study, information technology will be defined as the various technologies which are used in the acquisition, storage, organization, manipulation and transmission of information to accumulate knowledge, ease and expedite planning, decision making and controlling in an organization, while enhancing efficiency. On a last and crucial note, with regards to the meaning of IT, there is the need to further stress the fact that IT is the merging of computing and telecommunications technologies. For the full potential of information technology to be realized, these two elements must come together.

On their own, the powers of computers are immense, but limited. It is only when communications is introduced that computers can be networked so that people can work together by sharing data, documents and by sharing ideas mainly through electronic messages. Many believe that it is only when two or more computers are networked that organizations can start appreciating the real power of the computer. As Gates (1995) put it, “the personal computer has already had a huge effect on business. But its greatest impact won’t be felt until the PCs inside and outside a company are intimately connected”. What this implies is that, although an organization
may own stand-alone computers, such an organization cannot be said to be proficient in IT until these computers are interconnected or networked, allowing information to be exchanged within the organization with the utmost of ease.

**SMEs Development in Africa**

For both developing and developed countries, small and medium-scale firms play important roles in the process of industrialization and economic growth. Apart from increasing per capita income and output, SMEs create employment opportunities, enhance regional economic balance through industrial dispersal and generally promote effective resource utilization considered critical to engineering economic development and growth. However, the seminal role played by SMEs notwithstanding its development is everywhere constrained by inadequate funding and poor management. The unfavorable macroeconomic environment has also been identified as one of the major constraints which most times encourage financial institutions to be risk-averse in funding small and medium-scale businesses. The reluctance on the part of financial institutions to fund SMEs can be explained by the insufficient capital base of banks and information asymmetry that often exists between SMEs and lending institutions (Ogujiuba, K. K., Ohuche, F. K. and Adenuga, A. O. 2004:pp. 3-6).

Financial systems, the world over, play fundamental roles in development and growth of the economy. The effectiveness and efficiency in performing these roles, particularly the intermediation between the surplus and deficit unit of the economy, depends largely on the level of development of the financial system. It is to ensure its soundness that the financial sector appears to be the most regulated and controlled by the government and its agencies. Generally, the stage of development and, thus, the efficiency of the system varies among countries and changes over time in the same country. The more developed and sophisticated financial systems tend to be associated with the mature economies, while under-developed financial systems feature in developing economies. As a process, the financial system adjusts to changes in the real economy just as the economy responds to developments in the financial sector. All over the world, size had become an important ingredient for success, the banking sector included. The last few years have witnessed the creation of banking groups through mergers and acquisitions. Re-capitalization of banks in Nigeria is intended among others to help mobilize domestic savings, deepening and broadening intermediation, improve allocation of resources and helping to mobilize foreign savings. These have attracted criticism from both the public and private sector. Some believe that this would lead to the collapse of most banks and the attendant unemployment would be grave for the economy; others believe that the capital base be structured in a way that would categorize banks as big and small players. There is also a view that the proposed policy is a welcome development but if not well managed could send the wrong signals, as it could lead to a run on banks within the stipulated period, jeopardizing the three main functions of Banks: - Transforming short term liquid deposits held by households into illiquid liabilities issued by firms; Screening potential borrowers/Monitoring actual borrowers on behalf of depositors and Facilitating transactions between agents by providing payment service.

The Manufacturing (including Micro, Small and Medium Enterprises) sector is acknowledged to have huge potential for employment generation and wealth creation in any economy. Yet in Nigeria, the sector has stagnated and remains relatively small in terms of its contribution to GDP or to gainful employment. Activity mix in the sector is also quite limited – dominated by import dependent processes and factors. Although there is no reliable data, imprecise indicators show that capacity utilization in the sector has improved perceptibly in the period since 1999, but the sector is still faced with a number of constraints with lack of credit availability as the principal constraint. Credit is the largest element of risk in the books of most banks and failures in the management of credit risk, by weakening individual banks and in some cases the banking system as a whole, have contributed, to many episodes of financial instability. A greater
understanding of the nature of credit risk, leading to improved measurement and management, would help to strengthen the international financial system vis-à-vis the small and medium enterprises in the long-run. An increasing amount of research on credit risk is being carried out within financial firms, central banks, regulators and universities.

Stiglitz and Weis (1981) observe that small and medium scale firms with opportunities to invest in positive net present value projects may be blocked from doing so because of adverse selection and moral hazard problems. Adverse selection problems arise when potential providers of external finance cannot readily verify whether the firms have access to quality projects. Nonetheless, the liquidity ratio of the financiers plays a major role. Moral hazard problems are associated with the possibility of SMEs diverting funds made available to them to fund alternative projects or develop the propensity to take excessive risks due to some pervasive incentive structure in the system. On the other hand, because SMEs do not have access to public capital markets they naturally depend on banks for funding. Dependence on banks makes them even more vulnerable for the simple reason that shocks in the banking system can have significant impact on the supply of credit to SMEs. Thus, SMEs are subject to funding problems in equilibrium and these problems are exacerbated during periods of financial instability.

Berger and Udell (2001) further note that shocks to the economic environment in which both banks and SMEs exist can significantly affect the willingness and capability of banks to lend to small and medium scale firms. These shocks come in a variety of forms such as technological innovation, regulatory regime shifts, and shifts in competitive conditions and changes in the macroeconomic environment. Financial institutions respond to these shocks in a number of ways, one of which is to develop stringent lending rules that not only avail them of full information about the firm and the owner, but also ensure that their investment in such firms are guaranteed in both the short and the long-run.

In less developed countries where there is a dearth of information on the operations of SMEs, the situation degenerates into total risk-aversion by financial institutions in funding SMEs. Such risk-averse behaviour can ultimately affect the performance of monetary policy through the credit channel of policy transmission and perhaps snowball into financial instability in the system. In this paper we assess major Bank Lending rules and their impact on funding SME’s and analyze two surveys in Nigeria, one by the World Bank and another by the Central Bank of Nigeria to explain the banks’ risk-averse behaviour in lending to SMEs, as well as the implication of such risk-averse behaviour on financial stability via credit channel of monetary policy.

Small and Medium Scale Enterprises (SMEs) in Nigeria

Since the attainment of independence in Nigeria, every known regime recognizes the importance of promoting SMES as the basis of economic growth. As a result, several micro lending institutions were established to enhance the development of SMES. Such micro credit institutions include the Nigerian Bank for Commerce and Industry (NBCI), National Economic Reconstruction Fund (NERFUND), the People’s Bank of Nigeria (PBN), the Community Banks (CB), and the Nigerian Export and Import Bank (NEXIM), and the liberalization of the banking sector. Howbeit, the banks in operation in the country are about 89 with more than 50% having capital base of less than US$10 million and about 3,300 branches. This compared to 8 banks in South Korea with about 4,500 branches or with one bank in South Africa with larger assets than all the 89 banks shows that the banking system is very marginal relative to its potentials and in comparison with other countries. Unfortunately, records indicate that the performance of SMES in Nigeria has not justified the establishment of this plethora of micro-credit institutions. Odedokun (1981) notes that in spite of the quantum of credit made available to the manufacturing sector; the contribution of the index of manufacturing to GDP was only 7 percent between 1970 and 1979. In 2001, a study identified poor access to finance as the most critical constraint on small and medium scale enterprises in Nigeria. In fact, 50 percent of the surveyed enterprises received external finance
while 79 percent indicated lack of financial resources as a major constraint (see Guardian, Nov, 26, 2001). Generally speaking, Small and Medium Scale Enterprises in Nigeria (SMEs) have the following characteristics:

(i) Firms are likely to be unquoted.
(ii) Ownership of the business is restricted to a few individuals, typically a family group.
(iii) They are not micro businesses that are normally regarded as those very small businesses that act as a medium for self-employment of the owners (Akisulire, 2006:578).

The SME sector provides employment to an estimated 80 percent of the Nigerian work force thus making the sector the highest employers of labour. The economy of any country depends on the contributions of all sectors of the economy particularly the small and medium scale enterprises.

Features of Small Scale Industry

Some of the features of Small Scale Industries in Nigeria are as follows:

(i) Low set up costs compared with large companies.
(ii) Reliance on local raw materials.
(iii) Employment generation.
(iv) Value added.
(v) Accelerating rural development and contribution to stemming urban migration and problems of congestion in large cities.
(vi) Stimulating entrepreneurship especially in the country side.
(vii) Provide links between agriculture and industries.
(viii) Mobilising private savings and harnessing them for productive purposes.
(ix) Supplying parts and components for large-scale industries.
(x) Contribute to domestic capital formation (Akinsulire, 2006:579).

Some of the operational structural problems of SMEs in Nigeria were further outlined by Akinsulire, (2006) as follows:

(1) Management Problems
- all important entrepreneurial and operational decisions are taken by one person (sole owner).
- lack of formal training in management and production skills.

(2) Financing- This constitutes major problem. Their low business credibility, poor management, inefficiencies, limited collateral security, high risk of failure make it difficult for them to raise capital from usual sources and often force them to secure loans at higher interest rates from other lenders.

(3) Most of them tend to be imitators rather than being innovators.

(4) Production of non-standardized products.

(5) Problem of marketing of products due to lack of awareness of market opportunities/skills.

(6) Most of them are concentrated in urban centers and could therefore not tap local advantages e.g. cheap labour, access to primary products etc.

(7) Little access to/ inability to apply new technologies e.g. computers.

It is clear from the foregoing that little or no access to modern technologies like the computers, Internet, in fact ICT infrastructure as one of the fundamental problems of SMEs in Nigeria posed serious challenges to their operations and overall service delivery to customers/clients. Empirical research on ground will prove or invalidate this assertion.

Data Presentation and Analysis

The respondents were interrogated in terms of their access to specific ICT facilities at their work places. Their responses were presented below:
TABLE 1.1: ICTs PROVIDED AT RESPONDENTS’ WORK PLACES (ABUJA SMES)

<table>
<thead>
<tr>
<th>ICT FACILITIES</th>
<th>AVAILABILITY</th>
<th>NON AVAILABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>Telephone</td>
<td>116</td>
<td>84.1</td>
</tr>
<tr>
<td>Computers</td>
<td>120</td>
<td>86.9</td>
</tr>
<tr>
<td>Photocopiers</td>
<td>68</td>
<td>49.2</td>
</tr>
<tr>
<td>Printers</td>
<td>102</td>
<td>73.9</td>
</tr>
<tr>
<td>Internet facilities</td>
<td>16</td>
<td>11.5</td>
</tr>
<tr>
<td>Videoconferencing facilities</td>
<td>10</td>
<td>7.2</td>
</tr>
<tr>
<td>Facsimile</td>
<td>8</td>
<td>5.8</td>
</tr>
<tr>
<td>Telex</td>
<td>6</td>
<td>4.3</td>
</tr>
<tr>
<td>E-mail</td>
<td>5</td>
<td>3.6</td>
</tr>
</tbody>
</table>

According to the table above, basic office tools such as telephone, computer and printers were available and accessible by most of the SMEs staff, as suggested by very high percentage of positive responses (84.1 percent, 86.9 percent and 73.9 percent respectively). However, the table equally revealed that only an insignificant few respondents had access to such key ICT facilities as the Internet (11.5 percent), video conferencing facilities (7.2 percent) facsimile (5.8 percent) and email (3.6 percent).

TABLE 1.2: WHETHER THE COMPUTERS AT RESPONDENTS’ SMEs ARE CONNECTED TO THE INTERNET

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16</td>
<td>11.5</td>
</tr>
<tr>
<td>No</td>
<td>102</td>
<td>73.9</td>
</tr>
<tr>
<td>No Response</td>
<td>20</td>
<td>14.6</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above seems to have re-enforced the one before it (Table 4), given that a vast majority (over 89 percent) of the respondents did not appear to have access to the internet at their workplace, because the computers at their SMEs were not hooked to the information super highway (internet).

Fig. 1.1: WHETHER RESPONDENTS HAVE PERSONAL OR SHARED ACCESS TO COMPUTER IN THEIR SMEs

The table above shows that a good majority (60.1 percent) of the respondents had no personal or shared access to a computer in their SMEs even where the computers were available. This re-enforced the earlier assertion that the computers were simply provided for routine office work and not necessarily as an ICT facility. Those respondents who claimed to have personal or shared
access to the computer at their workplace (32.6 percent) faced additional constraint, because it was only in few cases that the computers were hooked to the internet (as revealed by Table 4).

There was also the non-availability (and by implication non diffusion) of such ICT facilities as video conferencing facilities, facsimile, e-mail and lack of connection to a local area network (as revealed by tables 3 and 5).

Based on the responses above, a clear majority (61.5 percent) of the respondents believed that the application of ICT in their organisations was inadequate, while only 26.1 percent believed that the ICT use was adequate. Those who believe that the ICT application was inadequate predicated their argument on the fact that the ICT facilities were simply not available at the Abuja SMEs, and even where they were available they were mainly used for routine office work and were beyond the access of non-secretarial staff of the SMEs.

The inevitable inference to be drawn from the foregoing is that although there was an appreciably high level of computer literacy among the staff of the Abuja SMEs, the ICT diffusion in the Abuja SMEs was very low.

**TABLE 1.3: RESPONDENTS VIEW ON WHETHER ICT IS ESSENTIAL IN ENHANCING BUSINESS OPERATIONS, CUSTOMER AND CLIENT SATISFACTION**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>106</td>
<td>76.8</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>8.7</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>20</td>
<td>4.5</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above shows that most (76.8 percent) of the respondents were of the opinion that ICT was essential in enhancing business operations, customer and client satisfaction. However, considering the non-availability of the ICT facilities (Table 3) and the general low rating of the Abuja SMEs in terms of ICT application (Table 8), the Abuja SMEs were therefore being deprived of this essential ingredient for enhancing operations and customer/client satisfaction (ICT facilities).
Based on the responses above, it is clear that most (73.2 percent) of the respondents affirmed that ICT was a tool for reforming market structures and business strategy, which by implications means that the Abuja SMEs, due to non-availability and lack of access, were depriving themselves of this tool.

**FIGURE 1.3: RESPONDENTS VIEWS ON WHETHER ICT USE HAS LED TO ANY SIGNIFICANT IMPROVEMENT ON HOW THEY CARRY OUT THEIR RESPONSIBILITIES**

The chart above shows that a good majority of the respondents (63.1 percent) claimed that ICT use has not led to any significant improvement on how they carried out their responsibilities. Only 29.7 percent (less than one third of the total respondents) believed that ICT has aided their work.

This response did not really come as a surprise, considering that most of the respondents did not have access to ICT facilities, because such facilities were not available at their SMEs. Also, this finding is really a minus for the SME policy realization, for such a policy could hardly be achieved, or even pursued successfully when the needed facilities (ICT for one) were neither available nor accessible to SMEs staff.

**FIGURE 1.4: WHETHER POTENTIAL BENEFITS OF ICTs WERE BEING UNDER-UTILIZED IN THE SMEs**

As revealed by the chart above, two-third (67.4 percent) of the respondents gave a thumb down to ICT utilization in their SMEs that, is they were of the opinion that the SMEs were not utilizing the potential benefits of the ICTs. Only 20.3 percent (less than one-third) of the respondents believed that the potential benefits of the ICTs were not being underutilized.
The above finding is equally an indication that the SMEs policy was being threatened. Lack of utilization which was a consequence of non availability would most likely hamper the realization of SMEs policy. The reasons for the limited utilization as cited by the respondents were all related to non availability of the ICT facilities, as well as non availability in the few SMEs that manage to acquire the ICT facilities.

In a nutshell, the respondents cited the following major problems faced by their SMEs in the area of ICT application include:

i. Poor funding, i.e., most of the SMEs were poorly funded, hence could not afford many of the ICT facilities.

ii. Power failure: even where the ICT facilities were available frequent power outage usually affected their services. Many of the SMEs relied on generators for daily operations.

iii. Lack of trained personnel and expertise to man some of the ICT facilities.

iv. Poor maintenance of the existing ICT facilities.

v. Lack of coherent ICT policy.

Summary of Findings

A number of significant findings have been made from the data presented and analyzed. The major ones are as follows:

a. The SMEs in Abuja, Nigeria did not seem to be doing much in terms of meeting up with the requirements of ICT infrastructures. A visit to the offices and site of the SMEs showed that the necessary and relevant ICT infrastructures were conspicuously absent, save for facilities such as computers, which were mainly used for office work. That much was corroborated by the staff of the SMEs sampled.

b. This seeming lack of readiness to acquire and install the necessary and relevant ICT infrastructure is depriving the SMEs with the efficient and enhanced services associated with the ICT. Absence or insufficiency of the ICT has actually been negatively impacting on the operations of the SMEs.

c. The level of computer literacy among the staff of the Abuja SMEs appeared to be high – even higher than the national average. However, most of the staff had no access to basic ICT infrastructure at their work places. Indeed, there was limited diffusion of ICT within the Abuja SMEs.

d. Computer – though found in virtually all the SMEs offices – were however often not connected to the information super highway. This clearly shows that most of the SMEs had no access to the Internet, notwithstanding its immense benefits. Similarly, most of the Abuja SMEs did not enjoy the services of Local Area Network (L.A.N.), with which to facilitate communication within and outside their organizations.

e. Also, though a great number of the staff of the Abuja SMEs were computer literate, most of them had no personal or shared access to computer. This is notwithstanding that almost all the SMEs enjoyed the services of computers. The logical explanation is that only secretarial staff had access to the computers. It goes without saying that lack or limited access to computer underscores poor commitment to ICT generally.

f. Not surprisingly, majority of the respondents admitted that application of ICT in their SMEs was generally inadequate. It could not have been different in the face of poor ICT infrastructure, unavailability of basic ICT facilities and lack of access by staff to the limited ICT that was available.

g. The SMEs staffs were of strong view that ICT was essential in enhancing business operations, customer and client satisfaction. They were also firm in their belief that ICT was a tool for reforming market structures and business strategy. They were equally of the opinion that ICT could be used to speed up operations, eliminate duplication of efforts and
reduce paper work. There is, therefore an obvious disconnect between what the SMEs staff expected and the reality on ground.

h. Probably due to unavailability and limited application of ICT, most respondents conceded that ICT use has not led to any significant improvement on how the SMEs carried out their activities. This is really a minus for National ICT Policy which has been out to ensure ICT compliance and application at work place within the shortest possible time. The policy seems to be a far-fetched ideal.

Conclusion and Recommendations

The small-scale enterprises often target grassroots business and finance. They exist to provide much-needed capital and impetus to small business groups. In so doing, they necessarily require the services of ICT. In any case, it is generally believed that ICT facilities make work faster and better, speed up operations, eliminate duplication and reduce paper work, e.t.c. Regrettably however, the SMEs studied here betrayed an appalling lack of ICT facilities, hence limited application of same. Expectedly, their services and operations were being hampered due to this abysmally low ICT application. It is equally regrettable that this state of affairs exists in spite of a National Policy on Information Technology.

Overall, however, and as revealed by the study, lack of ICT infrastructure (due to poor funding and sundry reasons) seems to stand between Nigeria SMEs and better services accruing from ICT. Based on its findings the study recommends as follows:

a. Nigeria should strive to strongly position itself to meet up with the requirements of ICT infrastructure, with specific reference to the SMEs in Abuja and elsewhere. Their present state in terms of ICT facilities is, to say the least, deplorable, and the trend needs to be urgently reversed.

b. The SMEs and to, as a matter of necessity, equip themselves adequately with all ICT facilities, not just basic office tools. For example, such relevant ICT gadgets as Internet facilities, videoconferencing facilities, facsimile, e-mail, telex, e.t.c.

c. Computers at all Abuja microfinance banks should necessarily be connected to the information super highway. In the same vein, all Abuja SMEs should henceforth enjoy the services of Local Area Network (L.A.N.) in order to facilitate and enhance communication from within and without.

d. The Abuja microfinance banks should urgently ensure that all or, at least, most of their staff henceforth have access to personal or shared access to computers which have been hooked to the Internet.

e. Government should extend the hand of assistance to SMEs, particularly with a view to improving their funding and financing capacity.

f. The energy sector needs to be urgently over-hauled to ensure constant and uninterrupted electricity supply, lack of which greatly and severely hampers day-to-day operations of the SMEs (particularly ICT services).

g. The Abuja SMEs should train or engage the services of expert personnel to man their ICT facilities.

h. The National Policy on ICT should be amended to embrace government directly procuring or subsidizing ICT facilities for SMEs.

Based on that, increasing the e-readiness of medium sized firms would require heavy investment in human capital, to be complemented by raising awareness and upgrading levels and types of connectivity. For small firms, priority should be directed to increasing awareness of the role of ICT, together with improving e-infrastructure and human capital. It would be beneficial for small and medium firms to work in clusters in order to benefit from economies of scale. There is a wide scope for public/private partnerships to raise the level of e-readiness for small and medium
enterprises in the economy. Such projects should be placed as priorities on the development plan and donor support agenda.

A final point emerging from this study is that the SMEs surveyed are low on their e-readiness not only because of the low level of their e-infrastructure, but because of the more serious barriers related to awareness and human capital. By the same logic, SMEs development in general and their e-readiness in particular will be affected by traditional old economy challenges such as financing issues, legal infrastructure, policy setting and the business environment. One might then extend the micro e-readiness concept to include such old economy challenges that will affect SME e-readiness. Given that the Information Society entails maintaining a smooth interaction between “new” and “old” economy, as well as developing the “e” and the “non-e” components, a comprehensive micro index for e-readiness is a challenge that is worth pursuing. This will be the subject of future research.

References


War Economy and the Multi-million Dollars' Security Contracts for Ex-Militant Leaders in the Niger Delta Region of Nigeria

Charles Alfred & Andeshi, Christopher Ale

Abstract
Although the crisis that precipitated to brutal militancy that brought the crude oil producing Nigerian state to its knees is actively over to a large extent; the state is still struggling with the lucrative and massive war economy that was built by the war lords to prosecute the crisis. The search for how to manage the war economy of the Niger Delta struggle in the post-amnesty era continues. Consequently, the purpose of this study is to find out and recommend strategies to best manage the war economy currently. Well-researched secondary materials about post-conflict war economy management in previous war-torn countries were the main sources of this study. The study acknowledged among others that, the State (Nigeria) cannot do otherwise than to incorporate the former war lords with the security contracts to the regular economy. And this act of the Nigerian state is a globally accepted strategy of managing mammoth war economies in post-conflict periods in particularly weak states.

Key words—War, Economy, Security, ex-Militant and Niger-Delta

Introduction
The news of the juicy and now very controversial multi-billion dollars security contracts given to the ex-militants leaders in the Niger Delta was widely reported by mainly two of the Nigerian leading news tabloids—ThisDay and The Nation newspapers. They got the information from the widely read and largely business news oriented American Wall Street Journal. According to one of the newspapers:

The American Wall Street Journal reported on Wednesday that Dokubo-Asari, leader of the Niger Delta People’s Volunteer Force earns $9 million (N1.420billion) annually, guarding pipelines of the Nigerian National Petroleum Corporation (NNPC), while Tompolo is paid $22.9million (N3.614billion) for a similar contract. The NNPC, according to the report, gives $3.8million each annually to Boyloaf and Ateke (The Nation Newspaper, 2012).

Firstly, it is exceedingly surprising that a very sensitive and security-oriented news about a real major means of sustenance as a nation like the above will be first reported by a foreign news media. Secondly, the fact that our Nigerian leading newspapers indeed copiously quoted the Wall Street Journal in their reports as the major source of their news is a huge indictment of incompetence of a sort, because the substance of the news is Nigerian and it happened in their backyard. The so-called security contracts were all signed here. Finally, how the Wall Street Journal scooped the news and first reported it needs to be investigated.

Immediately the news of the security broke out in the local media, the debate started furiously in Nigeria. The morality and otherwise of the episode top the debate. Comments about appeasing evil and evil men were strongly made against the NNPC and the FG. Unfortunately, the government defenders and spokesmen could not do much to defend or project the rationale of their principals’ decision to award the security contacts to the ex-militant leaders (now called ex-agitators leaders).

The aim of this paper therefore is to succinctly and comprehensively look at what peace and conflict study’s experts say about the issue. The academic cum professional views about the issue is our concern. This submission will be divided into the following parts:

• Niger Delta;
• War economy;
• Ways of managing or containing war economies;
• The elements of the Niger Delta war economy and the Nigerian state; and
The Niger Delta

The Niger Delta of Nigeria needs no serious introduction. This is because the crisis that has bedeviled the region has made it a national and international household name. At present the Niger Delta region of Nigeria has a population of about 45 million people distributed in over 3,000 communities, the region is one of the largest wetlands in the world, it covers an area of 70,000 sqm, there are ten major deltas in the world and the Niger Delta is the second largest delta in the world, the largest in Africa (Nseabasi, 2010:35; Etekpe, 2009:24; and Ogomudia Report, 2001:6). The region is home to about 140 different ethnic groups according to Asuni, (2009:5).

The region produces all the crude oil and natural gas that is sustaining the second largest behemoth economy in Africa. The region is the entity that is also sustaining the about 167 million Nigerians. Its crude oil and gas, is also a life-wire to neighbouring countries in the West African sub-region. The crisis in the region pre-dated the idea of the Nigerian state. The descriptions of the people and the region by the special Committee reports set up by the pre and post-independence governments show and confirmed the problems and the complexities of the zone. The following are what some of the major Committee reports said about the region and its people:

The Willink Commission that was established in 26th September, 1957 to look into the fears of the minorities and the develop the means of allaying them was headed by Henry Willink, with Gordon Hadow, Philip Mason and J.B Shearer as members. The report of the Commission was submitted to Rt Hon Allen Lennox-Boyd, M.P; Secretary of State for Colonies on July 1958. The moderately voluminous report described a good section and the people of the Niger Delta thus:

They are said to be a people who have lived in the area now called Nigeria than any other of the large tribes and where probably pushed down into the Delta area in times of which no record has survived. The country in which they live is divided by creeks and inlets of the sea and of the Niger into many islands which nowhere rise far above the highest tides and floods; their transport is by water and the construction of roads or railways would be prohibitively expensive. Theirs is a country which, though no fault of men has been neglected and which is unlikely ever to be highly developed; they are distinct in their language and customs from either the Edo speakers or Yorubas. Benin claimed over-lordship of them but they show no desire to return to it (Willink Commission Report, 1958:15)

The Nigeria (constitution) Order in Council, 1954 to 1959, Proclamation of the Area of the Niger Delta by J. B. Robertson asserted that:

The area of the Niger Delta for the purpose of the Niger Delta Development Board established in accordance with that section shall be,…the Western Ijaw Division of Delta Province…. Yenagoa Province, Degema Province and Ogoni Division of Port-Harcourt Province (Nigeria Order in Council, 1954 to 1959).

According to the Popoola Report of 1999: The Niger Delta is multi ethnic with diverse cultural traits….. the settlement pattern is characterized by scattered rural settlements occupying isolated dry sites within the swamp areas…. it is the home to Nigeria’s oil industry, as a result the people and the environment bear the burden of oil exploration and production activities. It should be noted that the problem of the underdevelopment in the Niger Delta is a long standing issue, even before oil was discovered in the area (Popoola Report, 1999:6).

To the Ogomudia Report of 2001, the Niger Delta is the:

Oil producing area that is currently located in 9 states…..representing a multiplicity of ethnic groups and about more than 3000 communities. The land consist of mostly upland rain forest areas with the bulk being riverian fresh and brackish water mangrove swamps wetland, hemmed in by sandy coastal ridge barriers. The main occupation of the people are fishing and farming. Except for the oil sector, the industrial base is small or non-existent…..the Niger Delta
was recognized as a region for special development initiative and attention in the Independence Constitution of 1960 (Ogomudia Report, 2001:8)

The most recent report—Ladum Mittee Technical Committee Report on the Niger Delta of 2008, gave the following details about the region:

The Niger Delta consists of 25, 900 square kilometers of mangrove forest, fresh water swamp, coastal ridges, forest and fertile dry land. Seasonal flooding and sediments of thousands of years have made the land fertile….The abundance of rain and fertility of the land has set the conditions for the Niger Delta to have one of the highest rural population densities in the world (Ladum Mittee Technical Committee Report, 2008:14)

War Economy

Unlike most academic concepts, the twin concept called: war economy, is not a controversial one in the literature of the field (peace and conflict study). High priests of the field technically agreed on the definitions and the scope of the concept. The term war economy is used to describe the economic activities that occur in wartime (Nicola, 2005:4). Naidoo’s (2000:1) work, *The Role of War Economy in Understanding Contemporary Conflict*, define war economy as the term: *used to conceptualize the sustainability of an intractable conflict through the exploitation and exploitation of a country’s resources by warring parties*.

In his study of economic approach to conflict studies, war economies to Kirsti (2002:14) are conceptualized as alternative socio-administrative system of power, profit and protection. To Pugh et al (cited in Amelia and Hussein, 2007:3) war economy includes all economic activities carried out during war time. Fakete (still cited by Amelia and Hussein) defined war economy as: *a set of economic structures that arise from armed conflict and that may continue to exist even after the violence has ended*. He further added that:

- a war economy has to do with making money out of a war system rather than out of peaceful situation by elites, ordinary people caught up in war, and external actors that stand to gain from a conflict have vested interests in continuing a specific conflict. As time passes, such interests will crystallize into a distinctive war economy, usually forming part of a regional pattern of informal economic activity (Amelia and Hussein, 2007:3).

Peace economy is defined as the opposite of war economy, peace economy by and large operates in a completely different environment from war economy—peaceful one. Generally war economies are *parasitic, illicit, and predatory*, and they rarely contribute to the state’s overall development because they are created more often than none to only partly finance and lengthen the conflict for *war profiteers* to accumulate wealth that they could not amass in peace economies (Amelia and Hussein, 2007:3). Ballentine and Nitzschke (2000:2) claimed in their study of war economy that, the under-mentioned characteristics are always features of war economies. These characteristics are:

- They involve the destruction or circumvention of the formal economy and the growth of informal and black markets, effectively blurring the lines between the formal, informal, and criminal sectors and activities;
- Pillage, predation, extortion and deliberate violence against civilians are used by combatants to acquire control over lucrative assets, capture trade networks and Diaspora remittances, and to exploit labour;
- War economies are highly decentralised and privatised, both in the means of coercion and in the means of production and exchange;
- Combatants increasingly rely on the licit or illicit exploitation of/trade in lucrative natural resources where these assets are available; and
- Combatants, thus, thrive on cross-border trading networks, regional kin and ethnic groups, arms traffickers and mercenaries, as well as legally operating commercial entities, each of which may have a vested interest in the continuation of conflict and instability.

Wars generally are not only military episodes for killing; they are to Andreas (2004:1) also avenues for social transformation, citizens who could barely survive in peace time usually
become *nouveau riche* criminalized elite during conflict through the exploitation of the war economy.

It is the syndrome of “making good out of war” that normally help to extend the durations of wars that substantive war economies have been developed. Usually war economies as pointed out by Andreas (2004:6), Lock (2005:4) and Kirsti (2002:9) are built by state actors and organized crime syndicates with international connections and partners. The dynamic nature and the ever-importance of economics to war are summarized by Nicola (2005:4), according to him: economic activities are not halted by conflict; rather, they influence conflict dynamics, they adapt to the condition of armed violence and they diversify.

The above postulation is a truism in the Niger Delta region, the militants (both the previous and the present ones) exploited the *lootable* and *unlootable* resources of the region to finance their militancy, hence changing the usually legal dynamics of the economics of the region to their favour.

### Ways of Managing or Containing War Economies

To Pugh et al (2004, cited by Amelia and Hussein) the strategies below are appropriate in tackling war economies when peace processes are to be organized. These strategies are:

- Regional economic development must be promoted and implemented to effectively target conflict trade;
- Economic rehabilitation and national reconciliation should be one of the first issues to be addressed; and post conflict reconstructions must take into account the factors that created the war economy and it must address and overcome the root causes of the conflict.

While to Heiko (2003:11-28), war economies can be transformed to peace economies to sustain peace processes if:

- If the natural resource of the zone are properly, promptly and comprehensively secured by international or neutral forces;
- If regional governments and international agencies swiftly and broadly sanction natural resource mined from war zones;
- The establishment of sub-regional standard for corporate conduct in extractive industries and the outright sanctioning of conflict-promoting trades in a region by all parties and governments; and
- The mandates of the UN peace operations should be tailored to address the political economy of specific conflict settings.

According to Amelia and Hussein (2010:18); the NEPAD Secretariat advised that for post conflict (peace processes) reconstruction to be effective the war economy should be weaken through the:

- Provision of humanitarian assistances, which include food security, public health, shelter and the return of refugees and internally displaced persons. If these issues are not attended to during the post conflict era, the war economy will be resuscitated to provide these essentials as it was doing during the conflict period by most the local people;
- Ex-combatants should be incorporated into the licit economy through and after the disarmament, demobilization and reintegration (DDR) processes;
- Physical infrastructure such as roads, ports, airports, electricity and telecommunication must be built where they are destroyed during the conflict. All these enhance confidence and build trust; and
- Employment opportunities must be generated, international trade regulated and positive foreign development investment mechanisms sought to better the lot of the general people more than when they were in the conflict situations.

Naidoo (2003:13-14) recommendation as regard the crippling of the war economy in the DRC to push through peace processes that were organized are germane to this section also. To him war economy can be made to support post conflict settlements if:
An all-inclusive transitional government is put in place in order to terminate the illegal exploitation of the country’s resources for the enrichment of a few;

International protection of natural resource-rich regions are part of the peace processes to prevent conflict profiteers from exploiting the resource;

A trade embargo on sale and purchase of minerals originating from the country must be part of the process too.

To Stephen (2007:12-14) spoilers, that is, war economy actors can be managed with these strategies:

- Inducement or giving the spoilers what they want so that the peace processes can go on until when they can be tacked;
- Socialization or changing the behaviour of the spoilers to adhere to set established norms; and
- Coercion, or punishing spoilers’ behaviours or reducing the capacities of the spoilers to destroy the peace processes.

Lock (2005:4) exposed that the ideological construct called “Stude Null” was used to incorporate and accommodate the dominant players of the war economy of the World War II, when it was inevitable that the continuity in Germany of the war would be made possible by some very powerful war merchants. This practice of accommodating adequately the major actors of the war economy seems to run through most of the strategies recommended by others.

Paul Collier in his article in the American Foreign Policy Magazine of May 1st, 2003, entitled: *The Market for Civil War*, recommended the following ways to deal with war economies, one: *curb rebel financing by blocking the means*. Two: *jump-start economic growth in vulnerable regions* and three: *provide robust military presence in nations emerging from conflicts*.

The Elements of the Niger Delta War Economy and the Nigerian State

Conflict cannot strive for a long time without an economy behind it. And because international politics directly is not monetarily in favour of civil conflicts like the ones in the Niger Delta, the originators of these conflicts in the region have unknowingly and knowingly developed massive elements of war economy to prosecute these wars. For instance the London-based highly popular nonprofit organization, *Platform*, revealed that between 2007 and 2009, Shell Petroleum Development Company (SPDC) spent $383 million on security in Nigeria (Dogbevi, 2012). This simply means that, only SPDC is pumping about $170 million to the war economy of the region annually.

It is clear that the first and the second generations of the Niger Delta activists did not develop hugely money-making war economies directly to advance and finance their activism, they rather relay on the good will of the people to support in kind or in cash the struggle. Ken Saro-Wiwa’s campaign for N1 donation from the Ogoni people to support the struggle is a good example of this postulation (Hassan Kukah, 2011:114).

However, the present activists or militants of the region have inadvertently and methodically built a war economy that has become an albatross of the peace processes. Studies done by Ikelegbe (2005); Dimieari (2006) and Stephen (2007) identified the following as the main elements of the war economy of the region. These elements are:

- Kidnapping and hostage taking;
- Illegal bunkering;
- Illegal refining of crude oil and sales of petroleum products like petrol, and kerosene;
- Extortion;
- protection and security fees; and
- Sales of illicit drugs.

**Kidnapping and hostage taking**

There are different accounts on when actually kidnapping and hostage taking started as a commercial and war financing strategy in the region. To Azaiki (2009:394), it started in June 2005, at Ekeremor, Bayelsa State; according to Azaiki the first real commercial incident of
Kidnapping involved Bilfinger Berger (B+B) German nationals working for Shell Petroleum Development Company (SPDC). However, to Eugene (2010:220) kidnapping for ransoms to finance the war in the region became prevalent in 1998. One of the leaders of MEND, Cynthia Whyte described kidnapping and hostage taking as a strategic militancy, (Eugene, 2010:220). And as an element of the war economy, kidnapping and hostage taking have generated millions of Naira for the militants to prosecute their war and to perpetuate the crisis in the region. It is therefore very obvious that kidnapping and hostages taking have undermined so many peace processes in the region organized by local, national and international interlocutors, the governments and peace activists. The Punch Newspaper report of December 6th 2011 about the kidnapped local monarch vividly confirmed the current status and the actors still strongly involve in this element of the war economy of the region. The newspaper reported that:

The State Security Service on Monday paraded a 24-year-old ex-militant and other suspected kidnappers of a monarch in Bayelsa State, King Godwinigodo. The kidnapper, identified as Promise Adegbe, who allegedly pocketed a whooping N12.5m before the traditional ruler was released after spending close to a month in his custody, the security agency said, would be arraigned on Tuesday (today) in a state High Court in Yenagoa (The Punch Newspaper, 2011).

The United Nations Office of Drugs and Crime (UNODC, 2003:7-8, cited by Nseabasi, 2010) categorized kidnapping as follows:

- Kidnapping for extortion (for ransom, to influence business decision or to obtain commercial advantage);
- Kidnapping between or within criminal groups (for debt recovery or to secure advantage in a criminal market);
- Kidnapping for sexual exploitation;
- Kidnapping linked to domestic or family disputes;
- Revenge kidnapping; and
- Kidnapping for political or ideological purposes.

In the Niger Delta, kidnapping, a situation where persons are forcefully seized and transported to destination where they are held against their will, is done basically for two major reasons. The reasons are for ransoms payments and publicity, to draw local and international attentions to the plight of the crude oil producing communities. The proceeds of kidnapping and hostage taking, an ancient tactics of warfare, contributed and is still contributing in no small measure in fuelling the conflict, hence, it is regarded as one of the main elements of the war economy of the Niger Delta (Nseabasi, 2010:3-9). Available statistics show that between January and August 2006, more than 250 persons were kidnapped for mainly ransoms to buy weapons for the prosecution of the conflict in the Niger Delta in Port-Harcourt alone (Mike, 2007). Because the monies involved in kidnapping and hostage taking is shrouded in secrecy, it is actually difficult to know the exact amounts but according to Okiri (2009): Kidnappers and hostage takers pocketed ransoms of over $100 million (about N15 billion) between 2006 and 2008 alone.

Illegal bunkering of crude oil

The act of illegally siphoning and transporting stolen fuel is known in Nigeria as, illegal bunkering (International Crisis Group, 2006:1). However, bunkering in the Niger Delta is as old as the oil industry. In the early 70s and the 80s bunkering was a big business in Nigeria (Ikelegbe 2005:221). Like Ikelegbe also asserted, illegal bunkering in the 70s and the 80s was not conflict induced and it was purely some economic criminals’ means of illegally enriching themselves. Extremely large scale bunkering that has a tremendous effect on the national crude oil production output started when armed conflict was introduced to resolve the Niger Delta Question. In 2006, the International Crisis Group estimated that: One day’s worth of illegal oil bunkering in the Niger Delta (at 100,000 barrels and $15/bbl) will buy quality weapons for and sustain a group for two months. According to the 2008 Ladum Mittee Technical Report on the region, illegal oil bunkers pocketed 3 billion dollars in just seven months in 2008.
The Niger Delta Peace and Security Secretariat in 2005 according to Asuni (2009:4) outlined the following factors, as those that are responsible for enabling the oil bunkering business:

- The high number of unemployed youths in the Niger Delta;
- The presence of armed ethnic militias who are familiar with the dense network of rivers that connect the region and allow easy access to unprotected oil pipelines;
- The protection or patronage offered by senior government officials and politicians who often use oil theft as a funding source for political campaign;
- The ineffectve and corrupt law enforcement officials and low conviction rates for those suspected oil bunkers who are prosecuted;
- The relative ease of threatening or corrupting oil industry staff to assist in bunkering;
- The presence of an established international market for stolen Niger Delta oil, which is sold to Sao Tome, Liberia, Senegal, Cote d’voire, Gambia, Morocco, Venezuelian, Lebanese, French, and Dutch partners; and
- The overall context of endemic corruption – traffickers “settle” or bribe local communities where the oil is tapped, “passage” communities through which the bunkered oil travels on its way to off-shore tankers and Navy officials along the route.

Similar to kidnapping and hostage taking, illegal bunkering was and is a major element of the war economy of the region. Industry experts estimated that as at 2004, the country was losing 70,000 to 300,000 barrels of crude oil to illegal bunkering (ThisDay newspaper, Nov, 29, 2004)

In a December 2005 report (cited by the International Crisis Group, 2006:8) by the Washington based Council on Foreign Relations, it was calculated that: a loss of just 70,000 barrels a day at a price of $60 a barrel would generate over $1.5 billion per year—ample resources to fund arms trafficking, buy political influence or both. Asuni (2009) in her report entitled: Blood Oil in the Niger Delta put out that, between 2003 and 2008 Nigeria lost US$100 billion to illegal oil bunkering. This unfortunate colossal loss of revenue to the nation was what made former President Yar’Adua to seek for help when he attended the 2008 Group of Eight (G8) and the United Nations Summits. The term, blood Oil, like, blood diamond, campaign was used to also catapult the huge illegal bunkering business to the limelight in the summits (Asuni, 2009:1)

The illegal bunkering business in the region is multi-dimensional and it involves both international and local syndicates and invincible partners. Leadership Newspaper of 23rd July, 2012 news reported that the confession of president Jonathan of Nigeria in a Maritime and Security Retreat in Abuja confirmed the multi-dimensional and the seriousness of the illegal crude oil bunkering in the region. According to the president:

It is extremely embarrassing that it’s only in Nigeria that crude oil is stolen. It’s a very bad news and I believe that Nigerians and foreigners, who are indulged in that act, need to put their heads under the pillow; because all over the world it’s only in Nigeria that crude oil is stolen. We are not the only oil producing country. Why is it that it’s only in Nigeria that people steal crude oil? (Leadership Newspaper 2012)

There are basically three types of illegal bunkering going on in the region that are having serious impact on the peace processes and these are according to Asuni, (2009:4); Stephen (2007:12-15) and Dimieari (2006:25) are the following:

- Small scale pilfering of condensate and petroleum products destined for the local market. The illegal improvised local refineries that are now producing for local consumption also fall into this group. This kind of bunkering is minor in terms of the cash involve but it is providing survival for majority of the local people and it is done by mostly the local communities leaders. It form a major part of the, coping war economy, that is also affecting peace processes because it is semi-lucrative and it is better done when there is crisis going on in the region;
- A second type of illegal bunkering comprises outright stealing of crude oil either by hacking into the pipelines directly or by tapping the wellheads. The process involves some technicalities, and therefore, this type of bunkering is semi-elitism or it is a middle class venture. The destinations of crude oil from this type of bunkering are
refineries outside the shores of Nigeria. In monetary term, this kind of bunkering generates substantial amounts for the perpetrators and their partners. Most of the militant groups are involve in this type of bunkering and it is this category of bunkering that fragmented and proliferated armed groups in the region;

- The third type of illegal bunkering involves the excess lifting of crude oil beyond the licensed amount. This type of illegal bunkering is purely elitist in conception, arrangement and delivery. Some major crude oil industry players, well known business men, top politicians, government functionaries and top brass of the security services are the drivers of this type of illegal bunkering. The fact however is that, this type of bunkering also strives in a crisis period very well and therefore, the longer the crises in the region continues the better it is for this crop of criminal bunkers.  

Nigeria lost trillion of United State dollars to illegal bunkering and disrupted oil production resulting from bunkering from 2000 to 2008 according to a study done by the Potential for Peace and Reconciliation in the Niger Delta (Asuni, 2009:10). However, to most of the local actors who are deeply involved in the illegal bunkering business including the former and the new militants, what is officially called illegal bunkering of crude oil and its products is a legitimate business. Because they believe that the State has not kept its part of the social contact and therefore, they have no obligation to keep theirs (Ikelegbe, (2005:226). The sad point is that in the Niger Delta, what is generally referred to as illegal bunkering by the federal government of Nigeria has another meaning, Saro-Wiwa’s assertion that: the American government is buying a stolen oil from the Niger Delta, gives credence to fact that the illegal bunkering of crude oil in the region as a strong root backed by intellectual and sentimental arguments formulated by the heroes of the struggle (Hassan-Kukah, 2011:112).  

Protection and security fees
The violent in the Niger Delta has degenerated to a level that, former war lords and militants are now discreetly and officially given crude oil facilities and sometimes personnel to protect. The federal government of Nigeria, the major multinational oil firms and even the local industry players like the servicing companies are neck-deep in the business of ensuring that they are protected by warlords and former combatants. The $383 million security fund and the $200 million community development expenditure that SPDC is spending per annum are actually protection and security fees.

The Nation Newspaper of 25th August, 2012, revealed that:

The American Wall Street Journal reported on Wednesday that Dokubo-Asari, leader of the Niger Delta People’s Volunteer Force earns $9 million (N1.420billion) annually, guarding pipelines of the Nigerian National Petroleum Corporation (NNPC), while Tompolo is paid $22.9million (N3.614billion) for a similar contract. The NNPC, according to the report, gives $3.8million each annually to Boyloaf and Ateke (The Nation Newspaper, 2012).

This confirmed the massiveness of this element of the war economy; it is a fact that, protection and security fees are paid to so many other leaders and semi-leaders and groups in the region besides the ones mentioned above. Some of the protection and security fees are paid as surveillance services, supply contracts and community development and relation consultancy fees.

Besides the major crude oil industry players, politicians and big business men and women also employ the services of ex-militants and other gang leaders to provide security services. And therefore, like kidnapping and illegal bunkering, this element of the war economy is also a money spinner for the war contractors. Actually, the employment of ex-combatants and others to protect crude oil facilities and personnel is not a very new phenomenon. This element of the war economy is as old as the conflict in the region. It was not known because it was a secret business during the peak of the crises.
Illegal refining and sales of petroleum products, extortions and sales of illicit drugs

Like in Afghanistan where the Talibans run a sophisticated financial network to pay for their war operations through the illicit drug trade, kidnapping, and extortions of various kinds; the Niger Delta militants have also developed their own networks that are helping them like their Afghan counterparts. War economies are divided into three major categories with their different characteristics as indicated earlier. These categories are the combat war economy, the shadow war economy and the coping war economy. The sales of locally refined petroleum products, the extortion and protection fees that are being collected by the militants groups and other leaders in the region and the sales of illicit drugs all fall under the shadow and the coping war economies.

It is extremely difficult to put a price tag on these elements of the war economy of the conflict. However, the sheer numbers of the illegal refineries the JTF claimed it has closed down in the region for the past five years confirmed this element –illegal refining and sales of petroleum products—of the war economy is a big business and it is substantial enough to motivate major players to circumvent any peace process. This perhaps explains why Eguzozie (2011) succinctly described the business as, multi-dollars business involving big-wigs in Nigeria and beyond.

Secondly, in the region the disorganized security situation is a cover for all sorts of illicit drugs business. According to Asuni (2009:9) illicit drugs like cocaine, heroin and marijuana mostly from Lagos is openly sold on the streets of the cities and local communities of the region during the peak of the crisis. Most of the consumers of these illicit drugs are also, government big boys, and therefore the proceeds of these drugs are quite enormous to motivate the players to go against any peace arrangement.

Like most conflict zones, the Niger Delta region is also infested with different kinds of economic extortion levies, sometimes called security or protection fees. The crude oil firms are mostly the clients of the warlords that offered protections for their facilities and personnel. In most cases these protection fees are paid as legal surveillance contacts sums. Senior government officials, politicians and businessmen also make use of the security services of the ex-militants and the new militants in the region. The militants provide security services like body guards, spies and foot soldiers for interested clients in the region and these services attract handsome payments that are reasonable enough to motivate players to scuttle any mechanisms that will stop them from rendering their services.

The fact is that like Bashiru (2012); Elias (2009:6-7) and Cynthia (2010) pointed out in their studies: the militants, the crude oil firms, senior government officials, the military (particularly most of the personnel serving in the region); the ordinary people in the crude oil producing communities and the international community are all benefitting tremendously from the war economy that has developed in the region. The sheer number of war entrepreneurs that are benefitting from the war economy of the conflict is a pointer to the fact that the elongation of the conflict in the Niger Delta is a huge advantage to these actors economic wellbeing. It was this kind of situation that unnecessarily prolong the wars in Sierra Léon, Liberia, Angola, DRC, and the Balkan region; it is this reason also that is prolonging the wars in Afghanistan, and Iraq ( Heiko, 2003:2-5and Naidoo, 2003:3).

Conclusion

It is now an open secret that the Nigerian state is a weak one. Some even have classified it a failed state. The Nigerian state like most sister African nations is also a rent collector. The fact that the Nigerian opaque state is a rentier (or a tax farmer) one that is practicing the crudest form of prebendal democracy (Amoda, 2012) is also fuelling the crisis in the region, because it has reduced the rather blessed nation to an oil based mono-economy for the ultimate satisfaction of the elites and their co-conspirators only. Exploitation of economic advantages of state offices while pretending to uphold stipulated public duties according to Richard (2012:2) in his lecture: Beyond Prebendalist Systems: State, Democracy and Development in Africa, is the hallmark of prebendal-oriented states like Nigeria. And this of course, reduces the
government’s capacity to provide the much needed infrastructure to diminish the conflict in the Niger Delta.

And therefore, the State (Nigeria) cannot do otherwise than to incorporate the former war lords with the security contracts to the regular economy. The fact is that, in post-conflict reconstruction, what the federal government has done is a standard practice. Immediately after the 2nd World War, the victorious allied forces incorporated the Germany war entrepreneurs who were capable of rocking the boat—the peace process. The same thing was done in Ireland, the Balkan, Angola, Liberia, Sierra Leon, etc. The western over lords of the Afghanistan and the Iraq crises are recommending and even doing same thing in these two war-torn countries.

Beside the above, the other option left for the Nigerian state is to adequately protect the resource-base of the country, which is the Niger Delta so that the creators and the numerous profiteers of the war economy so developed will not have access to the crude oil and other resources to fuel the crisis. This actually is not possible, because the state is a weak one, and the security forces are also guilty of Sobel. Sobel phenomenon of the regular military men drafted to protect the oil facilities and personnel are also clog in the wheel of the peace processes. The Sobel phenomenon (where regular soldiers join rebels in the night to engage in illegal economic activities) was a factor that also helped to prolong the conflicts in Angola, Sierra Leone, Burma, Liberia, and the Balkans (Keren and Heiko, 2005:25)

The peace spoiler attitude where national soldiers frequently collude and conspire with rebels/militants or ex-militants for personal gains through and within the shadow economy of a conflict is a truism in the Niger Delta also (Femi, 2012); for instance some Nigerian military officers were find guilty of selling weapons and ammunitions to the militants (Damola, Tobs and Anza, 2008). Most of them also were and are still involved in the illegal oil bunkering business in the area (Cynthia, 2012)

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EMPIRICAL STUDY OF THE IMPACT OF CORPORATE GOVERNANCE ON THE PERFORMANCE OF FINANCIAL INSTITUTIONS IN NIGERIA

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Abstract
This study investigates the effect of corporate governance on the performance of commercial banks in Nigeria, and the determination of governance effect on profitability of banks. This came as a result of the fact that corporate governance has been relied on statements which do not represent a true situation of the strength of banks. Four research hypotheses were formulated based on these variables - capital adequacy, asset base, policy shift, investment, liquidity ratio, inflation and their relationship with profitability. Descriptive research design was used for this study. Data were obtained from published annual reports and account of the selected commercial banks and the publication of Central Bank of Nigeria. Ordinary Least Square (OLS) technique was used to estimate the variables using multiple linear regression models. The result of the analysis revealed that the estimation of capital adequacy, asset base, policy shift, investment, liquidity ratio and inflation are prime determinants of corporate governance. The findings revealed that the profitability of banks increased within the years under review as assets base of the banks increased. It further shows that as policy shift and investment increases profitability of banks also increases. Consequently, it was recommended that the regulatory authority should restructure their regulatory framework and strengthen their supervisory capacity to ensure a smooth working relationship with banks, prevent distress and failure in the post-consolidation era. Finally, there should be a provision of heavy sanctions for those that violate banking regulation and other laws that guide bank business.

Key Words: Corporate Governance, Performance, Commercial Banks, Capital, and Profit

Understanding the problem
Banks are ordinarily catalytic and developmental institutions, for a developing economy like ours. The issue in Nigeria however, is that they are not too effective and efficient in their functions. In fact, large non-performing insider related loans and advances have been identified as one of the major problems, in virtually all known instances militating against the performance of commercial banking activities in Nigeria.

Agene (1999: 64) posits that poor credit administration, lack of transparency and accountability as well as the tendency for banks to engage in ‘window-dressing’ financial statements, led to a large overhang of non-performing loans in many banks. In the same vein, bad corporate governance has hindered the attainment of corporate objectives and economic growth in the banking sector and the economy in general. This has also led to the loss of public confidence and loss of customers’ funds in the banking industry; it is generally believed that bad corporate governance is the “Achilles heels” of many corporations in both rich and poor nations. This is particularly true of Nigeria where corruption is endemic (Financial Standard, Sept 3, 2007: 56).

Furthermore, Oluyemi (2007:26) noted that bad corporate governance such as fraud and forgeries, unprofessional conduct and customer’s disloyalty tends to reduce shareholders wealth, leading to a weak and unreliable banking sector. Many owners and directors abuse or misuse their privileged position by engaging in self-serving activities.

Corporate governance in the banking industry has been complex, when new generation banks streamline corporate governance issues as their main policy thrust, other banks have generally ignored the issue of bringing to the fore strategic corporate governance philosophies, making clear understanding of the issues at stake to be vague. Moreover, several banks in Nigeria have relied on profitability, liquidity, asset quality and capital adequacy as criteria for measuring performance, yet there exist other crucial performance variables like
investment, policy shift and inflation. Furthermore, the relationship between corporate governance and performance of banks has not been adequately considered even within the banking industry. In fact, the effects of corporate governance on bank performance have not been subjected to vigorous empirical analysis. Corporate governance and performance issues have relied on statements which do not represent a true situation of the strength of the banks. It is in this vein that this study intends to identify what actually is the effect of corporate governance on bank performance in Nigeria. What actually is the code of corporate governance and how it works will be made clearer in this study.

Objectives of the study
The general objective of this study is to determine the effect of corporate governance on the performance of commercial banks in Nigeria while specifically pursuing the following objectives, to:

identify the existing corporate governance structures in the banking system; determine the relationship between corporate governance and bank performance overtime; analyze the effects of corporate governance on capital adequacy of banks overtime; determine the relationship between corporate governance and investment overtime and make recommendations.

Research questions
The following research questions are pertinent for this study:

a. What constitute corporate governance structures in Nigerian banks?
b. What is the relationship between corporate governance and bank performance?
c. What is the relationship between corporate governance and profitability, assets, investment and capital adequacy?

Research hypotheses

Ho₁: Corporate governance has not greatly influenced bank performance measure (profitability) within the period under review

Hi₁: Corporate governance has greatly influenced bank performance measure (profitability) within the period under review.

Ho₂: There is no significant relationship between corporate governance, assets, investment and capital adequacy within the period under review.

Hi₂: There is significant relationship between corporate governance, assets, investment and capital adequacy within the period under review.

Significance of the study
Financial scandals have shaken investors’ faith in banks as well as capital markets and the efficacy of existing corporate governance practices in promoting transparency and accountability. Corporate governance faces the challenges of unprofessional conduct, fraud and forgeries, weak internal control measures, non implementation of penalty measures by regulatory and legal framework among others. These afore-mentioned problems have affected the relative performance of the banking sector; leading to inefficiency and reduced profit margin. This has also reduced the inflow of foreign direct investment in the banking sector.

Secondly, the ‘supposed’ findings of the study should be seen to benefit the industry through improvement on corporate governance vis-a-vis capital adequacy, investment, assets base and profitability. The study shall also promote and improve good corporate governance practice in governmental outfits. The organizations that will benefit from the study are the Securities and Exchange Commission (SEC), the Nigerian stock exchange (NSE), Corporate Affairs Commission (CAC), Chartered Institute of Bankers of Nigeria (CIBN), Institute of Chartered Accountants of Nigeria (ICAN), Institute of Directors (IOD), financial institutions Training centre etc. Other stake holders that shall benefit from this study are the policy makers in government and those in the banking sector as well as the shareholders, employees and the general public; especially at
this period that the banking industry is undergoing unprecedented turn around in banking reforms and restructuring. Finally, it is intended to contribute to knowledge and further the frontiers of knowledge in the area of corporate governance performance; concepts, principles and processes to make informed decisions in the academic and business world. Students will also find this work relevant and will ginger them for further studies.

Scope of the study
This study is meant to cover all commercial banks operating in Nigeria, with the study span being 1980 - 2007 (28 years). The most important events which the period covers are mentioned below. Increase in minimum paid up capital for commercial banks

<table>
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<th>Year</th>
<th>Capital Amount</th>
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<tr>
<td>1985</td>
<td>₦2 million</td>
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<td>1992</td>
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<td>2006</td>
<td>₦25 billion</td>
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In studying the effect of corporate governance on commercial banks, the researcher uses time series data that required information from several years to establish a defined trend. So in choosing from the twenty five existing banks, fifteen commercial banks have been randomly selected and used for the study.

Theoretical framework
The theoretical framework upon which this study is based is agency theory, which posits that in the presence of information asymmetry the agent (in this case, the director and manager) is likely to pursue interests that may hurt the principal, or shareholders (Rose, 1999:7; Fame, 1983:21). Agency theory suggests that the firm can be viewed as a nexus of contracts (loosely defined) between resource holders. An agency relationship arises whenever one or more individuals, called the principals, hire one or more other individuals, called agents, to perform some services and then delegate decision-making authority to the agents. However, this has implications for, corporate governance, business ethics, among other things. Agency theory suggests that, in imperfect labour and capital markets, managers will seek to maximize their own utility at the expense of corporate shareholders.

At first the theory was applied to the relationship between managers and equity holders with no explicit recognition of other parties interested in the well-being of the firm. Subsequent research efforts widened the scope to include not just the equity holders but all other stakeholders, including employees, creditors, government, debtors etc. This approach, which attempts to align the interests of managers and all stakeholders come to be regarded as the stakeholders’ theory.

The stakeholders’ theory has been a subject of some investigation; John and Senbet (1998:371) provide a comprehensive review of corporate governance, with a particular focus on stakeholders’ theory. The authors noted the presence of many parties interested in the well-being of the firm and that these parties often have competing interests. While equity holders might welcome investments in high yielding but risky projects, for example, such investment might jeopardize the interests of debt holders especially when the firm is teetering on the edge of bankruptcy.

In an article extending the stakeholder theory, Jenson (1976:325) also recognizes the multiplicity of stakeholders. He concurs with John and Senbet (1998:386) that certain actions of management might have conflicting effects on various classes of stakeholders. This implies that the managers have a multiplicity of objectives functions to optimize, something that Jenson sees as an important weakness of the stakeholders theory “because it violates the proposition that single-valued objective is a prerequisite for purposeful or rational behaviour by any organization” (Jenson,1993:10). In search of a single valued objective function that conforms to rationality,
Jenson suggest a refinement of the stakeholder theory- the enlightened stakeholders’ theory. This Theory offers at least two advantages. First, unlike the earlier version with multiple objectives, the modified form of the theory proposes only one objective that managers should pursue: the maximization of the long-run value of the firm. If the interest of any major stakeholder was not protected, the objective of long-run value maximization would not be achieved. A second, related appeal of the enlightened stakeholder theory is that it offers a simple criterion to enable managers to decide whether they are protecting the interests of all stakeholders: invest a dollar of the firm’s as long as that will increase by at least one dollar the long-term value of the firm. There is an important caveat; however, Jenson cautions that the criterion may be weakened by the presence of a monopoly situation or externalities.

The simplest albeit highly impractical way to solve the agency problems is to eliminate the separation between ownership and control in a company. However, the separation of ownership and control is to benefit of the company as its represents the optimal competitive response to the formation of the company’s ownership structure.

Regulatory model to capital adequacy of commercial banks in Nigeria

Another theory on which this work is based on is the regulatory model. This is known as capital cushion theory. The idea of capital cushion as a contingency was mentioned by Barnes and Blanco (2000) in Offiong (2006:52). In this case, banks would maintain this cushion to prevent the stochastic capital ratio from reaching values below the permitted minimum in order to avoid sanctions. When regulatory guidelines exceed market requirement, the regulation is binding and the bank is operating in the regulatory model. Otherwise the bank is operating in the market model. Regulation of capital base provides a close control of all banks by the government or its authorized agencies. Banks must meet minimum capital requirements before they can be chartered and they must uphold the minimum required capital throughout their whole corporate life. As a need for the regulatory authorities to uphold the minimum capital requirements, ten industrial nations came together and adopted a regulatory framework called the Basle Accord.

The Basle Accord I framework, presumes that a bank’s minimum capital requirement is linked by a formula to its credit risk as determined by the composition of assets. The greater the credit risk the greater the required capital (Kock and Macdonald, 2000: 128). This framework is based on the credit mode. It was discovered that the Basle Accord I presumes a linear relationship between a bank's assets and its capital and this can be linked to the portfolio diversification and Slusky's theory (Osota, 1994:49). The portfolio diversification theory upholds that a firm should invest in both low and high risk assets; and this means that financial assets acquired by banks should have a combination that yields maximum return but not at the detriment of a bank's capital base. The Basle Accord I according to Onoh (2006: 258) makes it clear that carrying the most risky assets implies the provision of huge capital cover at the expense of profitable investment opportunities.

In Nigeria as in other countries, the monetary authorities specify from time to time subject to economic dictates; the minimum capital requirement for licensed banks in the system. Banks failure has convinced government of the necessity of establishing minimum capital requirements for insured banks. The binding rules on minimum capital for banks generally, is that banks should have a sound capital to give reasonable assurance of the maintenance of a protection to depositors as well as other creditors (Oluymeni, 2007:53-59). However, banks supervisors’, as agents of the public, try to maximize society's welfare by choosing capital ratios representing the optimal trade off among the three objectives of bank regulation. These are to protect depositors, to promote a stable money supply by preventing financial panic; and to foster an efficient and competitive banking system that facilitates financial intermediation (Mitchell, 1984:26).

Generally, the regulation of bank capital in Nigeria started when the first banking ordinance was enacted in 1952. This became necessary because of rampant bank failures, which characterized
the 1892-1952 free for all banking era in Nigeria. The main causes of the failure during this period were attributed to under capitalization and inefficient management of financial resources (Mbat, 2000: 49). This ordinance provided that banks have a minimum of #50,000 as authorized capital and at least #25,000 as paid up capital. Expatriate banks were however supposed to show evidence that they had #200,000 paid up capital. Banks were also mandated to put aside 20% of their profits as reserves as well as make provision for bad and doubtful debts. These requirements were meant to help strengthen banks (Mbat, 2001: 42 - 43).

In 1958, another ordinance that increased the paid up capital for indigenous banks to #50,000 and raised that of expatriate banks from #200,000 to #400,000 came into existence. It also increased the level of profit to be transferred to reserve fund from 20% to 25% (Osobor, 1984: 302). In 1969, the banking Act raised minimum paid up capital for indigenous banks to #600,000 and for expatriate ones to #1.5 million (Ekezie, 2002: 98). A good innovation of the Act was that commercial banks should maintain a ratio of 1:10 between paid up capital plus reserves and total deposit liabilities (Mbat, 2001:46).

However, between 1988 and 1991 three increases in bank capitals were recorded (Onoh, 2006: 109). In February 1988, paid up capital was increased to #5 million for commercial banks. This went up eight months later in October 1989 to #10 million. In October 1989 and February 1991 the capital base was increased to #20 million and N50 million respectively (Adimorah, 1988: 105). Anaroke (2004: 80) posits that these increases set the stage for introduction of a uniform capital base requirement of #500 million for both types of banks until 2001 when it was reviewed to #1 billion and #2 billion. However, in what have become the twelve times in the history of the banking industry in Nigeria the Central Bank of Nigeria has announced #25 billion capitalization for banks and December 31st 2005 as deadline. However, it is imperative to note that at the end of the consolidation exercise in 2005, a total of 25 banks emerged as at the beginning of 2006.

In another development, the regulatory model or theory is supported by the issuance of Central Bank of Nigeria code (post consolidation corporate governance guidelines). At the conclusion of the banking consolidation in 2005, the CBN felt the need to put in place specifically for the financial sector a framework for ensuring that banks and other operators in the sector are properly managed. The code covers new provision governing equity ownership (capital adequacy), organizational structure, industry transparency and disclosure of requirements, as well as roles of the auditors.

Research methodology

Once a problem is identified in any research effort, the researcher's next task is to determine the type of research design he would use to enable him analyze and interpret his data to solve the problem at hand. As a result, decision has to be made as to the procedures to be adopted to collect, analyze and interpret the data. These could be referred to as design decision or commonly called research methodology.

Balsley and Clover (1988: 38) defined research design as the plan, structure and strategy of investigation conceived by a researcher, so as to obtain answers to research questions and control variances. The plan is the overall scheme or programme of research. Consequently, the study on the effect of corporate governance on the performance of commercial banks in Nigeria is aimed at doing a thorough investigation on ways of improving the performance of banks through various structures and mechanisms. Nevertheless, the research design adopted in this study is empirical and exploratory in nature. Materials explored were from published and unpublished works, reports, journals, reviews and magazine; as well as financial statements of the selected banks.

Sources of data

The data for this research were collected from secondary sources. They include financial statements and of the selected banks for a good number of years. Also extensive and intensive library research
was carried out in order to obtain data for this study. This provided an avenue for establishing a sound critical and analytical framework for the study. The secondary data of the selected banks had been extracted from their annual reports and statements of accounts, although other sources include:

a. Publication of the central bank of Nigeria (Bullion) for various years.
b. Annual reports and statement of accounts of Nigeria deposit insurance cooperation (NDIC).
c. Publication of federal office of statistics, namely annual abstract of statistics (various issues)

**Techniques of data analysis**

The analytical tool used in this study is the ordinary least squares (OLS) regression analysis. This was used to estimate the relationship between profitability and Assets, as well as the relationship between dividends per share and profitability, earnings per share and investments. Four hypotheses were estimated using the OLS model.

**Model Specification:** The implicit form of the equation or model is given as:

\[ Y_i = f(x_1, x_2, x_3, x_4, x_5, x_6) \]

Where:  
- \( Y_i \) = Profitability of banks at a time \( t \)
- \( x_1 \) = Capital adequacy at a time \( t \)
- \( x_2 \) = Asset base at a time \( t \)
- \( x_3 \) = Policy shift at a time \( t \)
- \( x_4 \) = Investment at a time \( t \)
- \( x_5 \) = Liquidity ratio at a time \( t \)
- \( x_6 \) = Inflation at a time \( t \)

It is expected that \( dy/dx_1, dy/dx_2, dy/dx_3, dy/dx_4, dy/dx_5, dy/dx_6 < 0 \).

The criteria used in selecting the lead equation include the conformity of the signs of the regression coefficient with economic theories, the coefficient of multiple determinations \((R^2)\), and the significance for the model, \( F \) – test and that of the coefficient of the independent variables through the \( t \) – test. The statistical significance of the coefficients and \( F \) – test were tested at 1%, 5% and 10% respectively.

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

This section of the study through data analysis discusses the performance indicators of banks; the relationship between profitability of banks and capital adequacy, asset base, policy shift, investment, liquidity as well as inflation of banks. To test the time series properties of the variables employed for the estimation of our models, the stationarity test was conducted. Augmented Dickey Fuller (ADF) test was employed to determine the order of integration of the variables in the model and this is done to determine whether the series follow a non-stationary pattern.

According to Nyong (2005:145), when the series are non-stationary, the use of orthodox method of estimation such as ordinary least square will lead to the acceptance of meaningless result. As such, when the series are non-stationary around the mean, we adopt the traditional practice of differencing the series which leads to stationarity which allows the researcher to adopt the conventional econometric methods which explains the long-run relationships. The unit root results which indicate the order of integration of each of the variables is presented in Table 4.1. The test revealed that the variables: LPROF, LCAD, LAB, 1INV.LIQR, and INFL all stationary at first difference, the variables are.
TABLE 4.1: Test for stationarity and order of integration of the series

<table>
<thead>
<tr>
<th>Variables</th>
<th>ADF</th>
<th>Order of Integration</th>
<th>Lag</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Levels</td>
<td>1st difference</td>
<td></td>
</tr>
<tr>
<td>LPROF</td>
<td>-3.07</td>
<td>-5.89</td>
<td>1(1)</td>
</tr>
<tr>
<td>LCAD</td>
<td>1.66</td>
<td>-6.81</td>
<td>1(1)</td>
</tr>
<tr>
<td>LAB</td>
<td>0.64</td>
<td>-8.36</td>
<td>1(1)</td>
</tr>
<tr>
<td>LINV</td>
<td>-1.74</td>
<td>-5.40</td>
<td>1(1)</td>
</tr>
<tr>
<td>UQK</td>
<td>3.02</td>
<td>-5.74</td>
<td>1(1)</td>
</tr>
<tr>
<td>INFL</td>
<td>-2.81</td>
<td>-5.27</td>
<td>1(1)</td>
</tr>
</tbody>
</table>

Source: fieldwork, 2011

Integrated of order 1 (1). This implies that the null hypothesis of non stationarity for all the variables is rejected. Given the unit root properties of the variables, we proceed to establish whether or not there is a long run relationship among the variables in the equation using ordinary least square method.

Data presentation

TABLE 4.2: Relationship between profitability and capital adequacy, asset base, policy shift, investment, liquidity and inflation in Nigeria between 1980-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Profitability</th>
<th>Capital adequacy</th>
<th>Asset Base</th>
<th>Policy shift</th>
<th>Investment</th>
<th>Liquidity</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>12.3</td>
<td>389.1</td>
<td>16340.4</td>
<td>0</td>
<td>344.8</td>
<td>47.6</td>
<td>9.9</td>
</tr>
<tr>
<td>1981</td>
<td>13.654</td>
<td>497.4</td>
<td>19477.5</td>
<td>0</td>
<td>2350.2</td>
<td>38.5</td>
<td>20.9</td>
</tr>
<tr>
<td>1982</td>
<td>15.654</td>
<td>667.7</td>
<td>2261.8</td>
<td>0</td>
<td>3406.9</td>
<td>40.5</td>
<td>7.7</td>
</tr>
<tr>
<td>1983</td>
<td>18.324</td>
<td>845.1</td>
<td>26701.5</td>
<td>0</td>
<td>5730.4</td>
<td>54.7</td>
<td>23.2</td>
</tr>
<tr>
<td>1984</td>
<td>19.684</td>
<td>966.7</td>
<td>30066.7</td>
<td>0</td>
<td>9237.9</td>
<td>65.1</td>
<td>39.6</td>
</tr>
<tr>
<td>1985</td>
<td>20.8</td>
<td>1128.7</td>
<td>31997.9</td>
<td>0</td>
<td>10875</td>
<td>65</td>
<td>5.5</td>
</tr>
<tr>
<td>1986</td>
<td>27.2</td>
<td>1298.7</td>
<td>39678.8</td>
<td>0</td>
<td>5223</td>
<td>36.4</td>
<td>5.4</td>
</tr>
<tr>
<td>1987</td>
<td>46.1</td>
<td>1545.1</td>
<td>49828.4</td>
<td>0</td>
<td>8712</td>
<td>46.5</td>
<td>10.2</td>
</tr>
<tr>
<td>1988</td>
<td>34.7</td>
<td>1932.4</td>
<td>58020.2</td>
<td>0</td>
<td>7565</td>
<td>45</td>
<td>38.3</td>
</tr>
<tr>
<td>1989</td>
<td>27</td>
<td>2692.3</td>
<td>64874</td>
<td>0</td>
<td>4606</td>
<td>40.3</td>
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<tr>
<td>1990</td>
<td>15.4</td>
<td>3712.7</td>
<td>82957.8</td>
<td>0</td>
<td>10067</td>
<td>44.3</td>
<td>7.5</td>
</tr>
<tr>
<td>1991</td>
<td>14.6</td>
<td>4300.8</td>
<td>117511.9</td>
<td>0</td>
<td>7454</td>
<td>38.6</td>
<td>13</td>
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<tr>
<td>1992</td>
<td>31.3</td>
<td>8157.3</td>
<td>15190.8</td>
<td>0</td>
<td>6767</td>
<td>29.1</td>
<td>44.5</td>
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<tr>
<td>1993</td>
<td>12.59</td>
<td>5637</td>
<td>226262.8</td>
<td>0</td>
<td>31192</td>
<td>42.2</td>
<td>57.2</td>
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<td>1994</td>
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<td>6669.5</td>
<td>295033.2</td>
<td>0</td>
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<td>54</td>
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<td>1995</td>
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<td>11777.1</td>
<td>385141.8</td>
<td>0</td>
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<td>33.1</td>
<td>72.8</td>
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<td>1996</td>
<td>77.15</td>
<td>13824.6</td>
<td>458777.5</td>
<td>0</td>
<td>49751</td>
<td>43.1</td>
<td>29.3</td>
</tr>
<tr>
<td>1997</td>
<td>103.3</td>
<td>24200.2</td>
<td>584375</td>
<td>0</td>
<td>42861</td>
<td>40.2</td>
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<tr>
<td>1998</td>
<td>1290</td>
<td>21734.4</td>
<td>694618</td>
<td>0</td>
<td>52994</td>
<td>46.8</td>
<td>10</td>
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<tr>
<td>1999</td>
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<td>71211.8</td>
<td>1070080</td>
<td>1</td>
<td>193413</td>
<td>61</td>
<td>6.6</td>
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<td>2000</td>
<td>120.1</td>
<td>103202.5</td>
<td>1589269</td>
<td>1</td>
<td>285294</td>
<td>64.1</td>
<td>6.9</td>
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<td>2001</td>
<td>150</td>
<td>198025.2</td>
<td>2247040</td>
<td>1</td>
<td>192732</td>
<td>52.9</td>
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<td>2002</td>
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<td>248140.2</td>
<td>2766880</td>
<td>1</td>
<td>435601</td>
<td>52.5</td>
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<td>2003</td>
<td>180</td>
<td>223082.7</td>
<td>537207.8</td>
<td>1</td>
<td>434299</td>
<td>50.9</td>
<td>24.9</td>
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<tr>
<td>2004</td>
<td>164.4</td>
<td>2235611</td>
<td>553426</td>
<td>1</td>
<td>277957</td>
<td>50.5</td>
<td>15</td>
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<tr>
<td>2005</td>
<td>190.2</td>
<td>229347.1</td>
<td>545636.9</td>
<td>1</td>
<td>799389</td>
<td>49.2</td>
<td>17.9</td>
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<tr>
<td>2006</td>
<td>198.5</td>
<td>1232479</td>
<td>549371.5</td>
<td>1</td>
<td>895489</td>
<td>45.6</td>
<td>8.2</td>
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<tr>
<td>2007</td>
<td>204.8</td>
<td>1730913</td>
<td>547344.5</td>
<td>1</td>
<td>847444</td>
<td>43.8</td>
<td>13.05</td>
</tr>
</tbody>
</table>

Source: CBN annual report and statement of account 2008

PROF= Profitability ratio, CAD = Capital adequacy, AB= Asset base, PS = Policy Shift, INV= Investment, LIQR = Liquidity ratio, INFL= Inflation
From Table 4.2 and Figure 4.1 show the profitability ratio of the banks used for the study. The figure and table show that from 1987 to 1993, profitability index of these banks declined steadily. This may be due to the financial crisis that got so many banks distressed during this period. From 1994 the profitability index of the banks rose steadily with slight decrease in 1997 and another steady increase from 1997 to 2002. This increase could however be attributed to several monetary and financial policies put in place to stabilize the banks. The figure shows that there was a sharp decrease in 2004 with an upshot from 2005 to 2007. This upshot may have been due to the recapitalization policy of the central bank of Nigeria introduced by Professor Chukwuma Soludo in 2005. On the whole, the results indicate that the profitability index of banks in Nigeria has not been stable for the past decades.

From Table 4.2 capital adequacy of the banks under consideration shows that there has been a progressive increase from 1980 - 1992. It decreases in 1993 and pickup again in 1994. In 2000, it shows a sharp increase of 44.92 percent. In 2005, it decreases by 1.47 per cent. In 2006 and 2007 it pick up again by 0.74% and 0.37% respectively.

In Table 4.2 from 1980-1998 it could be noted that political instability and government policies represented by dummy variables for policy shift.

The trend of asset base in Table 4.2 shows that 1980-1999 there has been a remarkable increase of asset quality of banks under review. In 1990 and 1991 the percentage increase was 28 percent and 41 percent respectively. In 2000 and 2001, the percent increase change to 49 percent and 41 percent respectively while in 2005 and 2006 it was 20 per cent and 42 percent respectively.

The investment trend of the banks under consideration is given in Table 4.2 and Figure 4.2. The trend shows that from 1990, the banks may not have experienced a significant increase in investment as the banks may have paid dividends to share-holders leaving with little to invest (Akpan, 2006:35). However from 1998 to 2006, there was a sharp increase in banks investments implying that the retain earnings and external financing profiles of the banks have increased therefore enhancing the banks investment decision as also noted by Akpan (2006:37).

Liquidity ratio as indicated in Table 4.2 and Figure 4.3 shows the stability and solvency of the bank overtime. This indicates Liquidity fluctuation within the period under review. This might indicate that the Banks were highly undercapitalized from 1987 to 2007. Despite the recapitalization policy of government, the banks standing in terms of liquidity ratio still show declining figures as indicated in table 4.1. This reveals that some banks in Nigeria are still facing some liquidity problems which may be reversed either through re-capitalization or by mergers with stronger banks.

Inflation was also considered by the study as a performance indicator for banks. Table 4.2 and figure 4.4 shows that from 1987 to 1994 inflationary figures for Nigeria have been rising above two digits with sharp decrease from 1996 from where it has fluctuated steadily from 1997 to 2007. This indicates that as inflation increases or rises the propensity to save decreased and to invest in shares also reduces. The high cost of goods and services reduces investors’ propensity to invest in shares or save to raise banks liquidity. Moreover, during inflationary periods, banks capacity to boost their investments and enhance their capacity reduces. In the same vane, other variables that contribute to the fluctuation trend were the maturing treasuring bills and increase in government spending within the period under review.

Data analysis
The ordinary least square regression results of the relationship between capital adequacy and profitability is presented. The linear function of the equation was based on the criteria stated in the methodology. This is mathematically expressed as;

\[ Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 \]

Where,

\[ Y = -52.78**-0.733x_1*** + 13.39x_2* + 91.12x_3 + * 5.46x_4* -1.79x_5* -0.30 x_6** \]
R² = 0.91
Adjusted R² = 0.88
F=36.26
DW=1.39*

* , ** and *** represents statistical significance of coefficient at 1%, 5% and 10% respectively, while the figures in parenthesis are standard errors.

An R² (coefficient of multiple determination) value of 0.91 connotes that 91% of the variability in profitability of banks is accounted for by the regressors included in the model. In addition, both the F - Value and DW statistics were all significant at 1% each. The negative sign of the coefficient of capital adequacy (CAD) indicates an indirect relationship. This is not in line with existing studies such as Lintner (1956: 243), Oluyemi (2007:67). In addition, all the coefficients were significant at 5%. It follows therefore that the profitability of banks will decrease in the given years as asset base of the banks increase. Furthermore, this shows that for the period under review the capital base of banks operating in Nigeria was low thus affecting their profitability over the years. This marries the research work carried out by Offiong (2006:86)

The estimated coefficient of asset base (AB) is positive. This indicates that there exist a direct relationship between asset base and profitability of banks. This implies that when asset base of banks increases profitability of banks also increases. This is in line with economic a priori condition. The result is also in line with research work carried out by Offiong (2006:86). This result is statistically significant at 1 percent. The estimated coefficient of policy shift is positive which is in line with economic a priori expectation. This indicates that over the years there have been gradual shifts in banking policies despite the instability in the system. However, the result indicates that this shift in policies have impacted positively and significantly on the profitability of the banks. This is in line with assumption of the study.

Investment estimated coefficient is positive which is in line with economic a priori condition. This means that when investment in banks increases the propensity of banks to increase their profitability level also increases. This is statistically significant at 1 per cent. Moreover, the coefficient of inflation indicates a negative sign showing that it is decreasing as profitability increases. This result is statistically significant at 5 per cent and in order with our economic a priori expectation. This implies that during inflationary period the profitability ratios of banks are highly affected as more money in circulation tends to affect banks propensity to mop-up savings.

However, the estimated coefficient for liquidity ratio has a negative sign. Though this result is significant at 1 per cent it is inconsistent with economic theory. This is in line with research work carried out by Akpan (2006: 65). Hence it obvious that for the period under review the liquidity ratios of the banks were low relative to their profitability ratios as a result of high cost of operational expenses insider loans and lack of proper risk management

Discussion of findings
Based on the foregoing analysis it was discovered that a direct relationship exist between profitability of banks and asset base, policy shift and investment of banks. In order words as this variable increased as shown in Table 4.2, the profitability ratio also increases. This finding is in agreement with Offiong (2006:112) who found that increase in investment and asset base of a bank also increase the level of profit of a bank which invariably affect the profitability of the banking industry. The finding of this study is also in agreement with Obafemi (2008:115) who discovered that the structural policies and regulations made by government significantly affect the profit of banks.

It was also observed that an inverse relationship exists between profitability and capital adequacy, liquidity and inflation. This means that when these variables increase, the profitability of the industry will reduce; despite the fact that profitability has a direct relationship with
liquidity according to economic theories. The inverse relationship between liquidity and profitability observed in this study could be attributed to the fact that most Nigerian Banks experience high cost of operational costs, insider loans and lack of proper risk management. This finding is in corroboration with Okoli (2006:15) who found out that when a bank has high operational cost and unable to manage its risk asset there is a tendency of being insolvent. The finding of this study is also in line with Akpan (2006:50) who noted that there exist a negative relationship between profitability and inflation. This is because during inflationary period the profitability ratios of banks are highly affected as more money in circulation tends to affect banks propensity to mop-up savings.

Summary and Conclusion
The study is concerned with the effect of corporate governance on the performance of commercial banks in Nigeria. The profitability ratio was used as dependent variable. While capital adequacy, asset base, policy shift, investment ratio, liquidity ratio and inflation rate were used as independent variables. The ordinary least square method was the estimation technique. The empirical evidence presented in the last section of the study show the following quantitative and deductive results:

1. The prime determinants of corporate governance of commercial banks are capital adequacy, asset base, policy shift, investment, and liquidity ratio as well as inflation rate.
2. In this study, we have adopted both the economic criteria and statistical criteria for accepting or rejecting the null hypothesis. However, the coefficients of asset base, policy shift and investment have a direct relationship with profitability while capital adequacy, liquidity ratio, and inflation have inverse relationship with profitability.

Based on the findings of the study as contained in the data analysis, the following were obtained: Capital adequacy, asset base, policy shift, investment, Liquidity and inflation are among the variables determining corporate governance of commercial banks. It is believed that from the analysis so far, Finally, this research work discusses the principles and mechanisms of corporate governance; the relationship between corporate governance and bank’s performance; the stakeholders theory; the banks responsibility in ensuring corporate governance, and corporate governance legislature,

Recommendations
Based on our findings, the following recommendations are put forward.
1. The regulatory authority, on their part, would be required to further restructure their regulatory framework as well as strengthen their supervisory capacity to ensure its execution. In this regard, there will be need to properly monitor the activities and performance of emerging mega banks to prevent distress and failure in the post-consolidation era.
2. Perhaps most important of all is the provision of heavy sanction for those that contravene banking regulations and other laws that guide the business. The general pattern in all human societies is that where there are no sanctions or they exist but they are poorly enforced, the incentive for breaking the law is very high. This is why the sanction for erring institutions and operators must by far outweigh the gains they make from violations.
3. Banks boards should address corporate governance by designing and documenting robust internal control frameworks that will reflect each bank’s needs and situation and against which they will conduct regular reviews of their performances.
4. There must be continued emphasis on providing the bank with all the resources and
support that will foster the training and development of skilled banking staff to meet the challenges posed by the ₦25 billion recapitalization.

5. Moreover, the banks themselves can ensure a minimum risk of loan losses by providing technical and managerial assistance facilities of various kinds to their customers instead of shying away from innovative venture. This will promote and enhance good corporate governance.

6. Finally, the Central Bank of Nigeria and other regulatory authorities should make a law to prevent banks from boarding every bit of information needed at their disposal, as all necessary information needed for this research were deemed classified and as such were not made available to the researcher. The CBN as a regulatory authority should insist on full disclosure of information and more diligent reporting standards by the banks. Individuals banks also need to reassure their customers by raising their level of performance while the regulatory authorities must embark on the task of rebuilding market confidence and standards. The CBN-inspired ratings and models of all financial institutions in the Nigerian markets should be in force.

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FIGURE 4.1: Graph showing profitability ratio

Scale: 2cm rep. 50 units on y-axis
0.5cm rep. 1 unit on x-axis
FIGURE 4.2: Graph showing Investment

Scale: 1cm rep. 100 units on y-axis
0.5cm rep. 1 unit on x-axis
FIGURE 4.3: Graph showing liquidity

Scale: 1cm rep. 10 units on y-axis
0.5cm rep. 1 unit on x-axis
FIGURE 4.4: Graph showing inflation

Scale: 1cm rep. 10 units on y-axis
0.5cm rep. 1 unit on x-axis
IMPACT OF TECHNOLOGY ON MODERN LIFE: A COLOSSUS IN DEFENCE AND SECURITY

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Abstract
Technology has always been the source of improved tools of warfare. In the contemporary age, systematic research in science has preconditioned and made feasible development of new technology and innovations for use by both military and civilians. This development has had effects on the society and the nature of warfare. European nations used their superior technology to subjugate and colonize other nations aside from Waging wars among themselves. The present age (knowledge age) is unearthing an unprecedented revolution in technologies. These technologies have not only touched myriad activities in the civil field but have as well initiated a revolution in military affairs. In this paper, an attempt will be made to examine the impact of technology on modern life of which warfare is an integral part. Historical, descriptive and qualitative approaches were adopted as mode of analysis.

Key words – Technology, warfare, revolution, contemporary, military.

Introduction
Warfare over the centuries, has progressed from primitive wars between tribal societies to warfare between societies based on agrarian economy and further, to warfare between industrialized societies. Mankind has progressed successively from fighting with bows and arrows to rifles, guns tanks, aircraft and missiles. Scientific and technological advances though slow and gradual in 18th and 19th centuries, were dramatic in the 20th century. The development of iron clad ships in the 1860’s, the machine gun in the 1890s, the manned aircraft and the tank in the 1920’s, the aircraft carrier and radar in the 1930’s – 1940’s and nuclear weapons in the 1940’s – 1950’s are some of the important signposts in the evolution of military technologies. Each of these developments had revolutionary effects on the conduct of warfare. Alvin and Heidi Toffler postulated that “the way we make war reflects the way we make wealth.” Technology has always been exploited to make wealth as well as to make war. The industrial revolution launched the second wave of historical change in the form and nature of warfare. Mass production was accompanied by raising of mass armies loyal to modern nation sates and mass production of weapons. Technology was put to use to make new tools of war. Wars in turn accelerated industrialization. The principle of standardization was applied to military training, organization and doctrine as well. Written orders replaced oral orders giving rise to the development of General staffs. Mechanization in warfare with new kinds of fire power vastly enlarged the scale of military operations. The aim of war was destruction of the enemy’s main forces on the battlefield. The concepts of total war and destruction were seen in world wars I and II and they carried on to the cold war.

The advent of nuclear weapons in the 1940s – 1950’s added the ultimate in destructive power. War scenarios between the North Atlantic Treaty organization (NATO) and Warsaw Pact forces envisaged the ultimate war of attrition. Thus, mass destruction came to play the same central role in doctrine as mass production did in economies. The evolution of all these concepts was a direct outcome of the impact of technology on modern life and warfare.
Positive Impact of Technology

Warfare: In the area of warfare, meaningful impact has been made with the advent of military technology. The invention of gun, body armour, the development in ship building, steam engine, war canoes in the midst 19th century, brought about meaningful progress in the history of warfare. Furthermore, in the area of industrial revolution, major advances were made in military technology. These advances it should be noted were preconditioned by development in Applied Science. This development led to the emergence of weapons of unlimited destruction in the second half of the 20th century such as found in the area of:

Rocket Propelled grenade (PRG) – Coming to prominence shortly after World War II, the RPG is a shoulder – fired anti-tank weapons, firing rockets equipped with an explosive warhead. While the accuracy will not remain intact within a few hundred feet of firing, it is easily portable while still maintaining the same explosive force as a stick of dynamite upon impact (Speak, 2012). The RPG is largely popular in asymmetrical guerilla warfare spanning many countries, from Ireland to Chechnya. It is still a weapon of choice for many combatants in the 21st century. While industrialized countries such as the United Stated continues to wage war with cutting edge 21st century technology, the RPG remains highly useful for small contingencies of opposition forces, Ease of access coupled with simplicity of usage makes this weapon a preferred item to have in ones weapons cache on the battlefield.

Improved Explosive Devices (ILEDs) – The terminology of this weapon first used the 1970’s when British forces were dealing with the Irish Republic Army insurgency, and their use of fertilizer and semtex to create improvised yet highly effective surprise traps for their foes. The use of ILED’s in modern warfare shows the truly discriminate nature of battlefield technology in the 21st century. These devices can and do harm not only to military personnel, but to innocent civilians who make the fatal flaw of walking or driving over such devices.

Man-Protable Air – defense systems (MANPDs) - Development of the original surface –to-air missiles (SAMs) began in the 1940’s Rapid advancement began though roughly two decades later in the 1960’s. Modern usage of such technology can be seen with devices known as ‘stingers’, which are infrared -homing SAMs, developed by the United States.

Stringers were used combat in the early 1980’s during the Cold War combat operations between the Soviet Union and Afghanistan. With the ability to hit an aircraft from nearly 16,000 feet, this weapon once again introduced a level of long-distance warfare where the enemy was simply seen as a target to strike from a distance, rather than a human being that was being destroyed by the hands of another human being (Baglole).

Reconnaissance Satellite – With early development dating back to the 1950’s, the United States and Russia initially began trying to garner this technology in their great space race’. This technological competition was exemplified the quest for global hegemony. In modern warfare, this technology provides never before access to high resolution photographs (IMINT), communications eavesdropping (SIGINT), as well as the ability to detect the launch of any missiles. This technology is popularly referred to as “spy satellites.”

The topic of civil rights and the usefulness of SIGNT remains issue of high contention around the globe, with ardent proponents citing the need to eavesdrop on others to prevent potential terrorist plots, as well as those who believe this is a flagrant violation of individual rights that has taken “the desire to protect” a step too far.
Unmanned Aerial Vehicles (UAVs) – Functioned by a controlled navigator often far away from the battlefield, UAV’s saw their official indoctrination to the United States military in the early 1970’s. Highly useful in a hazardous territory, a UAV can be used by its controllers to many UAV’s are simply used as an “eye in the sky”, there are other uses as well used specifically for combat.

Armed Drones – Coming to prominence only within the past two decades are missile – laden UAV’s with such ominous names as “Reaper” and “Predator” drones, used to target and kill enemy targets of high value. Largely used by the United States in modern warfare scenarios these armed drones can be used to attack targets that are deemed too dangerous or inhospitable for soldiers to enter, taking 21st century combat to a new level of anonymity in the battlefield.

Transition to New Kind War
The Gulf war is widely accepted as a transitional point which contained elements of the past i.e industrial age warfare or second wave form of warfare which stressed on mass destruction (e.g fleets of US aircraft carpet-bombed Iraqis in their bunkers, in villages, and everything was destroyed) and elements of a new kind of war. This new war was fought with precision weapons with minimal collateral damage and with vastly improved means of real-time information, surveillance and target acquisition. It was realized that destruction of the enemy’s means of warfare, when fully developed, would be knowledge based information age warfare characterized by manoeuvre rather than attrition. Toffler described this as the Third wave form of warfare. Others have described this as warfare of the post-industrial age of post-modern age.

The Gulf war demonstrated a number of high-tech weapon systems, surveillance and target acquisition and command and control systems. Historical, man has always attempted to extend the range and lethality of his weapons. In the post-modern age, technology breakthroughs are being achieved with increasing of warfare can be characterized into a number of dominant trends, namely, integration, concentration of maximum fire power in smaller units and increasing transparency in the battlefield.

Extension of Range
As the range of weapons extended and their lethality improved, individuals and units became more disperse. The introduction of rifling in the 19th century extended the range and accuracy of individual weapons and artillery guns. This development forced individuals to go to the ground and disperse. Increased lethality and dispersion had direct effects on organization, tactics, doctrine, equipment, force mix and methods of command and controls. These changes, in turn, had effects on training, soldiers and leaders. There has been trend of an ever expanding battlefield; the battlefield has been emptying. In 1815, a division occupied about 5 km; today it may take up the space of 40 by 40 km or even more. By 2015, s it may require an area of over 150 by 150 km.

The Gulf war saw a quantum increase in dispersion and improvements in the ability to deliver long-range lethal fires. In August 1998, precision strikes by Tomahawk cruise missiles against terrorist camps in Sudan and Afghanistan were a true demonstration of this trend. These were either launched from submarines or ship cruising in the Arabian sea. The ultimate in range are the inter-continental ballistic missiles which can target almost any place on the globe. In our context of the battlefield milieu 2015, we would be having Multiple Rocket Launcher Systems like smirch and Pinaca, Dual Purpose Improved Conventional Munitions (DIPCM), and Agni and Prithvi missile systems all of which confirm the trend towards increased lethality and dispersion. Increased ranges and enlarged dispersion create the requirement to communicate over greater distances, to manoeuvre more quickly and to use fire power form various type of platforms. This trend will place a greater premium on the commander’s ability to make decision quickly, the staff’s requirement to synchronize movements of greatly dispersed units, the junior commanders
responsibility to make on-the-post decisions and emphasis on cohesion of the force and quality of the individual soldier.

Volume of Fire
The first automatic gun with heavy volume of fire was invented by an American, Hiram Maxim in 1884. Using a mechanism powered by energy released by the previous detonation, the rate of fire was 600 bullets per minute. 3 Richard Gatling, inventor of the Gatling machine gun averred that two Gatling were presumably enough to replace an entire infantry regiment, thus, reducing overall costs. 4 The machine gun with its heavy volume of fire reaped havoc in World War I. World War II saw massed artillery fires being brought down on the enemy to pulverize the enemy’s defence and to cause maximum destruction to the enemy’s assets. The Battle of El Alamein in North Africa witnessed moving barrages of artillery fire behind which Allied troops advanced and which caused devastating effects on German forces in defence. The trend of bringing down a very volume of fire with improved effectiveness continued after world war II. Heavier calibers of guns, increased rates of fire and improved effectiveness of munitions changed the nature of the battlefield. The development of technology to locate the enemy’s guns and mortars was aimed to counter the effects of the adversary’s heavy volume of artillery fire.

These trends gave rise to the use of entrenchments, and filed fortifications in the battlefield. A deadly zone of fire was created between two opposing forces which converted the nature of warfare into a long drawn out slogging match or almost static warfare which was also termed as trench warfare. Development of tanks and infantry combat vehicles provided mobility, protection, survivability and added fire power. They could move through a battlefield dominated by fire and turn the defences. Their Germans exploited the characteristics of tanks fully in the initial stages of World War II when they carried out their Blitzkrieg campaigns.

The increasingly heavy volumes of fire produced their own dynamics in the realms of logistics. By 1918, during the great German and Allied offensives on the western front, there were batteries which fired as many as rounds per day. In the same period, consumption of infantry ammunition by the German Army had risen to three million rounds a month. Transportation of such vast quantities of ammunition was a formidable task. In the present context, the problems of logistics get highlighted when we consider the operations of our own strike Corps. The reach ad operations capability of any force gets directly affected by its logistics wherewithal. Earlier, the lack of accuracy of various weapon systems was sought to be compensated by heavy volume of fire but the development of guided weapons added a new dimension to the battlefield. The purpose of guided weapons was to economies on the size of forces by substituting accuracy for saturation, and also to provide a method for combating targets (such as supersonic aircraft) that were too fast and manoeuvrable. Induction of various Kinds of missiles, laser-aimed weapons, laser target designators that guide artillery rounds and s development of smart and “brilliant” munitions confirms the trend towards precision fire. Whereas 300 conventional artillery rounds were required to achieve the desire effect at the target end, the same effect could be achieved by 30 rounds of improved conventional munitions and two to three rounds of precision guided munitions (PGMs). Thus, an increased inventory of the PGMs would reduce tremendously the logistics developments in the field of volume and precision of fire would have a direct bearing on organisation, tactics, equipment, planning factors and balance between combat elements and support services.

System Integration
In communications technology, computers, information systems, surveillances, and target acquisition systems have given rise to improved means of command and control to a commander. Systems integration engenders force multiplication and gives a high level of precision to the overall force, not just to individual or massed fires. Modern integrative technology, however, started with the telegraph and railroad, two systems that, when joined, revolutionized the warfare.
The British introduced railways and telegraph in India, not entirely with altruistic motives. They could move troops quickly from one trouble spot to the other to maintain their empire. The railway revolutionized the mobilization and transportation of armies, but without the telegraph, a command system which could use these forces intelligently would not have been forthcoming. Thus, it became possible to coordinate mass military action. By the end of the 19th century, the Schlieffen plan of Germany to catch France off-guard and win a dramatic victory pre-supported the most detailed and precise use of rail and telegraph. Introduction of radio and aviation expanded the scope of integrative technology. Effort have always been directed towards obtaining a perfect real-time information system on which to base decisions and give directions. However, perfect command, control and information system is the fog of war and uncertainties will decision within the intent of the higher commander – that is, decentralization not centralization --- will remain vital in the future battlefield milieu.

During the Gulf war, the use of links between scout and attack helicopters, between joint surveillance and Target Attack Radar Systems (JSTARS) and weapons delivery platforms, between forward observers and indirect fire systems produced a quantum leap in systems integration. The future battlefield will depend largely on digital data and voice and video communication. Communication has always played a very dominant role. Table 1 gives the rate of data transfer during various wars. The effect of the first three trends --- lethality and dispersion, volume of fire and accuracy, and systems integration are increasingly being clubbed together in reinforcing a fourth: the trend towards the ability of smaller units to create effects.

**Transport**

The invention of the internal combustion engine including those require for road vehicles, aircrafts, ships and railway locomotives has registered consider positive impact in the area of transport. The advent of the motor-car for instance, has profound impact, providing a measure of fast and comfortable individual mobility never previously possible. The advent of rail provides alternative means of transportation. With rail, goods can be conveyed in extra-ordinarily large volumes form their areas of production to the commercial zones. Sea liners which are larger are faster and more comfortable comparable to public transport system by road. The development of aircraft and of course aeroplane made possible inter-continental movement in a matter of hours.

**Negative Impact of Technology**

The industrial technology has undoubtedly polluted our eco-system. The smoke emitted to the air due to industrial activities has mounted a monumental pressure on the Ozone-layer. This situation has cause great concern to scientists. It should be noted that the excessive heat experienced today in the atmosphere or the unusually high temperature recorded these days is due to the pressure on Ozone layer as masterminded by industrial pollution. The industrial chemicals has so polluted the water that both the water and sea food are unsafe for consumption. The people of Ogoni in rivers State are faced with this situation because of the activities of Shell-BP and other Oil Companies in River State. The industrial chemicals have also rendered the land in Ogoni unproductive and infertile for farming. This situation has brought untold hardship to the people of Ogoni Land. It is this situation that laid a suitable premise for the Ken Sarowiwa, to fight for the restoration of human rights.

The magnitude of unemployment prevalent in the world today is because of the emergence of technology which provides capital intensive technique of production as a better alternative to labour intensive technique of production. Machines have come to displace manual labour in the work environment. The ultimate result of this development is pervasive unemployment. Industrialization also led to child abuse exemplified by child labour and women abuse industrial employment. For example, this is the type of situation that is prevalent in some mines and factories in South Africa.
Conclusion
Agreeably, the conduct of warfare is changing; it still has some constant determinants. The root causes of war are people be they political leaders, nation states or non-state actors. They will continue to be involved in wars or conflict for fear, revenge, hatred, greed or other human emotions. Technology has changed the traditional thought processes on military effectiveness. Increasingly, modern armed forces are endeavouring to obtain superiority over their enemies by deploying qualitative advanced technologies. Developments in imaging, remote sensing, night vision, sensors, precision guided munitions, stealth technology and digital communication and computer networks have provided avenues for adoption of new war fighting technologies with attendant revolutionary impact on people’s lives.

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GLOBALISATION AND THE NIGERIAN NATIONAL SECURITY: AN OVERVIEW

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Abstract
This paper examines the Nigerian National Security issues and the unethical blood shed caused by the terrorist organization called Boko Haram in the Northeastern Nigeria and the entire country in the era of globalization. This has become imperative in view of the unabated bloodletting done to innocent citizens, especially recent bomb blast at the Nyanya park outskirts of the Federal Capital Territory Abuja. The paper in addition to other issues, takes a look at the concept of globalization, national security and a closer view of the activities of Boko Haram. It recommends revitalization and strengthening of the national orientation with a mandate on value re-orientation, equity, fairness and social justice, international community is not left out especially in information sharing in order to put an end to this menace.

Key words: Globalization, National Security, and Boko Haram.

Introduction
Globalization can be seen as one of the most important forces impacting on the global economy. It is accepted that the world economy has become more integrated due to the process of globalization (Nwaosue, 2005). Despite, the fact that globalization is not a new phenomenon, the intensity of the process increased since 1990 (Mostert, 2003:1). The increasing intensity in the process of globalization is evident in the increased financial transactions in the world market. Hak-min (1991) indicated that the three folds in private capital transactions between 1980 and 1990 could be ascribed to the process of globalization in the international financial markets.

With the increased reliance on the market economy and renewed called in the private sector, a process of structural adjustment spurred by studies and influence of the developing countries was initiated. Globalization has brought a new opportunity to countries. Greater access to developed country markets and technology transfer hold out promise for improved productivity and higher living standard (Jean, 2002:23). However, globalization has also thrown up new challenges like growing insecurity, inequality across and within nations, volatility in financial markets and environmental deterioration (Beterton and Potion, 1996) besides a great majority of developing countries remain cut off from the process of globalization. Although globalization has tremendous potential benefits for developing countries. The challenge is to realize the potential benefits without undertaking huge off setting cost (Neuland and Hough, 1991:1).

The process of globalization is reality as the increasing integrated economy provides an unprecedented opportunity for growth and higher living standard throughout the world. What is perhaps worrisome about globalization is that as we grow in it, those who benefit from the changes reduce the world to the service of the personalities and those who do not see only the threats and mind off field of transformation (Bhagwat, 2007:182). This article examines the Nigeria national security situation and the unabated blood shed occasioned by the activities of Boko Haram in the era of globalization.

Conceptualizing globalization and national security

Globalization
Globalization is the process of the integration of economic, political, social and cultural values across international boundaries. Middleman (2006:6), sees globalization as a historical transformation in the economy and modes of existence in politics, loss in the degree of control exercised such that the focus of power gradually shifts in varying proportions above and below the territorial state and in culture, evaluation of collective achievement or perceptions of them (Ogonnaya and Ehigiamusoe, 2013).
Globalization deals with the increasing breakdown in trade barriers and the increasing integration of world markets (Fafowara, 1998:5). In other words, Ohuabunawa (1999:20) opined that globalization is an evolution which is systematical restricting interactive phase among relations by breaking down barriers in the areas of culture, communication and several other fields of endeavors”. This is evident from its push of free-market economics, liberated democracy, good governance, gender equality and environmental sustainability among other holistic values for the people of the member states.

Globalization goes beyond the economic sphere alone. Many scholars seem to have focused on the economic sphere of the concept as explained by Tony and Jan (2003), globalization is a process integrating not just the economy but culture, technology and governance. The concept is use to represent the growing worldwide interdependence of the people and countries (Ogbonnaya, 2013:60). This process has accelerated dramatically because of the huge advance in technology (Anim Etchie and Dickson, 2003, 156); including global telecommunication infrastructure, cross border data flow, the internet, satellite networks and wireless telephones are all credited to globalization (Adesina, 2012, 193).

The increase in arms proliferation, cyber attacks, ethnic violence, global crime, and during trafficking are occurred by globalization (Davies, 2003). Bugan (2007) simplifies the security implication of globalism when he opined that, globalization as an economic activity now dominates international relations, replacing war as the driving force behind both the state and world politics. In either view, the key point about globalization is that much of this activity and its consequences transcend the territorial framing of the state”.

National Security
The concept national security cannot be discussed without making reference to the meaning of state. A state is the most inclusive organization which has formal institutions, for regulating the most significant contracted relationship of man within its scope (Anifowose 1999:85). The state plays a major role in the security of her citizens. Security is the key function of the state (Buzan, 2003). Security is a situation which provides national and international conditions favourable to the protection of a nation state and its citizens against existing and potential threat. National security traditionally is understood as the acquisition, deployment and use of military force to achieve national goals (Held, 1998:226).

Security is equally viewed as falling within the domain of the military force (Held, 1998). It emphasized the coercive means of putting all the aspects of the state on check. It is the ability of a nation to protect its national value from external threats.

National security is seen in terms of a nation’s military capabilities or the struggle to overcome internal and external aggression. A nation is secured once it is free from military threats or political coercion (Aliyu, 2012). National security has traditionally been about the survival of the state against military threats posed by other states (Buzan, 2003). Security threat differs amongst nations. The major security threat to some powerful nations like the USA and its allies may be how to defeat international terrorists and to promote their economic interest and democratic values (Aliyu, 2012). However, national like Nigeria has its own peculiar security threat determined by socio-economic and political circumstance. This article is concern with the threat to Nigerian security caused by the activities of the Jama’at Ahlas sunnah lid-da’wa wal-jihad, popularly known as Boko Haram.

Theoretical Framework
Since globalization is a multifaceted, complex phenomenon, it can be explained in a number of alternative ways. Even within an international relations framework, there are numerous theoretical explanations, which generally follow the lines of the “great” paradigmatic debates. Realism (neorealism), neoliberal institutionalism, and neo-Marxism provide the most influential tools for
understanding the way globalization affects international politics, while constructivism puts more emphasis on building it into a broader context of social interaction. For the purpose of this study realist theory will be utilised.

During the course of the last three decades the intensity and extent of global interconnectedness has grown to be ever more apparent in every sphere from the cultural to the economic. Economic integration on a global scale has increased as the growth of global production, finance and commerce connects the fate of households, communities and nations across the globe’s major economic zones and beyond within a rising worldwide market economy. Contemporary globalization shares characteristics common with earlier phases, but is differentiated by some distinct organizational elements, creating a world which is increasingly shaped by novel technologies, a universal economy, the emergence of global and regional systems of governance, new means of global regulation and the rise worldwide systemic crises. Globalization also has consequences for international politics as it has brought about a shift in the type and nature of political organizations, with one distinguishing aspect of this being the rise of global politics (Intelliconn, 2012). Furthermore, the forces and processes of globalization have significant ramifications for the theoretical approaches to international politics, and it with this in mind that this paper addresses the concern that globalization weakens the fundamental assumptions in international relations. (McGrew, 2005: 20; Held, 2004: 73, 89; Walt, 2002, 197).

Realism was born as a theoretical approach to international relations in the inter-war period of 1919-39 and as an ideological rival to idealism. The theoretical approaches rising from the realist tradition offer an explanation of politics as it is in reality as opposed to the normative theoretical approaches that provide recommendations and instructions for political activity and how politics should ideally be. The realist theories tend to concentrate on the permanent historical experience and the doubtful of efforts and attempts to rise above the competitive character of political life (Dunne & Schmidt, 2005: 162; Guzzini, 1998: 16; Walt, 2002: 199).

As with most theoretical approaches to the study of international relations, there are a number of different denominations within realism but despite this all theories emerging from the realist family subscribe to three principle elements or fundamental assumptions, these being statism, self-help and survival. With regards to the principle of statism, realists hold that states are the key actors in international relations and that sovereignty is its defining characteristic. Realists maintain that because states are the principal actors in the international system and because no state recognizes the authority of another above its own, the international system is left lacking an international authoritative figure. In other words the international system lacks the existence of a central authority capable of regulating and governing global affairs and as a result the international system is in a state of anarchy. This lack of a central authority in the international system and the existence of a number of sovereign states within it constitute the explanation offered by many realists for the perceived insecurities, threats and dangers to the very survival of the state. Furthermore, realists argue that in this anarchic system states will compete amongst each other for influence, markets and security. Thus within the international system, realists argue that states are locked in a competitive struggle for power, as the accumulation of power is seen as critical to ensuring and sustaining the survival of the state (Dunne & Schmidt, 2005: 172-173; Walt, 2002: 199-200; Guzzini, 1998: 26-27).

The principle of survival in the realist tradition is of paramount importance as all realists argue that in international politics the core objective of the state is survival. For realists survival is an objective, which once attained, lays the foundation for the achievement of all other goals. In an attempt at ensuring and guaranteeing the survival of the state, it may opt to choose one of two means – power or security maximizing – to achieving this end. This gives rise to two emerging strands of thought within the realist paradigm, namely defensive and offensive realism. In terms of defensive realism, Waltz and Grieco (1997, as cited in Dunne and Schmidt, 2005: 174) maintain that security is the principal interest of the state and as a result states will only seek to acquire the
required amount of power necessary to guarantee survival. As a result, this view holds that states will not aim to acquire increasing levels of power of this process is to jeopardize its own security. On the other hand, offensive realists argue that the ultimate objective of every state is to gain hegemonic status in the international system. This view further holds that states constantly crave more power and are ready, should the opportunity arise to alter the status quo even if such an action would place their own security in jeopardy. Furthermore, defensive realism holds that states will enter into alliances in order to balance the power when faced with aggressive or strong states, while offensive realists argue that competition is rife in the international system because states are willing to risk their security and survival in an aim to enhance their status in the international system (Dunne & Schmidt, 2005:174; Walt, 2002: 200, 204,207; Guzzini, 1998: 127).

The third and final fundamental assumption of realism, self-help, is conceptualized in the context of the international system lacking an overarching authority figure. As a result of this state of anarchy in the international system states must provide for their security themselves as no one else will. Furthermore, because of the anarchic and competitive nature of the international system, states can never entrust their security or survival in another state. However, in the process of providing for its own security and aiming to secure its survival, the actions carried out by the state in question feeds the growing insecurity and perceptions of danger and threats of other states. This drive for survival and security by one state gives rise to what is termed the security dilemma. Security dilemmas originate when the military armament of one state creates an irresolvable ambiguous perception as to whether the actions taken are for defensive or offensive purposes. The conclusion to this scenario is that one state’s pursuit of security is the cause for another’s insecurity, and the military armament undertaken by one state is likely to be followed by that of its neighboring states (Intelliconn, 2012), (Dunne & Schmidt, 2005: 175; Walt, 2002: 200; Guzzini, 1998: 127).

**Boko Haram A Threat To Nigerian National Security**

Here, it is important to trace the implications of globalization on Nigeria Security as it is reflect on the activities of Boko Haram. Throughout history people have perpetrated extreme violent acts in the name of religion on whether it is Christianity Islam, Judaism itinduism or another faith. A complex series of psychological, Political, historical and theological factors combine to trigger such behavior. (Kressel, 2012)

The Jama at Ahl as-Sunnah lid da’wa wal-Jihad better known by its hausa name Boko Haram which literally means western education is evil. This is an Islamic Jihadist and Takfiri militant and terrorist organization based on the Northern Nigeria (Wikipedia, 2014). The activities of this group has left over 16,000 policemen, soldiers and civilians including politician killed the terrorist (UN, 2013). Boko Haram rebellion started In Bauchi on July 26, 2009 and has since then spread to other parts of Nigerian states of Borno, Adamawa, Kaduna, Yobe and kano (Ogbonnaya and Eligiamuose, 2013:19). The group has no clear structure (Doyle, 2012) and it has 3 three different groups with lot of supporters. The most prominent one is the Ansaru group with Abubakar Shekeru as the head assisted by Amodu Bama and many indoctrinated members. They have carried series of attacks on churches, schools, police stations, government agencies, UN building in Abuja and recently bombing in market places and on market days.

It is important to note that the ideology of the group has gone beyond their initial ideals of a Islamic of the Northern states and the rejection of all practice which are contrary to Islamic teaching to a full blown terrorist organization. The ideas of Boko Haram are not clearly defined. Hoswever, what is clear is that a pure Islamic state ruled by Sharia law is what they seek (Michael, 2001). Esco (2011) explained further that the root sense of the group resort to violence and criminal in order to influence public policy is rather deep –seated and beyond the sectarian belief. This is because the attacks of the group have been targeted or directed at every sectors of the state.
Unfortunately, the attacks by rebel group Boko Haram in Nigeria’s restive Northeastern have killed more than 1,200 people since May, 2013 when a state of emergency was declared in the region, the united. While the united national humanitarian agency beliefs that over 1,224 people here been killed in BOKO HARAM related attacks (UN, 2014). And most recently on of April 14, 2014 over 72 people were killed and 164 people were seriously injured in Nyanya motor pack outskirts of Abuja (Gbade, O. et.al 2014:4).

Conclusion and Recommendations
This paper has attempted to examine the concept of globalization and national security, the destructive activities of Boko Haram and the unabated bloodletting by this terrorist group in the era of globalization. It is on this note that the paper recommends the following measures as a means of ending the crisis. First, revitalization and strengthening of the national orientation with a specific mandate on value and ideologies re-orientation towards a harmonious living all faiths and belief in the country should be encouraged. Secondly, the economic fortunes of the people with a greater focus on the far eastern Nigeria by strengthening the institutions that will provide access to poverty reduction is constitute a central place in governance. Worthy of note is that fact that equity, fairness and justice should be entrenched in our relationships as a people, and in all inter governmental and societal interactions as the absence of societal justice is an invitation to chaos and violence, which threatens national security (Aliyu, 2012). The assistant of national organizations and all countries of good will put an end to the activities of terrorist through sharing of ideas and information.

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GODFATHERISM, PARTY POLITICS AND DEMOCRACY IN NIGERIA: ISSUES AND CHALLENGES

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Abstract
The transition from military rule to democracy in the fourth republic in Nigeria rekindled the hope of Nigerians after over three decades of militarization of Nigerian state characterized with high rate of impunity, monumental corruption, oppression and insecurity. However, the democratic rule in the fourth republic has been characterized with godfatherism and party politics which has weakened Nigerian democratic institution. This paper is therefore written to examine the causes and effects of godfatherism and party politics in Nigerian democracy. The researchers obtained data from both primary and secondary sources while data were analyzed using the simple percentages, mean and frequency table. The paper concluded that godfatherism and party politics have been the bane of Nigerian democratic system. Finally, the researchers recommend that democratic institution should be strengthened to eschew the system from godfatherism and politicking of core government policies and programmes.

Keywords: Godfatherism, Party politics, democracy, republic.

Introduction
In developing societies, the wellbeing of the citizens largely depends on the extent to which the democratic institution is strengthened and sustained. This according to Bonnie and Khinde (2007) is because good governance, selfless leaders and mutual trust between the leaders and led could be guaranteed if choice of who should govern the society at any given time is solely engineered by the citizens on one hand and on a steady and sustained democratic machinery on the other hand.

The concept of democracy has become so popular that more than 20 percent of the political parties’ world over contained the variable democracy. Though, its origin comes from the ancient Greek political thoughts; Greek philosophers classified governance based on the number of citizens involved in such process (Richard and Fred 2002). Democracy according to Ademolokun (2000) is an idea targeted at enhancing a sound and egalitarian society through an integrated effort of the masses towards a better society. Though, every nation has embraced the principle of democracy because it is the only mechanism through which the interest, well being, rights and lives of the citizenry could be unquestionably protected and guaranteed. However, it practices has taken different dimension across the globe. In developing nations for example, it has been characterized with Godfatherism, party politics, tribal and religious politics and money-bag-politics. Though, Godfatherism in Nigeria politics is not new, it gains more prominence in the fourth republic as it had helped many to ride into political power (Joseph, 1991). More so, the Political Kingmakers cut across party line and even thought it was more celebrated in some states in Nigeria such as; Anambra, Enugu, Kwara and Oyo in recent time it has become a common phenomenon in the entire country including Kogi State and has threatened the democratic institutions in Nigeria thereby undermining the sanctity of the system and the wish of the masses (Champion, June 8th, 2003).

Consequently party politics predicated politics to be engaged in and considered with the ideal of political parties rather than core democratic principles and values. These scenarios have threatened Nigerian democratic system in the fourth republic. It is on these premises that the research is being carried out.
Statement of the Problem

Though, Okoli and Onah (2002) submit that development involves progression, movement and advancement towards something better. Democracy could be said to be better as compared to the Military Era before the fourth republic but, it has been characterized with godfatherism, politicking of core government policies and programmes vis-à-vis interest of the masses. In furtherance to this, the current democratic system has been threatened with policy somersault, policy reversal, human right abuse, economic bondage and monumental corruption. It is against this backdrop that the research is being carried out with the intent of proffering solutions to the democratic challenges witnessed.

Objectives of the Study

The general objective of the study is to examine the causes and effects of godfatherism and party politics on Nigerian democracy. The specific objectives include, to:

i. identify the remote and immediate causes of godfatherism and party politics in Kogi State.

ii. expose the negative effects on the socio-economic lives of the citizens of Kogi State.

iii. Proffer solutions to the identified problems towards enhancing a just and an egalitarian society in Kogi State.

Research Questions

The following research questions were formulated to guide the study.

i. What are the remote and immediate causes of godfatherism and party politics in Kogi State?

ii. Does godfatherism and party politics affect the socio-economic Lives of the citizens Kogi State?

iii. How can these negative monsters be eradicated K fromogi State?

Scope of the Study

The study examine the causes and effects of godfatherism and party politics in Kogi State from 2003-2012. More so, the Governorship election shall be the main focus. This period is reasonable enough to critically asses the variables and considering the fact that Kogi State has also suffered from the negative trend of godfatherism and party politics within this period.

LITERATURE REVIEW

Democracy:

Democracy as a form of government started from ancient Greece, (Athens). Onubi (2002) noted that Democracy simply means “rule by the people” thus; it is a government of the people, by the people and for the people. There fore, it is referred to as government of the majority. Democracy is also described as an idea, process (series of events leading to change or course of action) of system of government (Agbaje 1999). Therefore, democracy entrenches and expands, or seeks to entrench and expand, rights, ability and capacity of the citizens in a given society.

Ademola (2009) however noted that the first problem in the concept in its divergent approach in attempt to give it a meaning yet, there is consensus on the original attributes of democracy which encompasses: people, freedom and authority. More so, in Nigeria, the concept have been misconstrued with mere civil rule because the practice has not witness freedom of choice, constituted authority, rule of law, sagacity and service delivery to the citizenry (Azeez, 2004).

Consequently, even the military government that is mostly criticized world over also provides basic facilities for its citizens therefore, the clear distinction between military and democratic rule is freedom and people oriented government.

Godfatherism:

The godfather is popularly known by the Hausa’s as “Maigida” (Master of the house). The word Maigida goes beyond its literal meaning. Abner (1971), Polly (1966) and Pally (2004) used the term in their works to refer to those who provided brokerage services to Hausa traders in transit in different parts of West Africa. In the Yoruba society godfather is referred to as “Baba Kekere” (the small great father). “Baba Isale” the father of the underground world), or Baba Nigbejo (a great
helper in time of trouble). Dickson (2003) also noted that the philosophy of godfather is grounded in the sociology of traditional Igbo society. He further showed evidence to the popular relationship between “Nnam-Uswu” (my Master) and “Odibo” (the servant) in the Igbo traditional concept.

Therefore, the triple cases showcase above shows those persons of lesser social status attaches themselves to another person of higher social integrity usually for economic benefits. Though, this practice is not alien to Nigeria but what is strange is the replication of these practices into our political system. Olawale (2005) observed that this phenomenon has far-reaching negative effects on our democratization process in Nigeria.

**Party politics:** Party politics is the politics engaged in by, expressed through the channel of and or considered from the ideal of political parties as opposed to national interest (Nwankwo, 2001). Azeez (2009) also sees party politics as activities political parties in a democratic environment to dominate the polity through democratic institution. To this end, party politics exist when elective ideals are present in a democratic system and the views, opinions or political philosophies are debated with the consciousness of promoting and protecting the interest of the party in power.

More so, party politics are activities of formal structure, institution and organization which competes through electoral mechanism to influence the people polices and programmes as well as allocation of public wealth through a stipulated and articulated procedure (Okoye, 1982). Though, party politics is ordinarily directed towards ensuring Checks and balances in governance, strengthening the democratic institution and serve as feedback mechanism, however, its activities have been extremely abused through political rivalry, ethno-religious sentiment and making it undemocratic.

**Godfather, Political Apathy and Party Politics in Nigeria: Socio-economic Dimension and Implications.**

Table I: Results of the 2003 Gubernatorial Elections in Nigeria

<table>
<thead>
<tr>
<th>S/No</th>
<th>State</th>
<th>Vote</th>
<th>Party</th>
<th>Winner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Abia</td>
<td>540,983</td>
<td>PDP</td>
<td>Orji Uzor Kalu</td>
</tr>
<tr>
<td>2</td>
<td>Adamawa</td>
<td>375,000</td>
<td>PDP</td>
<td>Boni Haruna</td>
</tr>
<tr>
<td>3</td>
<td>Akwa Ibom</td>
<td>1,028,722</td>
<td>PDP</td>
<td>Victor Attah</td>
</tr>
<tr>
<td>4</td>
<td>Anambra</td>
<td>452,820</td>
<td>PDP</td>
<td>Chris Ngige</td>
</tr>
<tr>
<td>5</td>
<td>Bauchi</td>
<td>1,198,130</td>
<td>PDP</td>
<td>Adamu Muazu</td>
</tr>
<tr>
<td>6</td>
<td>Bayelsa</td>
<td>698,661</td>
<td>PDP</td>
<td>Diepriye Alimosaya</td>
</tr>
<tr>
<td>7</td>
<td>Benue</td>
<td>681,717</td>
<td>PDP</td>
<td>George Akume</td>
</tr>
<tr>
<td>8</td>
<td>Borno</td>
<td>581,880</td>
<td>ANPP</td>
<td>Ali Modu Sheriff</td>
</tr>
<tr>
<td>9</td>
<td>Cross River</td>
<td>1,193,290</td>
<td>PDP</td>
<td>Donald Duke</td>
</tr>
<tr>
<td>10</td>
<td>Delta</td>
<td>1,038,607</td>
<td>PDP</td>
<td>James Ibori</td>
</tr>
<tr>
<td>11</td>
<td>Ebonyi</td>
<td>768,674</td>
<td>PDP</td>
<td>San Egwu</td>
</tr>
<tr>
<td>12</td>
<td>Edo</td>
<td>969,747</td>
<td>PDP</td>
<td>Lucky Igbinedion</td>
</tr>
<tr>
<td>13</td>
<td>Ekiti</td>
<td>229,906</td>
<td>PDP</td>
<td>Ayo Fayoshe</td>
</tr>
<tr>
<td>14</td>
<td>Gombe</td>
<td>494,562</td>
<td>PDP</td>
<td>Danjuma Goje</td>
</tr>
<tr>
<td>15</td>
<td>Imo</td>
<td>695,149</td>
<td>PDP</td>
<td>Achiike Udenwa</td>
</tr>
<tr>
<td>16</td>
<td>Jigawa</td>
<td>816,385</td>
<td>ANPP</td>
<td>Ibrahim Turaki</td>
</tr>
<tr>
<td>17</td>
<td>Kaduna</td>
<td>1,196,688</td>
<td>PDP</td>
<td>Mohammed Markafi</td>
</tr>
<tr>
<td>18</td>
<td>Kano</td>
<td>1,082,457</td>
<td>ANPP</td>
<td>Ibrahim Shekarau</td>
</tr>
<tr>
<td>19</td>
<td>Kastina</td>
<td>892,340</td>
<td>PDP</td>
<td>Umar Musa Ya’adua</td>
</tr>
<tr>
<td>20</td>
<td>Kebbi</td>
<td>502,833</td>
<td>PDP</td>
<td>Adamu Aliero</td>
</tr>
<tr>
<td>21</td>
<td>Kogi</td>
<td>459,942</td>
<td>PDP</td>
<td>Ibrahim Idris</td>
</tr>
<tr>
<td>22</td>
<td>Kwara</td>
<td>322,242</td>
<td>PDP</td>
<td>Bukola Saraki</td>
</tr>
<tr>
<td>23</td>
<td>Lagos</td>
<td>911,613</td>
<td>AD</td>
<td>Bola Tinibu</td>
</tr>
<tr>
<td>24</td>
<td>Nassarawa</td>
<td>505,893</td>
<td>PDP</td>
<td>Abdullahi Adamu</td>
</tr>
<tr>
<td>25</td>
<td>Ogun</td>
<td>497,355</td>
<td>PDP</td>
<td>Gbenga Daniel</td>
</tr>
<tr>
<td>26</td>
<td>Ondo</td>
<td>611,926</td>
<td>PDP</td>
<td>Segun Agagu</td>
</tr>
<tr>
<td>27</td>
<td>Osun</td>
<td>478,492</td>
<td>PDP</td>
<td>Olugbunsoye Oyinlola</td>
</tr>
<tr>
<td>28</td>
<td>Oyo</td>
<td>636,730</td>
<td>PDP</td>
<td>Rasheed Ladoja</td>
</tr>
<tr>
<td>29</td>
<td>Plateau</td>
<td>364,903</td>
<td>PDP</td>
<td>Joshua Dariye</td>
</tr>
<tr>
<td>S/No</td>
<td>PARTY</td>
<td>1999</td>
<td>2003</td>
<td>Gains(+)</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
<td>------</td>
<td>------</td>
<td>----------</td>
</tr>
<tr>
<td>1.</td>
<td>AD</td>
<td>1,131,292</td>
<td>1,098,692</td>
<td>PDP</td>
</tr>
<tr>
<td>2.</td>
<td>ANPP</td>
<td>665,545</td>
<td>784,013</td>
<td>PDP</td>
</tr>
<tr>
<td>3.</td>
<td>PDP</td>
<td>2,098,692</td>
<td>2,098,692</td>
<td>PDP</td>
</tr>
<tr>
<td>4.</td>
<td>ANPP</td>
<td>369,906</td>
<td>561,935</td>
<td>ANPP</td>
</tr>
<tr>
<td>5.</td>
<td>PDP</td>
<td>829,954</td>
<td>561,935</td>
<td>PDP</td>
</tr>
</tbody>
</table>

Sources: Nigerian Tribune April 23rd, 2003.

Table II: Results of the Gubernatorial Election of 1999 and 2003 in Nigeria: A Comparative view

Table III. Results of Kogi State gubernatorial by-election March 29th, 2008

Table IV. Results of Kogi State Gubernatorial Election December 3rd, 2011

The above election results shown from table I-IV are results of the 2003 gubernatorial elections, comparative view of election results between 1999, 2003 and 2008 gubernatorial by-election in Kogi State and the result of gubernatorial election in Kogi State conducted on 3rd December, 2011. The results of 2003 for example show a significant impact as compared to 1999 general elections. The reason is not far fetch; the increase in Peoples Democratic Party (PDP) wining more states from 21 to 28 is due to the fact that it was the ruling party at the national level. Though in 1999 Kogi State gubernatorial election was won by ANPP- Prince Abubakar Audu but in 2003 the influence of party in power at the national level vi-a-vis various forces (godfather) returned the gubernatorial seat to the ruling party.
More so, Court judgment on annulled the 2007 gubernatorial election and in 2008 fresh election still return the seat to People Democratic Party. When the Supreme Court extended the seat of five governors is 2011 Kogi State gubernatorial election was held on 3rd December, 2011 and despite all effort by progressive parties, the seat was maintained by the ruling party. Though Jonathan (2010), posits that electoral integrity is not only about electoral reforms, legal and constitutional changes but also about changes in attitude and conduct. The voter’s apathy is still very high, for example the total numbers of registered voters for Kogi State gubernatorial election for 2011 general election were 1,325,272 but only 518,949 voters’ participated showing that only 39% of total voters participated in the election. The scenario is very worrisome as it shows that there is still high rate of apathy and it is not is not good for our polity. More so, the several courts adequate and electoral tribunal portrayed the extent of corruption in our democratic process.

Ibrahim M. (2013) rating on African governance ranked Nigeria 41st out of 52 African countries with 43.4% thus, lower than the African average of 51.6% and 13th out of the 16th position in the West African countries. More so, transparency international rated Nigeria 35th most corrupt nation with Nigeria occupying the 139th place out of 176 Countries surveyed in the report of 2013. Consequently, this implies that Nigeria democratic system has negatively affected the socio-economic of the citizens, hence there is need to correctively and aggressively address these negative trends towards a better socio-economic fortune.

Methodology
Kogi State consists of 21 Local Government Areas and based on sample frame of 30%, six Local Government Areas were selected with two each randomly selected from the three senatorial districts. The Local Government Area selected was: Ibaji and Dekina from Kogi East, Adavi and Ajaokuta from Kogi central, Mopa-Muro and Lokoja from Kogi West Senatorial districts respectively. The main instrument use for data collection was structured questionnaires and interview scheduled.

A total of 400 questionnaires were distributed on equal bases among the local government involved in the study i.e. 6.6 questionnaire per local government. However, only 364 questionnaires were eventually retrieved from the respondents representing 91% retrieval rates. The data collected were organized into tables and subjected to analysis using descriptive statistics, simple percentages, mean and frequency.

DATA PRESENTATION AND ANALYSIS

<table>
<thead>
<tr>
<th>S/N</th>
<th>Variables</th>
<th>Option</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Age (years)</td>
<td>18-25</td>
<td>163</td>
<td>44.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>26-33</td>
<td>104</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34-41</td>
<td>42</td>
<td>11.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>42 and above</td>
<td>55</td>
<td>15.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>364</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>Gender</td>
<td>Male</td>
<td>166</td>
<td>45.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>198</td>
<td>54.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>364</td>
<td>100</td>
</tr>
<tr>
<td>3.</td>
<td>Religion</td>
<td>Christianity</td>
<td>146</td>
<td>40.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Islam</td>
<td>180</td>
<td>49.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td>38</td>
<td>10.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>364</td>
<td>100</td>
</tr>
<tr>
<td>4.</td>
<td>Occupation</td>
<td>Civil Servant</td>
<td>109</td>
<td>29.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self Employed</td>
<td>94</td>
<td>25.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applicant</td>
<td>20</td>
<td>05.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Students</td>
<td>70</td>
<td>19.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td>71</td>
<td>19.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>364</td>
<td>100</td>
</tr>
<tr>
<td>5.</td>
<td>Marital Status</td>
<td>Single</td>
<td>109</td>
<td>29.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Married</td>
<td>220</td>
<td>60.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Divorce</td>
<td>15</td>
<td>04.1</td>
</tr>
</tbody>
</table>
Most of the respondents age between the ages of 18-25 years with a total of 163 (44.8%) as shown in table v, while 104 (28.6%) as between the ages of 26-33, 42 (11.5%) age between the ages of 34-41 and 55 (15.1%) age or age 42 and above.  

More so, most of the respondents age female with a total of 198(54.4%) while 166(45.6%) are male. The religion of the respondents shows that most of respondents are Islam with a total of 180(49.50), while 146(40.1%) are Christians and 38(10.4%) are of other religious. The occupations of the respondents revealed that most of them are civil servants with a total of 109(29.9%), 94(25.8%) are self employed, 20(05.5%) are applicants, 70(19.2%) are students and 71(19.5%) are of others occupations. Table V also shows that most of the respondents are married with a total of 220(60.4%), 109(29.9%) are single, 15(04.1%) are divorced while 20(05.5%) are widowed. Finally, the educational qualification of the respondents shows that most of the respondent attend tertiary education with total of 170(46.71%), 40(10.9%) age illiterates, 36(09.9%) have primary education and 118(32.4%) attend secondary education.

Table V: Personal Profile of the Respondents

<table>
<thead>
<tr>
<th>S/N</th>
<th>Variables</th>
<th>Option</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Educational Qualifications</td>
<td>Widow</td>
<td>20</td>
<td>05.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>364</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Illiterate</td>
<td></td>
<td>40</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td></td>
<td>36</td>
<td>09.9</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td></td>
<td>118</td>
<td>32.4</td>
</tr>
<tr>
<td></td>
<td>Tertiary Education</td>
<td></td>
<td>170</td>
<td>46.7</td>
</tr>
</tbody>
</table>

Source: Field Research (2014)

Most of the respondents said corruption is the causes of godfatherism and party politics in Nigeria with a total of 148(40.7%), 57(15.7%) said poverty, 58(15.9%) said lack of voters education while 101(27.7) said it is due to military influence in the polity. Table VI above also disclosed the effects of godfatherism and party politics in Nigeria with most of the respondents said lack of essential services with total of 138(37.9%), 60(16.5%) said insecurity, 72(19.8%) said bad governance while 94(25.8%) said Nigeria has witness policy reversed.
More so, most of the respondents with total of 161(45.6%) agreed that the Independent National Electoral Commission (INEC) is based, 155(42.6%) disagreed while 48(13.2%) do not give any response. In addition, most of the respondents with total of 192(52.7%) said that the functions of Judiciary in Nigerian democratic process is successful, 140 (38.5) said not successful while 32(08.8%) said the judiciary has been staying aloof in complementing Nigeria democratic process.

Finally, in attempt at proffering lasting solution to these ugly phenomenon to our democratic process most of the respondent with total of 203(57.8%) said through strengthen of Nigeria Democratic process voters education, 56(15.4%) said through adequate finding of INEC while 31(08.5%) said through foreign support.

**Suggestion for further research**

Considering the multi-dimensional approach of electoral issues to any nation, this research could not cover all the salient areas therefore, it is suggested that it first to third republic are considered it will create room for more in-depth exploration on the variables being considered.

**Conclusion**

The research has established that democracy in Nigeria has not been fully institutionalized and phenomenon of godfatherism and party politics are visible in the conduct of government and politics. This has threatened democratic process vis-à-vis the socio-economic lives of the citizenry.

**Recommendations**

In the light of the findings and conclusion from this paper the researches recommends that democratic institution should be strengthened to eschew the system from godfatherism and politicization of core government policies and programmes. More so, there is dare need to sensitize the citizens on the importance of participating in election and the citizens consciousness should be arouse on demanding proper accountability and stewardship from political leaders. Finally, all key players in Nigeria electoral process such as the government, Judiciary, electoral body, civil society, and religious institutions should vigorously be committed to strengthening the democratic system.

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THE IMPACT OF GLOBALIZATION ON DOMESTIC POLITICAL STRUCTURES IN ESTABLISHED, TRANSITIONAL AND NON DEMOCRACIES

Everest Turyahikayo

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Abstract
This paper sets out to examine the impact of globalization on domestic political structures and processes in established, transitional and non democracies. The paper relied on extensive literature review. The discussion reveals that globalization has been used as a tool by the established democracies to exploit transitional and non democracies. This explains why Direct Foreign Investment is exploitative. Whereas regional blocs in established democracies are stronger, those in non democracies are weakened by the stronger ones through exploitative funding. The paper also reveals that de-industrialization abroad and establishment of industries in non democracies by developed states has been done so as to tap cheap labour and also to get space for dumping industrial waste in weaker states. Other threats posed by globalization include brain drain, universalization of American values, python-like foreign aid, hiding under human rights to advance parochial interests by the West, population extermination and USA’s spy network through phone tapping. However, there is hope at the end of the tunnel for young democracies. The current uprisings in Arab states are a manifestation that citizens have power to determine their destiny.

Key words: Globalization, democracy, regionalization, integration.

Introduction
Globalization is a celebrated concept by academicians, politicians, the business and epistemic communities. Yet, its impact on domestic political structures and processes in established, transitional and non-democracies is little known and less appreciated. In this essay, the discussion focuses deeply on the impact of globalization on domestic political structures in these democracies. The main issue to resolve here is whether globalization should be sorely praised or blamed for the successes or failures visible in these democracies; and whether, its presence poses a parasitic relationship among them; if so, how the ground can be leveled so as to ensure global equality in social, political, economic and cultural setup.

Methodology
The paper relies on critical literature review to examine the impact of globalization on established, transitional and non-democracies. Literature review is the use of secondary data (Amin, 2004) to justify the particular approach to the topic, the selection of methods, and demonstration that this research contributes something new (Hart, 2001). The review of literature has been discovered to be reliable in conducting desk research which is central to this paper. Authors such as Onwuegbuzie, Leech &Collins (2012) have recently emphasized the importance of literature review. They consider it as the foundation and inspiration for substantial, useful research. In addition, Randolph (2009) adds that conducting a literature review is seen as a means of demonstrating the author’s knowledge about a particular field of study. On the basis of this methodology, the paper builds the discussion on a strong theoretical foundation.
Definition of key concepts
The important concepts defined in this section are: globalization, political structures and processes, and democracies. There are other concepts such as regionalization and internationalization which will be defined along the discussion.

Globalization
According to the Cambridge international dictionary (2000) of English, globalization is from the verb ‘globe’ which means the world, and the objective ‘globalize’ which means to cause to operate internationally. Scholte (2002) defines globalization as a process in which more messages (ICT), ideas (Human capital), merchandise (Business), money (Financial capital), investments and people cross borders between nations and state-territorial units. What is interesting to note however, is the fact that globalization means different things to different people. For example, Sociologists such as Giddens (1991), Gereffi (1994), Castells (1996) and Rizvi (2004) regard globalization as a decoupling between space and time, in which production is coordinated on a global scale; while geographers and political scientists maintain that globalization entails a compression of space and time, a shrinking of the world (Harvey, 1989; Mittelman, 2000). Globalization simply entails the global spread of free markets and openness to trade (Barbieri & Reuveny, 2005). Other scholars such as Frunză, Maha & Mursa, (2009), define globalization as a process through which the world’s national economies, markets, and businesses are witnessing increasing connectivity.

For purposes of this discussion, we borrow the definition by Schulz, Soderbaum & Ojendal, (2001) who define globalization as an empirical process of world integration driven by a variety of economic, cultural, political, and ideological forces as seen in such areas as market expansion, a global production pattern as well as cultural homogenization (Frunză & Maha, Mursa, 2009). This definition provides a platform on which several issues will be discussed in this paper.

Fig.1: Determinants of globalization

Source: Developed by the author
Fig. 1 shows key determinants of globalization. They include industrialization, labour mobility, technological innovation, strategic alliances, private sector led economy, global markets and tax barriers. The figure consists of five oval shapes with two arrows each. One arrow points to globalization and a second one points to the factors of globalization. This is done deliberately to show that the interaction between globalization and its determinants is a two-way process.

Democracy
What is democracy? The Cambridge International Dictionary of English (2000) defines democracy as the belief in freedom and equality between people or a system of government based on this belief, which power is either held by elected representatives or directly by the people themselves. Other definitions are in tandem with this. For example Stern & Plato, 2002) and (Frank, 2007) contend that democracy is derived from two Greek words: demo and Kratia meaning people and rule. They go ahead to show that democracy is a system of government under which people exercise the governing power either directly or through representative periodically elected by them (Janda & Goldman, 1995). It can thus be understood to literally mean rule by the people. Almost all authors who attempt to define democracy (Reich, 1998; Scholte; 2002; Hamilton, 2004; Oyekan, 2009) bring out the famous Abraham Lincoln’s definition of democracy as the government of the people, for the people and by the people.

This implies that if a country holds elections regularly, tolerates opposition parties to voice criticisms, and permits the media to report freely and question some governments’ policies without censorship is regarded as democratic (Hamilton, 2004). This is however a disturbing assumption because of three reasons: first, a country may hold elections regularly under massive rigging, leading to electing the same people into office because they have money to buy votes. This has happened in several states including Uganda, Kenya, Zimbabwe, and Sudan. Secondly, a government may choose to let the media report on whatever they want but remain adamant about the key issues hurting citizens. For example, the media has always reported about vote rigging in Africa but governments do little to curb the vice (Abuya, 2010). Third, if any state weakens its bureaucracy, the technical organ central in implementing public, as it is the case in Pakistan (Rizwan & Jadoon, 2010) and in Uganda under Amin’s regime between 1971-1978, (Tindigarukayo, 1988), then one wonders whether it is democratic. This therefore proves how Hamilton’s view of democracy is blind of many key dimensions, and therefore may be rejected by the epistemic community. Instead, this paper finds pride in the analysis of a democratic state by Oyekan (2009) who discusses indicators of democracy as authority emanating from the people; impartiality of laws and respect for human rights; effective accountability; and guarantee of removal of an incompetent government which fails to deliver.

Linking globalization to democracy
Democracy and globalization go hand in hand (Eichengreen & Leblang, 2006) as seen in Fig. 2 below. Democracy renders leaders more accountable to the citizenry and is conducive for the removal of transnational restrictions on political and economic transactions. The democracy-globalization nexus is further reinforced by feedback from economic and financial globalization to political democratization. The exchange of goods and services is a conduit for the exchange of ideas, and a more diverse stock of ideas encourages political competition. When state leaders in Greece prepared and presented deceptive and embellished national budgets and financial reports, the state was drawn into economic crisis leading to a drop in democracy (Democracy Index, 2012). The crisis, which spread to most of the European Union states, was later known as the Euro zone crisis, causing unrest to the rest of the region.
However, whereas there is evidence to the effect that democracy has encouraged economic globalization in Western Europe, it has fueled backrush in Bolivia and Peru against opening to the rest of the world (Eichengreen & Leblang, 2006). In the same vein, Taylor (2005) argues that where labour is the scarce factor of production, democratic reforms that raise labour’s leverage over policy will encourage protectionism rather than opening to the rest of the world. This may explain why East Asian states (China, Hong Kong, Japan, South Korea and Taiwan) political systems cannot be fully understood by focusing upon party systems alone because other institutions, such as the military and the bureaucracy, often play more important political roles (Yung, 2003).

**Figure 2: Influence of globalization on democracy**

A: Global structural changes

B: Domestic structural changes leading to democracy

C: Elite mobilization

D: Citizen Mobilization

E: Transition to democracy


Fig. 2 puts the debate on globalization-democracy nexus in perspective. The figure shows that democracy is an outcome of four major phases. As seen at point A, global structural changes act as catalysts to cause ignition of the domestic structural changes (Siegle, 2012). Structural changes at the global level include political uprisings from the neighbouring states as it happened recently in the Arab world. Other changes may include pressure to implement international conventions such as the 1948 UN Declaration on the respect for human rights. It is important to note that changes in the global economy and economic sanctions impact on the domestic structural changes.

At point B, we see domestic structural changes that point to elite mobilization. These changes include altered setup in the political culture, party systems and processes, changes in the election of political leaders, awareness and observance of civil liberties. These changes create awareness among the elite community to unite and participate in leadership as seen at point C. The importance of the elite cannot be under-estimated because of the following reasons; they have the money to fund the parties or political candidates of their choice, they initiate effective political debates and coalitions, they can write and publish about bad leadership and human rights violations. The actions of the elite awaken the entire citizens as seen at point D. The citizens are urged to participate in choosing their leaders.

**Established, transitional and non-democracies**
Distinguishing between democracies is not an easy task. This is because, a state considered as an established democracy may turn out to be autocratic or dictatorship in a matter of hours. According to the Democracy index report (2012) there is at times a global backsliding in democracy due to global economic crisis. The main reason for the decline was the erosion of sovereignty and democratic accountability associated with the effects of, and responses to the euro zone crisis (Nelson, Belkin, Mix, & Weiss, 2012).

But what parameters are used by the crafters of Democracy Indices so as to classify states in certain types of democracy? Attempts have been made to relate the level of economic development to democracy. For example, Wallerstein (1974) divides the globe into a trimodal structure comprising of three layers. His categorization was based more on economic and political superiority than democratic trends. However, if we consider the three layers from the democratic point of view, and having in mind Democracy Index classification, we notice full democracies, flawed democracies, hybrid democracies and authoritarian democracies. Now, let us turn to the issue of the parameters used to arrive at this categorization. Scholars in political science have identified five core ingredients of democracy. These are, free and fair electoral process (Siegle, 2012), a functioning government (OECD, 2009), effective political participation (Weitz-Shapiro & Winters, 2008), enhanced political culture (Patterson, 1968) and respect for civil liberties (Puddington, 2013). The level of democracy depends on the degree of applicability of these ingredients in a state. The democracy index considers whether states conduct free and fair elections, have functioning governments, encourage political participation, promote a good political culture, and respect for civil liberties. This paper will show throughout the discussion that established democracies, especially those in the West, have used globalization as a tool to dominate and exploit transitional and non democracies.

**Domestic political structures and processes**

A structure is the way in which the parts of a system or an object are arranged or organized. It can also refer to something which has been made or built from parts (Cambridge International Dictionary of English, 1995). A process on the other hand, is a series of actions or events that are part of a system. In this paper, the discussion borrows the definitions stated here. From the perspective of the foregoing discussion, political structures can be identified as party systems, constitutional provisions (Wolff, 2008), and the aspect of rule of law and separation of powers. Whereas processes may include regular elections, respect for human rights, gender equality and power sharing (Schilling, 2011). The aim of this discussion is to show how globalization affects these domestic political structures and processes in established, transitional and non democracies.

**Theoretical foundations: The World Systems Theory**

The world as a system is divided into a trimodal structure consisting of three zones (Core, Semi-periphery and periphery) (Wallerstein, 1974). Each zone has a specific function. The structure is a fixed feature of the capitalist world system. States in the core category include USA, countries of Western Europe and Japan. In the semi-periphery, states include Russia, South Korea, China and Israel. Most of the world’s population (Africa and parts of Asia) is in the periphery. However, a single country may have a core, semi-periphery and periphery zone. A small portion of China’s population, for example, is part of the semi-periphery, but most of the population is in the periphery.

The theory does not explore factors keeping most states in the periphery. Yet, it is the desire of every state to reach the core. Frank and Gills (1993) explained that the contemporary world system characterized by capital accumulation, has a long history of about 5000 years. What kind of relationship exists among states in the three zones? Is it parasitic or symbiotic? In
answering this question, it is important to remember that capital accumulation is an agenda at the heart of eurocentricism (Castells, 1996). This theory implies that much capital accumulates in the core zone with some proportions in the semi-periphery and the periphery. Eurocentricism itself is a white masked ideology propagated to promote political and economic hegemony of the west. Therefore, the relationship between the zones is parasitic in nature. But who is the parasite in this case? The paper later examines a short genealogy of globalization in which the answer is clarified.

**Figure 3: The trimodal World Structure**

![Diagram showing the trimodal World Structure]

Source: Prepared by the author for this paper

The pyramidal structure assumes that most states start at the periphery and only a few manage to transit to point B and C. Figure 3 shows three layers of the globe as explained by Wallerstein (1974) in his systems theory. Looking at the structure, it is inferred that states in the core zone dominate the world economy with exception of China which appears in the semi-periphery. Yet, there are fewer states in this zone controlling the world economy. But how does this impact on globalization and consequently democratic structures? If you may recall, figure 1 reveals determinants of globalization, most of which are economic in nature. This means that these determinants are stronger in core zone states and may spill over downwards to semi-periphery and periphery states.

This paper deems it fit to trace the genesis of globalization and then show what has been the driving force behind it. It is after then that a meaningful examination of its impact on political structures and processes in established, transitional and non-democracies can be made.

**The genesis of globalization and its configuration of domestic political structures and processes**

Unlike other scholars who trace globalization in the period after the cold war (Fukuyama, 1992; Stubbs, 1999; Schulz, Soderbaum &Ojendal, 2001), there is evidence that economic, social and political interdependencies among states have existed since antiquity (Rosamond, 2003). In this paper, it is argued that since time immemorial, the interdependencies among states have been characterized by three main components, namely; exploration, domination and exploitation. This is the context in which the main discussion hinges.
According to figure 4, the first interaction among states was driven by exploration and domination. This was not done as an end of itself, but as a means to an end. As the discussion will indicate, the end was economic, social and political exploitation. The grand issue to resolve here is whether this vicious cycle of exploitation has ended. It has not! In any case, globalization has accelerated it.

In 1492, Christopher Columbus remarked after exploring America that “The people of this island have such a generosity that they would give away their own hearts” (Curtin, 1975). It is not clear whether they gave their hearts willingly, but it is unthinkable to presuppose that a normal human being or society can willingly surrender their hearts to anybody for anything. After giving feedback to the British administration about his expedition in the now USA, what followed later was the domination of America by Europe. What happened in Africa is not surprising.

After establishing themselves in America between 1400-1600 AD, they now turned to Africa for slaves. This was the starting point of globalization. Economic and political forces started moving from the egocentric Whites to the rest of the world. Any attempt therefore, to ignore this as the genesis of globalization may create erroneous fragmentation of facts. According to Curtin (1975), Boubacar (1998) and Robert (2008), between the 16th and 19th centuries, more than 13 million slaves were produced in Africa and transported across the Atlantic. By then, the estimated population in this region was 28 million people. They were sold in America to provide labour to plantations. It is important to remember that today, most African countries are either non-democratic or at the initial stage of the transition to democracy. Moreover, the economic situation of most African states is appalling. We may recall that Asian states where the impact of slave trade was negligible (Stein, 2010); the miraculous economic growth in this region has created Asian tigers\(^\text{vii}\) (Sorens, 2004).

It is also of significance to observe that the population in most of these tigers has always snowballed. For example, China is about 1.3 billion people and India is about 1.2 billion people. In Africa where over 13 million people were taken as slaves to USA in the 16\(^\text{th}\) and 17\(^\text{th}\) century, the most populated country is Nigeria with about 177 million people, followed by Ethiopia and Egypt, each with 86 million people (Population data sheet, 2013). These states are not the most democratic states in Africa, and in terms of economic growth, Nigeria is the Africa’s largest economy. However, we cannot ignore the fact that the trauma they suffered during the slave trade era and the
domination inflicted on them under colonialism leaves one to wonder whether they would not be one of the fastest growing democracies had they remained uninterrupted just like their Asian counterparts.

What about the impact of globalization on political structures and processes under colonialism? After realizing that it was cheaper to establish factories and grow plantations at a low cost on the African soil, the British took over dominion over Africa. This is evidenced in the establishment of trading companies such as the British East African Company (BEAC) which extended its influence in Uganda and Kenya (McEvedy & Jones, 1978). The British South African Company spread to Rhodesia, Zambia and Malawi. By 1921, the British Empire ruled over a population of 458 million people, approximately one quarter of the world’s population (Curtin, 1975; Boubacar, 1998; Robert, 2008). This led the British to arrogantly boast that the sun never set on the British Empire. These companies performed two major functions namely; exploitation of African resources and marketing their produce; and politically suffocating African populations and keeping them under the British submission. What does this situation tell us about globalization and the future democratic environments? This economic and political domination is responsible for fronting Africans as losers in globalization and Western countries as gainers.

Globalization and domestic political structures and processes in established democracies, transitional democracies and non-democracies

It is indicated here that determinants of globalization such as industrialization, labour mobility, marketing, strategic alliances, global markets, technological innovation and private sector–led economy (Frunză & Maha, Mursa, 2009) continue to grow stronger in the core zone as indicated in the theoretical framework.

Funding domestic political structures and processes

The ability of states to design stronger political structures and processes will depend largely on their level of economy and ability to fund them. In addition, the essence of modern democracy is the use of elections to select effective leaders and motivate them to act in the public’s interest (Treisman, 2009). In the developed democracies of the West, voters are often thought to judge incumbents on the basis of economic conditions, rewarding those who preside over prosperity and punishing those whose terms coincide with economic deterioration (Treisman, 2000). In transitional democracies and non-democracies, the citizens may be unable to vote on merit because they are manipulated by the most powerful political candidates. This is because globalization has advanced liberal capitalism and the spirit of individualism which has corrupted the minds of people. Consequently, citizens in poorer countries will view political campaigns in terms of the personal material benefit a voter will derive from casting the vote.

Globalization, De-industrialization and Direct Foreign Investment

Turning to industrialization as a pronounced determinant of globalization, the situation is rather canning. There is evidence that established democracies are steadily de-industrializing in their home countries while establishing industries abroad in transitional and non-democracies (Brady, & Denniston, 2006). This trend is popularly known as Foreign Direct Investment (FDI). As Wood (1994) argues, trade with developing countries and the associated rise in demand for unskilled labor contributes to deindustrialization. Along with greater free trade, enhanced transportation and communication facilitate the movement of production to developing countries (Anderson, 1999). What we are witnessing today is an increase in service sector in these established democracies (Bluestone & Harrison, 2000; Wolf, 2004). What does this mean for the domestic political structures and processes?
Another important justification for establishing industries abroad has been an increase in ozone depletion chemicals in the stratosphere (Petit, 1999). As a result, effects of global warming seem to be hitting hard on the established democracies. In order to spread the health risks of environmental degradation and also incapacitate attempts of environmental protection in the young democracies, the world super-powers have established their industries in poor states. This explains why industrialists come with their labour even when young democracies have personnel with the required skills. In addition, all profits are repatriated to home countries (Dikhanov & Ward, 2001; Chang, 2002). Young democracies continue to grapple with industrial waste, high levels of environmental toxicity and purchase of expensive industrial products manufactured domestically by foreigners.

Internationalization and Regional Integration
Another important point to note is the belief that globalizing states unify nationally on the basis of a centralized state, urbanize, replace traditional forms of social organization like tribe, sect, and family with economically rational ones based on function and efficiency, and provide for the universal education of their citizens (Fukuyama, 1992). It may be recalled that we are witnessing a wave of regional integration in which sovereign states are increasingly losing territorial boundaries through integration (Mwamadzingo, 2001). This trend of events, though perceived as new, and traced towards the end of WWII, is as old as colonial imperialism. But why do they fail to achieve their objectives? They are funded by IMF and the World Bank, which institutions serve interests of former colonial masters. USA and United Kingdom keep clashing one state over another so as to disorganize the original aim of establishing these blocs. This explains why Economic Community of West African States (ECOWAS) which was formed in 1975 with an aim of becoming a customs union and common market while integrating West African states has never achieved that aim (Mwamadzingo, 2001). African Union (AU) which resurrected after the death of Organization of African Unity (OAU) has not achieved much because funders will always regulate its activities and political agenda. But why is it that UN and EU progress steadily? Perhaps the answer is for another day. What is clear is that regionalization is crucial in fostering and strengthening political structures and processes of member states (Schulz, Soderbaum & Ojendal, 2001), thereby promoting democratic ideals such as effective party systems, subordination of individual politicians to institutions, conduct of free and fair elections, rule of law, freedom of the press and respect for human rights (Ibrahim Index, 2013). Any force that disintegrates this cause retards economic, political and social development.

Hemorrhagic brain drain
Most states especially in the periphery zone are witnessing a hemorrhagic loss of human capital through brain drain, hence creating labour scarcity (Taylor, 2005). This trend is being facilitated by globalization as job opportunities are quickly communicated through the high information and communication technology sweeping across continents. Looking at figure 2, as adopted from Schwartzman (1998), we learn that domestic political structures and processes are strengthened by globalization only if there is elite participation. It is also a known fact that peripheral states are facing a challenge of brain drain (Kapur & Crowley, 2008). Today, it is known that about 300,000 Africa’s experts in various fields leave the continent annually to work in the abroad. There is no doubt that this figure continues to skyrocket. As a consequence, the continent is spending about 35% of its development aid to pay expatriates doing the jobs fit for their Africa counterparts in the Diaspora (Labonte, Packer, Klassen, Kazanjian, 2006). If we go by Schwartzman’s (1998) model in figure 2, it is inferred that there is a limited number of the elite in...
Africa to champion democracy. This leaves the bigger part of the continent in the hands of a few tyrants, whose level of conscientization is low (Freire, 1985).

Universalization of American and Anglo-Saxon values
Globalization represents the universalization of American and Anglo-Saxon values (Fukuyama, 1992). According to Fukuyama, the globe is witnessing the end of history. A history characterized by geographical boundaries, heavily guarded territorial borders and economically closed structures. These territorial borders are increasingly becoming porous towards the creation of liberal and democratic global state at the end of history. This discussion recognizes the polite way in which Fukuyama puts his arguments across. Looking at the trimodal world structure in figure 3 and the genesis of globalization in figure 4, it is incomprehensible to presuppose that there can be a one global liberal democracy serving interests of the entire cosmos. However, we are sure of one possibility; signs of time reveal that USA and Anglo- Saxon states seem to be exerting political and economic pressure on weaker states in the periphery and semi-periphery zones with a view of dominating them as it has always been the case. Who is the beneficiary of the globalization benefits? The beneficiary states occupy a core position in the global structure (Eichengreen & Leblang, 2006). Western Europe and USA have always had a lion’s share. It would be ridiculous for the states in the periphery zones to hope that one day globalization will miraculously superimpose on them democratic values from the core zones.

Mediocrity of the West in international Human rights advocacy
Political structures and processes are galvanized by respect for human rights. It is usual to find various states in all zones having constitutional provisions for human rights. In Uganda, for example, such provisions are found in the entire chapter 4 of the 1995 constitution. In Brazil, such rights are enshrined in Articles 4-11 of the 1988 national constitution. In Ghana, the human rights provisions are enshrined in articles 12-30 of the 1992 constitution. These rights are in agreement with the UN Declaration of Human Rights, 1948. For example, Article 7 stipulates that all persons are equal before the law. Article 10 of the Declaration provides for a fair hearing. Article 16 stipulates that marriage is between man and woman.

This paper interests itself with these last two Articles. It should be noted that many suspects of terrorism have been held incommunicado and tortured by USA Army without a fair trial (The Wall Street Journal, 2014; Kaye, 2014). It should also be noted that when Uganda enacted anti-homosexuality law in 2014, USA government condemned the act and withdrew funding of some key government sectors blaming the Ugandan government of violating gay rights. In addition, the same state accused Col. Muammar el-Qaddafi the former President of Libya of human rights violations and influenced ICC to indict him. He was fought and eventually killed by US barked NATO forces and replaced by Ali Zeidan, the USA’s choice (Simons, 2011). What does this double standard tells us? There are two things to know here; first, that actors in globalization are not playing on a leveled ground. Whereas states in core zones enjoy economic superiority, their counterparts in the lower zones are limping economically. This explains why weaker states are being bulldozed by the powerful ones.

Globalization and Foreign Aid
Political structures and processes the world over are strengthened by finances in addition to political will. Financial globalization has created more opportunities for the core zone states to lend to the states in either transition democracy or non democracy. Currently, the Net debt inflow to transitional democracies and non democracies is about $465 billion (IBRD & IDA, 2011; IMF, 2013). There are two questions to ask here; first, who lends or who gives the Aid? Second, the loan
or Aid is given for what purpose? The main funding institutions are IMF and the World Bank. However, these institutions do not have projects from which to earn money. USA and the European Union contribute much of the funding. Therefore, when we are analyzing the question of who funds, it is not actually these banks per se which fund weaker states, but states on the core zones.

The main purpose of globalized lending is three fold, first, to make improvements in the socio-economic conditions, second, to suppress socio-political frictions, and third, to finance one fighting political or military group fighting government or defending itself. States in the core zone are aware that the debt burden will keep weaker democracies on their knees begging.

**Globalization and population extermination**

This paper now turns to the quandary of population extermination by core zone states so as to weaken non-democracies. Political structures and processes are created to benefit human beings. The importance of bigger populations cannot be under-estimated. For example, Figure 1 indicates determinants of globalization such as industrialization, global markets, strategic alliances marketing and private sector led economy. Population is an important variable in which these factors find shelter. Markets need bigger populations. This explains why China with a population of about 1.3 Billion people is one of the World’s largest economies. India’s population is about 1.2 billion people and its economy is doing well. Other Asian tigers are reaping big from the ever increasing populations. For example, Thailand has a population of 66 million, Indonesia with 248 million people, Bangladesh, 156 million people, Brazil, 195 million people, and South Korea with 50 million people. At the African continent, the largest economy is Nigeria which is also the most populous state with 177 million people (Population Reference Bureau, 2013). Because of the rising economy in these states, we are witnessing strong political structures and processes leading to democracy, e.g. in South Korea and Indonesia (Otto, Wall Street Journal, 2014).

Due to the fears by the states in core zones about the increasing population and the fear of the possibility that states in the weaker zones will dominate the world markets and industrialization, core zone states have invented a global plan to exterminate populations under the disguise of population control. This is evident in their disguised global population control drive. It is important to remember that most states in core zones developed on the basis of exploitation of non-democracies and democracies in transition. Even then, their populations were big, and some states still have large populations. For example, Germany has a population of 63 million people, France, 63 million, and USA has 316 million people (Population reference bureau, 2013). However, with the increasing populations in developing states and the level of technology advancement being witnessed thereof, USA and its counterparts in the core zone fear of future domination by the currently states. This explains why population control drive must be seen as a concern being raised in bad faith by core zone states.

**Suspicion, spy network: The case of phone tapping**

Technological advancement has accelerated the spread of globalization, tension, suspicion envisaged in the high spy network. Accusation of phone tapping and spy network using highly sophisticated technologies has reportedly been of great concern. For example, the US National Security Agency (NSA) was accused by Germany for spending years tapping the mobile telephone calls of German Chancellor Angela Merkel. The phone spying was conducted in 80 US embassies and consulates (Appelbaum, Stark, Rosenbach & Schindler, 2013). In addition to phone tapping, Harding (2014) reported in the Guardian, the U.K news paper, that US continues to use XKeyscore technology to spy on almost every state in the globe. Information regarded highly private has been tapped by US via online spying. Should USA encroach on the classified information of other states with ease and without authority and reproach? The answer depends on...
which zone one belongs. What is clear is that domestic political structures and processes are strengthened by plans and policies which are at times hatched in confidence. But if a party privy to such information gets it at an early stage, distortions can be made to ensure that they fail at formulation or implementation.

**Implication for policy actions in Africa**

Globalization has been falsely traced at the end of the cold war. Failure by scholars to trace the genesis of globalization with precision has led to two major implications. First, the impact of globalization on the entire globe as presented in the systems theory has been under-estimated. This is because; only a few gains or losses arising from globalization are recognized while ignoring benefits gained by exploiters during colonialism and losses incurred by the victim states/colonies. Second, the under-estimation of the benefits or losses of globalization has made it difficult to draw a roadmap on which globalization can be directed so as to derive benefits from it by all actors.

It is also important to note that globalization is inherently a good and desirable phenomenon. However, domestic political structures and processes have been at the receiving end. All determinants of globalization such as industrialization, global alliances, ICT, global markets and private sector led economy are stronger in the core zone states. Yet, these determinants have a direct positive impact on the growth of domestic political structures and processes. Perhaps realizing this fact will enable weaker democracies to devise means of tapping them.

Despite the praise directed to globalization, we still witness intolerance of sovereign states by super-powers. There are two examples here to prove this case. First, the recent donor Aid cut to Ugandan government by USA due to enactment of anti-homosexuality law is a manifestation to what Fukuyama (1992) termed Americanization of world states through the imposition of American values. Secondly, International Criminal Court (ICC) treats young democracies especially those of Africa and Asia as if all crimes against humanity are committed in these two continents. It has treated most states in the Arab world as terrorist states. Yet, USA continues to kill people relentlessly using drones. One wonders whether USA’s incursions make it better than terrorists.

Can we blame states in the core zone for using globalization to weaken political structures in transitional and non-democracies? The answer is largely yes, because they inculcated the spirit of selfishness among elites in these democracies. Today, in African non-democracies we talk of leaders in black skin putting on white masks (Fanon, 1967). Traditionally, an African is a social being who shares with entire community. This virtue disappeared upon the influence of the white man. We now see political leaders and bureaucrats who steal government money, eat and vomit on ailing nationals. This happened in Uganda where money meant to buy drugs for malaria patients was embezzled by three politicians. In the Democratic Republic of Congo, former president Mobutu Tse Tseko stole unknown amount of billions of public money and deposited it in foreign banks.

USA uses quick and sophisticated communication means made possible under globalization to mobilize and sponsor any disgruntled persons or group to topple any government whose ideals they do not share or approve. Who knew that Former Libyan leader Muammer Gadafi would be killed and dumped in the desert for the fox to feast on his body? USA was behind this everlasting mischievous act. What wrong had Gadafi done to deserve this punishment? USA is in comedy again that it has sent 150 commandos to wipeout Joseph Kony in Central African forests! Who manufactured the weapons Kony is using and how did he access them? If USA managed to kill Osama who was hidded in a Pakistani- ‘terrorist country’, why has it failed to capture Kony who is hiding in an area where surrounding countries want him killed?
Conclusion

Although most transitional and non-democracies are victims of their bitter history, this should not stop them from recouping benefits of globalization which they have actively contributed to for a quite long time. Experience from the recent uprisings in Arab states especially in Tunisia, Egypt, Libya and currently Syria is indicative of the power possessed by citizens in solidarity. The importance of globalization as a tool for information dissemination regarding the socio-economic and political conditions may not be over looked. Considering the ability of globalization to turn around geopolitics, means that leaders ought to harness the potential benefits of this phenomenon so as to strengthen domestic political structures and processes for better policies and desirable service delivery.

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Notes

1 For example, according to Mo Ibrahim Index for good governance, 2013, Mauritius, Botswana, Cape Verde and South Africa were ranked the best democratic states in 2013. Their level of economic development has been ahead of other states until in 2014 when Nigeria became Africa’s largest economy, replacing South Africa. States that were ranked at the tail (Somalia and Democratic Republic of Congo) are non democratic and poorer than other African states.

* Please see Figure two for the theoretical explanations
There are 25 states in this category e.g. Norway, Sweden, Iceland, Denmark, New Zealand, Australia, Switzerland, South Korea, USA, Japan, Belgium Spain, etc.

There are 25 states in this category e.g. Norway, Sweden, Iceland, Denmark, New Zealand, Australia, Switzerland, South Korea, USA, Japan, Belgium Spain, etc.

There are about 50 states in this category e.g. Cape Verde, Portugal, France, Botswana, South Africa, Israel, Taiwan, Jamaica, India, Mexico, Ghana, Benin, Lesotho etc.

There are 37 states in this category e.g. Uganda, Tanzania, Singapore, Ukraine, Bangladesh, Tunisia, Liberia, Kenya, Egypt, Mozambique, etc.

Western Europe includes the following states: Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Netherlands, Switzerland, Monaco

As of 2014, these tigers include China, Hong Kong, India, Singapore, Taiwan and South Korea.

British Empire spread through Africa to India, South and North America. When the sun sets in some of these regions, it is rising in others. Hence the saying that the sun never sets on the British Empire.

As a result of political and economic exploitations experienced by African states, the West created better conditions for human life. Consequently, we are witnessing brain drain, continued exploitation of African natural resources, and erosion of Africa cultural values. As of 2014, South Africa is the only state with membership to G 20 states; and Africa has the largest number of states with the lowest Human Development Index (HD report, 2013). This cannot be a coincidence that states that have a history of losses in terms of manpower and resources are the ones lagging behind in economic and political development.

Benefits of globalization include access to markets abroad, opportunities for Direct Foreign Investment (DFI), job creation for the superpowers in businesses owned abroad, etc.
MANAGING POST-RETIREMENT CONDITIONS IN NIGERIA

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Abstract
The paper notes that retirement is a must for all workers. Despite government roles at providing social security income, retirement period has been a tension provoking and devastating phenomenon in Nigeria and other emerging economies of Africa, Asia and Latin America. This is so because of the regular non-payment of gratuities and pension benefits in Nigeria. The paper recognizes that workers who ignore retirement planning do so at their peril, stressing that life consists of entry and exit and that one must plan for exit immediately after getting appointment. The paper further notes that a sweet and enjoyable post-retirement life demands that certain capital or income generating production/service outfit(s) be put in place before the retirement day. The paper therefore identifies and discusses entrepreneurship opportunities available for managing post-retirement conditions in Nigeria. The paper calls on Nigerian workers to embrace one of the opportunities so as to remain moderately productive and healthy after retirement.

Key words: Retirement, Pension, Retirement plan, Economics of Healthcare

Introduction
In most developing countries and Nigeria in particular, government or restrict working age of public civil servants to prevent an ageing labour force by allowing entrants of young-able-bodied labour for increasing efficiency and productivity. This has become so necessary because as a worker become older his Marginal Physical Productivity of Labour (MPPL) will decline. Thus retaining such a worker in employment at this point will amount to running the organisation at a loss. That is why in Nigeria, statutory working age in the public service is fixed at sixty (60) years or thirty five (35) years of unbroken active working service before retirement. However, the Retirement Age Harmonization Act of 2012 puts the retirement age of judicial officers and academic staff of tertiary institutions at 70 and 65 years respectively because of the belief that the “older, the wiser” in those sectors. In the private sector, retirement age varies between 55 and 60 years of service and the factor of 35 years of service is not applicable (FGN, 2008). Other less measurable retirement criteria such as low productivity, divided interest, labour redundancy, rationalisation etc. are often introduced and these have exacerbated the already negative attitude the Nigerian workers have for retirement.

Recent studies (Fashoyin, Oyekanmi and Fapohunda, 1985; Ogunlesi, 1985; and Glenn, 2005) have shown that labour in private and public sectors are noted for their significant contributions to socio-economic development in Nigeria. Globally, government recognises that between the service years and retirement, workers are considered most energetic and useful as their labour time are spent for their employer(s). As a reward for their significant and contribution to the economy, government in both developed and developing countries provide retirees access to formal system of retirement income support. In Nigeria, its popularly called employee benefits in the form of pension and gratuity as a reward for workers meritorious service to the nation.

According to Kolawole and Mallum (2004) retirement pension is typically one of the largest social security component of public interventions for the retired public civil servants. Except otherwise, mandatory retirement is expected to be a blistful transition in the life of an employee. In western countries and some planned-economies of the world like America, United Kingdom, Britain, Russia, Yugoslavia, Cuba, Malaysia etc where pension schemes are functional, majority of the retired personnel live comfortable with their pension allowances.
without any distortion in their family economic stability. Government in these countries made available adequate resources and infrastructural provisions to cushion post-retirement conditions.

Despite several moderations of retirement benefits for workers in Nigeria, pension fund has been characterised by outright corruption and embezzlement, mismanagement and diversion of fund over the years. Fapohunda (2013) revealed recently the multi-million pension fund scandals pervading many strata of the Nigerian society like the Pension unit of the Office of the Head of Civil Service of the Federation, PENCOM and the Nigerian Police Pensions. A recent National Assembly public hearing on pension revealed that six civil servants stole #24 billion from the Police Pension Funds. The same persons were alleged accomplices in the illegal diversion of another #24 billion from the Police Pension Funds. Similarly, #151 billion and another #32.8 billion and another 6 million pounds were recovered after the conduct of Biometric Data Capture exercise on pensioners since 2010. Furthermore, it was revealed that whereas #5 billion was paid to the office of The Head of Service monthly for pension payment, the actual figure was #1.9 billion, a staggering #3.1 billion difference.

Corruption in the Pension Scheme has become so pervasive. The embezzlement and corruption manifests in different shades and colours. Fapohunda (2013) further revealed that of the 141,790 pensioners listed on the government payroll, only 70,657 were said to be genuine, while the Police Pension Office also alleged collected #5 billion monthly as pensioner’s claim instead of the actual requirement of #500 million. Thus millions of pensioners who served this country have their latter years enmeshed in suffering due to the greed of some uncultured public office holders. More so, the delay in payment of pension and gratuities has brought untold hardship, frustration and death to many retirees, thereby making retirement phenomenon dreaded by workers. The situation is so devastating to the extent of discouraging people who are still working and who are about to retire. As pointed out by Deng (1996), the uncertainty that characterised the retirement life bothers serving workers to the extent that some workers falsify their age and career records in order to postpone retirement date. This problem is further compounded by the fact that post-retirement welfare of workers is not even a top priority of Nigerian government.

Furthermore, workers themselves do not give early planning and management of post-retirement conditions significant priority. As a result of their unpreparedness many have faced lots of psychosomatic problems and some exhibit psycho-phobic reactions. Today, civil servants in both public and private sectors in Nigeria perceive retirement as most intractable problems (Abdullahi, 2002). Since the retired population are part of the society and considering the recent growth of population of the retirees, their welfare should constitute an issue of national importance and not to be treated as dead woods as is being done in Nigeria. The need to cope with retirement life should be considered as a critical issue both by employers and employees, most especially where the retiree is a family-head. This is so because by circumstances of their position as family-head, they are more prone to face difficult situations in the context of the present depressed state of the Nigerian economy. Today that payment of pension is becoming disturbingly high, it has become necessary for employees to plan for their retirement early in their career because of sudden unexpected rationalisation, high inflation rate, exchange rate volatility, mass unemployment and high economic uncertainties in order to avoid post-retirement years in poverty.

Aim of the Paper
The aim of the paper is to create profuse awareness among the young workers currently in service on the need to substantiate serious commitment to preparation for post-retirement life. As a result, this paper seeks to provide guide to what constitute a workers retirement plan that
can be employed for managing post-retirement conditions in Nigeria. This will no doubt provide answers to some challenging issues that bothers workers at retirement.

The Concept of Retirement
According to Buckley (1974) retirement is an inevitable stage of ageing where the individual gradually disengages from the main stream of active work, social work and is eventually replaced with younger ones. Also Cole (1997) see retirement as the time an employee reaches the end of his working life. Shea (1991) and Maisamari (2005) remarks that retirement is an aged long practice in both the private and public service. Many people especially those who never thought of retirement as a necessity often looked dejected, frustrated and depressed when suddenly they found themselves retired.

The idea of retirement is of a recent origin, being introduced in the 19th and 20th centuries. The standard retirement age varies from country to countries but it is generally between 55 and 70 years. The restriction in the labour working age is to prevent an ageing labour force. Thus retirement is the act of an employees official disengagement from a regular/permanent career job especially because the employee has reached a particular age. This will prevent an ageing labour force by allowing entrants of young-able-bodied labour for increasing efficiency.

In Nigeria, the statutory retirement age is dependent on the sector. For instance, it is sixty-five (65) years or thirty-five (35) years of active working service for staff of tertiary institutions other than professors. Those on the professorial cadre retire at the age of 70 in respective years of service. In the same vein, the non-professorial staff of tertiary institution retire at 65 irrespective of years of service. It is to be noted too that judges at the Court of Appeal and Supreme Court levels retire at 70 while those at the High Court level retire at 65. However, it's 60 years of age in other public service and private sector or 35 years of unbroken active service which ever come first (FRN,2004). However, the 35 years of active service is not applicable to workers in the private sector.

According to Oniye (2004), Whichever way retirement comes, it tends to emphasise separation from job with concern for the future. Retirement is indeed a period of withdrawal from active job of one means of livelihood. Retirement is a fluid concept because it connotes different things and is fraught with different experiences for different people. We observe over time that retirement life is not a homogenous experience for everyone. While some individuals view it positively and anticipate it with nostalgia, others dread its eventuality with great anxiety.

Forms of Retirement
Retirement can be of different forms. In Nigeria, three major forms of retirement are identified in the literature(Omoresemi,1987; Deng,1996; Nwajagu,2007; Okechukwu and Ugwu,2011). They are voluntary retirement, compulsory retirement and mandatory retirement.

Voluntary or self retirement -occurs when the individual decides to quit active service for personal reason(s) irrespective of age, experience, lenght of service or retirement policies. This type of retirement depends more on the employee than the employer.

Compulsory or forced retirement is a situation in which the individual is forced or compelled to retire against the individual’s expectation and when he is ill-prepared for it. It is usually viewed negatively in that it is unplanned. Okechukwu and Ugwu (2011) identified reasons for compulsory retirement to include inefficiency, old age, ill-health, indiscipline. This retirement is in the interest of the organisation.

Mandatory or statutory retirement is the normal (or expected form) in the sense that the person involved has reached the statutory age of retirement as specified in the condition of service of the establishment. For instance, in Nigeria the age is specified for other civil servants while judges and lecturers retire at 65 years or when an individual has put in 35 years of service. In
Nigeria, the current retirement is guided by the *Federal Government Public Service Rule* (2008) which state clearly that:

(i). The compulsory retirement age for all grades in the civil service shall be 60 years or 35 years of pensionable service whichever is earlier.

(ii). No officer shall be allowed to remain in service after attaining the retirement age of 60 years or 35 years of pensionable service which ever is earlier.

(iii). The provision of (i) and (ii) of the rule is without prejudice to the prevailing requirements for judicial officers and academic staff of tertiary institutions of learning who retire at 70 and 65 years respectively.

It should be noted that retirement period is another period of a new learning zone. Public servants should see retirement not as an end of ones world rather the beginning of a new (another) phase of life. Many public servants look forward to retirement but not all get there. Therefore Public servants retiring on ground of age should be celebrated and treated as war veterans by the society and government.

### Pension Benefits In Retirement

Previously, low life expectancy and the absence of pension arrangements meant that most workers continued to work until death (Wikipedia, 2011). In modern times, with improvement in life expectancy rate and available labour supply, most countries have evolved systems that now define standard retirement age and provide pensions on retirement. According to Toye (2006), pension is simply the amount set aside either by an employer or an employee or both to ensure that at retirement there is something for employees to fall back on as a guaranteed income for them or for their dependants. Pension and gratuities are schemes which provide for the finances for the upkeep of the retired staff throughout the rest of their lives after work. In Nigeria payment of pension benefits to workers in the public service is the sole responsibility of the government. So, that at old age, a retiring worker will not be stranded financially. This practice assists the retirees to readjust properly to the society after leaving employment. Table 1 in the appendix shows the formula for pension and gratuity calculations in Nigeria based on percentage of final salary in respect of retirement since 1992. This formula is currently in use even today.

Balogun (2006) affirms that Nigeria had her first Pension Scheme in 1951. The colonial British administration established this by the instrument they called Pension Ordinance. The introduction of this Pension Scheme had a retroactive effective from 1st January, 1946 and applied only to United Kingdom officials posted to Nigeria. By implication, this pension scheme was not automatic to Nigerians. Since that time, Nigeria had had about eight (8) registered Pension Schemes that is characterised by outright corruption and embezzlement. The pensioners had to cry out loud in streets and mass media for a positive change (Obi, 2002). Thereafter, The Pension Reform Act 2004 was enacted on 25th June, 2004 and became effective on 1st July, 2004 to redress the corruptible practices in the scheme and to assist the pensioners cope with the changing economic and political process in the country.

It may interest you to know that the introduction of the Contributory Pension Scheme (CPS) in Nigeria in 2004 has its origin from Chile and its Latin American neighbours that personalized pension to the contributor and managed by licensed private sector entities. So far, Nigeria is the first African country to introduce a variant of the Chilean system with flavours of African peculiarities (Musibau, 2012). Under the new contributory system, the employees contribute a minimum of 7.5% of their basic salary, housing and transport allowances and 2.5% for the military. Employers shall contribute 7.2% in the case of the public sector and 12.5% in the case of the military. Similarly, employers and employees in the private sector are expected to contribute a minimum of 7.5% each. One of the opportunities of the CPS is that participants are allowed to open individual Retiree Saving Account (RSA) where contributions...
are accumulated till retirement. The scheme also permits members to make voluntary contributions as additional percentage of their salaries into the individual capitalized account. The mandatory requirement that Pension Fund Administrators (PFAs) provide regular/periodic statement of account to RSAs holders ensures close monitoring of accounts which could also guarantee quick report of errors and prompt correction of such errors. Nigeria decided to adopt the Chilean version of CPS in order to cushion the heavy financial on the government in payment of previous retirees pension benefits. In order to facilitate this restructuring, the prevailing Contributory Pension Reform Act 2004 has a central regulatory body, called Pension Commission (PENCOM) to oversee all pension matters nationwide.

Fapohunda (2013) observed that despite several moderation of pension schemes, the management of pension scheme in Nigeria over the years has been characterised by multiple and diverse problems such as inadequate funding, poor documentation and filing in the pension office, accumulated arrears of pensioners, inability to determine the appropriate investment portfolio, lack of accountability, corruption and embezzlement of funds among others. It is noted that some states in the country are yet to join the on-going Contributory Pension Scheme (CPS). Reports emanating from the Pension industry in Nigeria revealed that 28 out of the 36 states are yet to subscribe to the CPS, a decade after introduction, even though it is mandatory for all employers of labour on formal platform (Vanguard, 2014). This suggest lack of confidence on the part of employees arising from failures of previous similar government policies. Added to this is the fear of continuity and sustainability by successive governments since new government in Nigeria have been known to jettison previous programme midway to start another similar one.

The scope of this paper is not to contest the efficiency in services delivery of PENCOM but to educate the intending retirees that preservation of all employment documents are of necessity for processing of pension. Such documents that are always required by the appropriate pension office before pension benefits are processed and paid and as at when due include:

1. Dully completed pension form (in triplicates) signed and stamped.
2. Original three (3) copies of computation sheets,
3. Certified true copy of the up-to-date record of service reflecting:
   * Name of the officer
   * Date of birth
   * Date of entry into service
   * Date of first appointment
   * Date of last promotion
   * Date of confirmation
   * Record of transfer/secondment
   * Record of spouse and children
4. Notice of retirement and acceptance showing clearly the effective Date.
5. Evidence of (if applicable)
   * merging of service
   * official change of name
6. Statement of indebtedness or non-indebtedness issued by the organi-sation (or clearance form)
7. Letter of administration (in case of death)
8. Departmental file (in case of death) and
9. Three (3) passport size photgraph (or as may be reviewed from time to time).

**Retirement Plan**

A sweet and enjoyable post retirement life demands that certain capital or income generating production/service outfit(s) be put in place before retirement. Every striving worker in the 21st
century should know that the Nigerian economy is facing serious challenges, hence, there is need for pre-retirement planning strategies to combat and manage the impending pains and stress in retirement. Retirement plan should not be over looked by any worker considering the fact that labour wage in Nigeria is far from being a living wage. Planning is the first stage in the retirement management process. The need to be prepared and plan for retirement in conformity with the organisation policy cannot be over emphasised. Eyibe and Eyibe (2000) stressed that planning ahead will enable an individual to look at all the factors that have bearing on life in retirement and pursue the realities from the on-set. The mind to plan in the first place is enough social security for post retirement living. When this is done, it makes the future a better place to live and it helps to increase the chances of longevity of the retiring officer.

Planning makes retirement meaningful in the sense that the retiring officer will no longer rely on traditional family arrangements for livelihood, income and other forms of social security provisions at post-retirement. In other words, in addition to the epileptic government pension plan, workers should also make every effort to have their own pension plan. Kolawole and Mallum (2004), observed that where adequate planning are nursed, frustration and anxiety in retirement will be eliminated. It is equally observed around the globe that workers who fail to plan for retirement always experience some avoidable problems in post-retirement life, such as:

(i) State of boredom,
(ii) A condition of financial anxiety,
(iii) Distress,
(iv) Loss of contact or social relation with colleagues,
(v) Feeling of dissatisfaction and unfulfilled life and
(vi) Often experience psychosomatic and phobic reactions.

Sule (2006) cautioned that planning for retirement should start right from the date of entry into the civil service. By implication, one does not need to wait for the final retirement benefits to plan for retirement. While one is planning for his family, it is also necessary to plan for retirement. Workers’ retirement plan should accommodate optimal family size or number of children that can be comfortable to cater for. It is not very convenient for a retiree to continue to produce children even at retirement. This can increase the virus financial load of workers in retirement. Agada (2006) equally cautioned that retirement planning if given priority, will facilitate a sure smooth landing for retirees. Attendants opportunity benefits of effective and functional retirement plan include:

(i). Good health in post-retirement life;
(ii). Adequate security provisions for life after retirement;
(iii). Provision of some kind of pre-occupation (or vocation) by removing the burden of idleness in post-retirement years;
(iv). Reduce concern for money;
(v). Eliminate feeling of uselessness and not being tolerated or wanted.

Entrepreneurship Opportunities For Managing Post-Retirement Conditions
Retirement life demands great managerial ability. Management here implies the organisation and mobilisation of all human and material resources for the achievement of certain identified goals (Adesina, 1981). This implies that civil servants are expected to harness their resources for the development of an effective and stress-free post-retirement life style. By implication, a retiree, in order to experience a pleasant post-retirement life, has to device means of managing some challenges inherent in retirement (Ogunlesi, 1985). Therefore, in order to ensure a smooth landing and eliminate anxieties in retirement, strong foundation or structures have to be laid. The laying of these structures as noted earlier has to be a gradual process. These include planning for:
(i). *A home Into Which to Retire.*

Decision to build a house to retire into should be foremost for a safe landing at retirement. This decision should be taken early enough and resourceful should be committed into it while still in service. A decision of this nature is not easy to resolve considering the numerous desires of a Nigerian worker. This is where the Economics principle of opportunity cost become relevant (Lipsey, 1928). This principle concern the losses an individual suffer now in order to gain something (like house) in the future. We are aware that not many retirees can afford to build a house at retirement. Even when a public civil servants cannot build, he is expected to retire into a rented house or native family house.

Whatever way, the retiree should know that at retirement, his level of income is bound to change and of course a new retirement lifestyle will emerge. The understanding of this is very vital. This will help the retiree to decide whether to remain in the present accommodation, change residence within the geographical location of previous accommodation or return to fatherland.


Since retirement imposes a considerable change in lifestyle, there is need to develop a financial plan to match the new standard of living with the retiree’s income. It is pertinent to know that finance is the key to retirement planning. If sufficient resources are available, it will become easier to achieve physical targets in post-retirement life. Thus financial plan is very necessary and it should provide answers to such questions as:

- How is the retirement life going to be financed?
- What is the flow of the retirement fund, lumpsum or piece meal?
- What is the present dependant family size to finance in retirement?
- What is the size of the retiree’s fund to satisfy the retirement desires?
- Can the retirement fund finance previous consumption pattern?
- How regular is the accessible retirement fund?
- How do you bridge the gap between desires and what is available?

(iii). *Open a Retirement Saving Account.*

Every employee should make opening of a retirement saving account either with a reputable informal financial institution like thrift and credit society, other financial welfare/security scheme a priority. This should be done early while in service and on gradual basis. Other saving outlet could include opening savings account in a commercial bank, buying of shares in reputable trading companies, invest in landed properties etc. If this course of action is taken, the hypothetical saving model in table 2 will help you to locate destination of your compounded saving over time. At retirement this saving will not only form platform for withdrawal but base to start a choice business in post-retirement living.

It is advisable to invest in this form of business early in one’s working life so that the capital and dividend can be high at the time of retirement. Ruhm(1990) and Dalang (2006) similarly observed that when little previous savings is/are pooled together with gratuity and pension benefits; and invested in a profit oriented business it can improve the fortune of retirees in post-retirement life. The caution though is to avoid “carrying one’s egg in one basket”. This calls for allocation of investible funds among alternative portfolios.

(iv). *Invest In Small Sideline Business.*

For those who may not be interested in (iii) above, may wish to invest in *small sideline business.* It’s popularly referred to as small scale business. *Sideline business* has to do with running small business while one is still fully in employment of government or Statutory
Bodies. This could include trading, running restaurants, computer services, telecommunication or GSM services, home services delivery, cake baking, decoration and beautification, hair-dressing or barbering saloon, transport business, musical or choral band, theatre performing troop, establishment of schools, consultancy firms, establishment of environmental sanitation business, recreation business, snail business, table water business, among others. These are vocations that do not only create wealth, provide employment opportunities for the youth but have the potentials that drive economic growth and development. It is noted that the process of doing these projects will automatically help to improve the health of the retiree also.

A little extra income from sideline business can go along way to making life comfortable in post-retirement life. More so, there is opportunity for expansion or growth. However, workers who want to engage in sideline business must adhere to the government stipulated guidelines governing its operations. At retirement, when the structures are on the ground, retiree can fall back on it, modify it to taste and pre-occupy the body and mind.

At this juncture, it is to be noted that a part from strengthening human relationship it will remove the burden of idleness or boredom in post-retirement life. Medically, when the body is idle, it slows down the rate of metabolism leading to all sorts of sicknesses (like osteoarthritis, hypertension, diabetes mellitus, obesity, etc). Participatory activities of this nature will assist retirees from not growing older at a faster rate but keep them healthy in retirement.

(v). Establish Business In Own Area of Specialisation.
Retirees should identify and start a post-retirement business suitable to the retiree’s lifestyle. Identifying and starting a business in one’s area of specialisation or where the retiree’s skill is greater could be a veritable avenue to engage after retirement. Sugestion of such occupations include: Running a consultancy service or business undertaking in your area of specialisation; writing; editorial consulting; pursuit of hobbies into income; Gardening, farming, Keeping of poultry, piggery, goatry etc; Coaching as in sport, dancing, drama contract job (where possible) etc

This will help avoid pit-falls in the retiree’s business. Whatever is the choice of the business, there is the necessary need to possess depth knowledge of it and be familiar also with the legal requirements in setting up such business.

Economics of Healthcare in retirement
Apart from the income component at retirement, healthy engagements of the mind, body and even the soul should concern the retirees also. Economics of healthcare in retirement is the harnessing of resources that are available within the enviroment or locality of a retiree for optimal utilization for healthy living. An employee in service has hope for monthly salary to meet his body needs but at retirement when salary ceases, such hope could be in danger. As noted earlier, post-retirement is another phase of life that is associated with changes not only in income but physical fitness and health conditions.

A retiree at the age of 65 years (and above) that is less in active service, by Nigeria’s standard, may be prone to old age sicknesses. It therefore becomes necessary for a retiree to think of how to cope with the body needs by harnessing resources and utilizing resources within his/her reach for healthy living. According to Nwachukwu (2003) a knowledge of this enables an individual (retiree) to be an active participant in his healthcare. According to him a healthy eating plan can both reduce the risk of developing hypertension, diabetes and lower an already elevated blood pressure.

The impression that nutritious food are costly and that a retiree cannot afford it is not always true. There are a lot of exercises and less expensive resources of high nutritive values in our environment that can be harnessed for healthy post-retirement living. Interactions with the
Retirees revealed that the following tips have been of great assistance in managing their health well in post-retirement and are worthy of emulation. These are:

1. Develop a dietary eating plan that emphasizes eating more of fruits, fresh vegetables and plant products, low fatty foods, poultry, fish, moyin moyin, akara and less in-take of red meat, sweets, salt, much fatty foods, sugared beverages, processed or refined food products. Fish is gaining popularity in many parts of the world today. These are cheaper within the reach of many people. In post-retirement and considering the age at that period, these food menu are recommended for longevity. Dietary therapy is the cornerstone of diabetics treatment whether or not drugs are prescribed (by the doctor).

2. Post-retirement task should be done with ease and moderately. Trying to do much work at a time can leave you weak or damage your health at that older age (of 65 yrs +).

3. Warm up with a low impact exercise like walking, jogging, running, swimming, cycling, dancing recreation, playing table tennis, golf and the like. This can improve body image, fitness of the heart and lungs and very good in the management of hypertension.

4. Visit your Doctor/Hospital regularly to check your blood pressure (BP), blood glucose etc. At post-retirement this is very necessary. Most hospital do not even charge for checking a patient’s BP.

5. In addition, all health conscious individuals (including retirees) can possess medical kits like blood pressure machine, Glucometer for measuring blood pressure and sugar level on their own (with insignificant doctor’s or other health workers monitoring) respectively.

6. Drink plenty of fluids. When doing any activities, sweating means you are losing fluid and this has to be replaced. Water is usually the best choice.

7. Take rest and sleep when getting exhausted. Allocate time to observe these.

8. Participate in self-care programme that could promote self-cleansliness e.g personal and environmental cleanliness. This is another form of exercise too.

Policy Recommendations

The paper passionately recommends as follows:

1. Bearing in mind the importance of pension in the life of retired workers and the fear of workers arising from past pension scheme’s failures, government should allow organisations or employers of labour to manage their own Pension Fund. Hence, government and Pension Fund Administrators (PFAs) are enjoined to set up joint committee of government and workers to fashion an acceptable agreement. Thereafter, government and workers should work out modalities to monitor PFAs and the accredited financial institution(s). This will no doubt improve social security delivery for the retirees and prevent event of seeming financial anomaly.

2. As a matter of necessity, government should from time to time review its pension and gratuity laws in both the private and public sectors to reflect the inflationary, exchange rate volatility and other changing trends in the country. In view of this gratuity should be tax free henceforth.

3. Government should establish a National Public Service Rehabilitation and Vocational Centre to provide a series of training and counseling programmes for workers about to retire from active service. This centre should provide at least 6-12 months duration course on various aspect of retirement for those due to retire in 3-5 years. This will afford the intending retirees not only to Learn New Skills (LNS) but also widen their horizon in the process to perceive business opportunities, know characteristics of an entrepreneur, identify, start and manage business enterprises in post-retirement life. In addition, government should mandate and empower the centre to reward retirees with
concrete achievements and excellent character. This will encourage all serving public officers to work hard with dedication, loyalty and honesty.

4. As part of the welfare packages for employees, organisation should arrange for their employees about to retire to attend pre-retirement entrepreneurial training programme in government institutions that are mandated to do so. Such institutions include the Administrative Staff College of Nigeria (ASCON), National Directorate of Employment (NDE), Raw Materials Development Council (RMDC), Small and Medium Enterprises Development Agency (SMEDA), Industrial Development Centre (IDC) etc. Where the organisation has a consultancy services, effort should be made to collaborate with these government training institutions for in-door training programme that could encourage self-reliance in post-retirement. The word of caution is not to expect everything from the government.

5. The retirees are encouraged to invest in themselves by self sponsor to retirement seminars where the employer is failing to do so. Now that government is moving towards the market economy and is encouraging private participation, private training organisations should be free to enter the market to avail training opportunities to would be retirees. This inspires competition which will enhance quality of the packages as those institution with little or nothing to offer practically will fissle out of business.

Conclusion

Retirement from active civil service is a *sine qua non* in the life of every public officer. It is a stage that every worker must surely reach whether he prepares for it or not. However, many who secure entrance into organisation, are not conscious of their exit which is certain at a future date. Therefore, necessity rest on every employee to begin to consider the issue passionately since life at retirement can be blistful or painful depending on the level of preparedness and planning. Which ever way, the choice is yours. This paper commends the effort of the government for her commitments so far at the payment of pension and gratuity to public officers in Nigeria in the face of challenges confronting pension administrators nation wide. It is hoped that this development will soon become a matter of the past. We hope that future retirement policies will continue to favour the retirees in order to meet their demands and encourage them to be more productive in the Nigerian economy.

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### APPENDIX

Table 1: Formula for Pension and Gratuity Calculation Based on Percentate of Final Salary In Respect of Retirement in Nigeria Since 1992

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<th>BEFORE 1992</th>
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<td>180</td>
</tr>
<tr>
<td>24</td>
<td>190</td>
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<tr>
<td>25</td>
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<td>33</td>
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</tr>
<tr>
<td>34</td>
<td>290</td>
</tr>
<tr>
<td>35</td>
<td>300</td>
</tr>
</tbody>
</table>


Table 2: Hypothetical Monthly Savings Of A Nigerian Worker With An Informal or Formal Financial Institutions.

<table>
<thead>
<tr>
<th>Amount saved #</th>
<th>After 5 years #</th>
<th>After 10 years #</th>
<th>After 15 years #</th>
<th>After 20 years #</th>
<th>After 25 years #</th>
<th>After 30 years #</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>30,000</td>
<td>60,000</td>
<td>90,000</td>
<td>120,000</td>
<td>150,000</td>
<td>180,000</td>
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<td>1,000</td>
<td>60,000</td>
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<td>180,000</td>
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<td>2,000</td>
<td>120,000</td>
<td>240,000</td>
<td>360,000</td>
<td>480,000</td>
<td>600,000</td>
<td>720,000</td>
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<tr>
<td>3,000</td>
<td>180,000</td>
<td>360,000</td>
<td>540,000</td>
<td>720,000</td>
<td>900,000</td>
<td>1,080,000</td>
</tr>
<tr>
<td>5,000</td>
<td>300,000</td>
<td>600,000</td>
<td>900,000</td>
<td>1,200,000</td>
<td>1,500,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>10,000</td>
<td>600,000</td>
<td>1,200,000</td>
<td>1,800,000</td>
<td>2,400,000</td>
<td>3,000,000</td>
<td>3,600,000</td>
</tr>
<tr>
<td>15,000</td>
<td>900,000</td>
<td>1,800,000</td>
<td>2,700,000</td>
<td>3,600,000</td>
<td>4,500,000</td>
<td>5,400,000</td>
</tr>
</tbody>
</table>

Source: Computed By The Author March, 2014

Note: The above hypothetical saving table is computed without regard to interest rate. Where the deposit attracts interest rate, depositors will be better-off at any point in the table.
Reforms and Control of State Agencies in Tanzania

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Abstract
This paper examined the control and regulation of state agencies in Tanzania. Since the 1980s public sector in Tanzania has experienced a number of administrative reforms and one key aspect of that reform was the creation of semi-autonomous public organizations that are placed at arm’s length from their parent ministries. These agencies were to be given more managerial autonomy in return for performance-based accountability. Instead of inputs and rule-based governance, the policy intention was to control agencies on the basis of performance results. The aim of this paper was to examine whether this reform policy is effectively implemented in Tanzania by focusing on how agencies are practically controlled by their parent ministries. Our main finding is that agencies in Tanzania are not mainly subjected to result-based control. In most cases the government has continued to use the traditional ways of controlling public organizations such as input-based approach and political appointment. This implies that the NPM-inspired reforms have been poorly adopted.

Key words: Public sector reforms, agencies, Control and regulation in Tanzania

Introduction
Since the 1980s, the public sector in Tanzania has been subjected to a series of administrative reforms. As part of these reforms, the government has created a number of executive agencies that are managed at arm’s length from their parent ministries. The creation of executive agencies, like many others reforms, is linked to the New Public Management doctrine (NPM) that emerged in the 1980s as a global reform model. The process of creating these arm’s length public organizations has been described as the ‘agencification’ of public service delivery (Pollitt et al., 2004). Agencification reform is driven by the argument that agencies are more efficient in public service delivery than the traditional public administration bureaucracies.

In Tanzania, agencification represents a new approach to public sector management and as a ‘new phenomenon’ the main question has been how these new public sector agencies can effectively be managed and controlled by their parent ministries. This is because under the current public sector governance, these executive agencies are placed at arm’s length from their parent ministries and they are given more managerial autonomy in return for performance accountability (Pollitt et al., 2004). As has been noted elsewhere, we argued that enhanced agencies’ autonomy needs to be counteracted by an effective regulation and control from their parent ministries. This is expected to ensure agencies’ accountability for public service delivery.

There is a growing literature that suggests that the celebrated ‘superior performance’ of agencies is not strongly empirically supported and that, at best, the idea of agencification is ideologically driven (Christensen and Laegreid, 2007). Contrary to the efficiency driven arguments, there is indeed a growing body of literature that indicates that agencification poses several problems for the management of public sector. Perhaps one of the most observed and unintended consequence of the agencification reform has been the fragmentation of the public sector management (Christensen and Laegreid, 2007). Indeed, the most obvious result of new governance arrangement coming from NPM reforms is the institutional fragmentation of the public sector, making the task of the central government to coordinate and control public organizations more difficulty.
Furthermore, Christensen and Laegreid (2007) argue that structural devolution (i.e., the creation of agencies) has sometimes meant less capacity for central political control. As we shall discuss shortly, agencification requires the government to use a combination of markets, technology and private sector techniques instead of administrative laws, hierarchical authority, and regulations. An important element of the new control approach is thus the use of sophisticated performance information. A question not well addressed in the literature is whether these market-based management tools are ideal for the public sector and whether parent ministries can effectively control these semi-autonomous agencies.

Indeed, Laegreid (2007) has noted that the enhanced managerial autonomy of agencies tends to often weaken formal control tools and increase the distance between agencies and their oversight authorities. This is of great concern because elected officials are ultimately accountable to the general public for the quality of services provided by public agencies. It is therefore essential that the freedom of agencies remains a qualified freedom (Caulfield, 2002). It is therefore clear that agencification reform raises several questions and this paper attempts to address some of these questions. More specifically, this paper addresses the following questions: What is the level of autonomy of the agencies and how are agencies regulated and controlled by their parent ministries. These questions can be related to the current debate on how the governments in developing countries are dealing with the issues of performance management and whether these countries are able to effectively manage result-based public sector governance.

**Regulations and Control of State Agencies: An Overview of the Literature**

There is a plethora of literature that deals with regulations and control of public organizations (Olsen, 2008; Pollitt and Bouckaert, 2004). Traditionally, public sector control is based on the Weberian model. This approach has its theoretical background in the Weberian bureaucratic theory (Olsen, 2008). According to the Weberian bureaucratic theory, authority, rules and procedures are central mechanisms for controlling public organizations. In the Weberian sense, public organizations are usually hierarchically structured, with each structure containing a certain degree of power and authority, in what Pollitt (2009) called ‘a clear hierarchy of offices’. Within this hierarchy of offices lay ‘impersonal authority’ that governs the superior-subordinate relationship. This arrangement allows the superior to instruct subordinates do things based on legitimate orders. Orders are passed down to line units or implementing organizations. The central staff units, which support top officials, will then check the implementation of these orders (Pollitt and Bouckaert 2004).

Authority is therefore a fundamental source of control here. As Bouckaert et al., (2010) note, authority means the legitimacy and the ability to get things done without oppositions. The government or those in the positions of authority may overcome any resistance to their desired goals through the use of law, budget and if necessary, legitimate use of coercion (ibid.). In addition, control is often command-based and it is guided by the codified rules and regulations. Those higher in a position of authority can demand subordinates to fulfill certain obligations. For example, a permanent secretary can instruct agencies under his/her ministry to perform certain tasks without or with less resistance. In addition, control can be exercised, using a variety of tools. These may include administrative procedures that require subordinate organizations to seek prior approval before they can make decisions, budgeting and planning in which central government formulates public sector-wide performance objectives in a top-down approach, leaving little room for subordinate organizations to negotiate but to implement programmes. In fact, in the traditional Weberian model this has been the most preferred control approach, where budgets and planning are centrally determined. Other tools of hierarchical control are codified rules and regulations that govern the use of public resources. This means that the entire civil service use centrally specified procedures in the deployment of inputs. As Bouckaert et al., (2010) note, in traditional bureaucracy the discretion of public organizations to use production inputs such as human resources and
finances is very restricted by centrally imposed rules. For example, the traditional control for financial resources comprise budget and accounting procedures that clearly stipulate how and which resources should be spent and on what. According to Bouckaert et al. (2010) these strict hierarchical control fosters uniformity in public sector operations.

Apart from the aforementioned Weberian-based control, it is also important to acknowledge that public organizations can also face informal control. This model of control is more pronounced in many developing countries where the control of public organization is based more on informal rules and regulation than in the formally ‘written rules of game’ (Schick, 1998). This informal control gives politicians the opportunity to intervene in large and small matters, allowing them to maximize their control of public organizations.

**Reforms and New Approach to Controlling Public Organizations**

The rise of NPM as a new administrative doctrine is expected to change the way public organizations are controlled. According to Moynihan (2006), NPM seeks to introduce market-based principles in the management of public sector. In many OECD countries, Verhoest (2005) noted a shift in the control of public organizations from inputs to result-based control. The adoption of result-based control approach is generally expected to profoundly change the way public organizations are to be controlled.

Result-based control requires governments to move away from an administrative culture of compliance, error avoidance, rigid rules and procedures, and presumed in-efficiency to a more efficient and effective public service management systems. It demands multiple changes to the existing public administrative systems that, for years, were based on the Weberian model (Sulle, 2011). First, the reform seeks to introduce a new role for parent ministries; that of being strategic leaders while the task of implementing policies is to be delegated to professional bureaucrats that operate at arms length from central ministries.

This distribution of work between central ministries and their executive agencies entails decentralization. Following this distribution of roles and responsibilities, a further important element in the implementation of the result-based management is the identification and definition of objectives and indicators of expected performance results (Moynihan, 2004). The political leadership (the parent ministry) must formulate clear performance goals and targets to be achieved, and give subordinate bodies a leeway and discretion in achieving these goals. Goals are to be defined in measurable terms that would allow a comparison of ex post performance with ex-ante targets. In addition, the government is obliged to provide enough resources for the decentralized organizations to accomplish their responsibilities.

Viewed from a result-based approach (which is central to the NPM doctrine), control entails a number of administrative elements. According to Verhoest et al., (2004) result-based control can be regarded as a management process that consists of a number of interrelated subsystems; a planning system (setting rules, standard procedures and goals for agencies), a monitoring system (measuring performance results), and an evaluation system (where sanctions and rewards are applied). This control type can be measured by looking at the presence of four management systems to which agencies are subjected, namely: 1) the setting of agencies performance goals, 2) the use of indicators to make goals measurable, 3) the presence of performance monitoring and evaluation regime, 4) the presence of reward and sanction system. It can thus be argued that under new management approach public organizations face effective control when all these four phases are present in the control cycle.

Besides, result-based control mechanisms, the government can also control agencies in a number of other ways. In the context of decentralized public sector management, the government may continue to indirectly influence the behavior of their agencies. Hogwood et al.,(2000) observed that although ministers may not be involved in a day- to- day management of agencies, but they expect to be consulted on issues that will raise public interest. This consultation can
happen through formal or informal meetings. Ministries can further use what Koppel (2003) called tools for bureaucratic control. These may include structural and financial controls. An element of financial control is related to the decentralized agency’s financial dependence on their parent ministries, in which the government may use that as a leverage to constrain the agency’s autonomy. This can be particularly regarded as a controlling tool when agencies face some threats in the form of an annual budget decrease according to their performance (Verschuere 2007, Verhoest et al., 2004). Structural control on the other hand, would entail the appointment of a CEO and the nature of his/her accountability, including to whom that accountability is directed. The CEO’s line of accountability can be to the supervisory board or directly to the parent ministry. Each of these lines of accountability will have different implications on the autonomy and control of agencies.

Public Sector Reforms in Tanzania: Towards A New Regulation and Control

As I argued elsewhere (see Sulle, 2010; Sulle, 2011), the background to the public sector reform in Tanzania is not very much different from that in other countries in Africa. The economic crisis in the 1980s and poor performance of public sector ignited far reaching public sector reforms. The reforms, main driven by donors, aimed at halting the expansion of the public sector size and to enhance its operational efficiency (Rugumyamheto, 2004).

Civil service reform was specifically launched in 1993. The main of civil service reform in Tanzania was to create a smaller, affordable, well compensated, efficient and effectively performing civil service. The reform focused not only on institutional restructuring of the civil service but also in introducing new ideas and techniques in the management of public services. As result of the reform efforts, the government instituted a number of reform measures including the creation of executive agencies that are placed at arm’s length from their parent ministries.

As has been noted in the general reform literature (see Pollitt et al 2004, James, 2003 Christensen and Laegreid, 2001), the aim of the agencification reform is to create task-specific units within the government that are flexible and output/outcome-focused. The NPM line of thinking is that these autonomous public organizations are more efficient than normal departmental units (James, 2003). It is assumed that the devolution of managerial power to ‘public managers’ coupled with clear performance incentives and accountability will improve the public sector performance (Joshi and Ayee, 2009). A popular phrase in the agencification literature is that of ‘let the manager manage and make the manager manage’ (Kettl, 1997; Christensen and Laegreid, 2001). Protagonists of the agencification reform assume that the reform will also reduce unnecessary red-tape in service delivery and empower frontline managers to make decisions as they deem fit (Larbi, 1998). One of the criticisms of the traditional public administration model has been its tendency to centralise all decisions about the use of resources, creating a mismatch between authority and the responsibility given to the frontline managers (Keating, 1997). Agencification thus seeks to free public sector managers from these rigid bureaucratic rules, which are seen as the source of inefficiency in public service delivery (Keating, 1997).

The creation of agencies with clearly specified, single-purpose tasks is assumed to increase transparency of government operations (Caulfield, 2002). In an ideal-agency model, agencification provides more managerial autonomy by decentralizing decision-making competence in all areas of their management (including financial and human resource management) to Chief Executive Officers (CEOs). In turn, the CEO is made accountable for achieving specified results. In general, the relationship between the parent ministry and their agencies is to be regulated through performance contracts than through normal government—wide public sector regulations.

Agencification programme was officially launched in Tanzania in 1997. The government expectation is that agencies will conform to the modern management practices by developing strategic and business plans. Following years of poor performance of the public sector, the agency model was seen as an organizational solution, which would keep public services within the government, while promising efficiency and effectiveness of public service delivery (Sulle, 2011).
Since the 1990s a number of executive agencies have been created in various ministries. In order to facilitate the creation of executive agencies in public sector, the government decided to introduce single umbrella legislation called the Executive Agency Act, No.30 of 1997. Following this Act, every executive agency was required to have a ‘framework document’ that would describe in more detailed terms, the agency’s functions, aims, role, performance standards and any other particulars of the agency as approved by the Chief Secretary in the President’s Office.

As noted, the Tanzanian agency model was intended to keep agencies within the public sector while at the same time it had a promise of improving the efficiency and effectiveness of public services delivery through the application of modern management techniques, particularly the use of private sector management style (URT, 1997). This was to be made possible by placing agencies at arm’s length from their parent ministries and by giving them more managerial autonomy so that they are free to use different management techniques, including business-like approach to achieve their organizational goals. This has been clearly stated in the Executive Agency Act No. 30 of 1997, Section 4 (b) which says: an agency has to manage its affairs in a businesslike and cost-effective manner and in accordance with modern management practices and techniques and, in particular, to apply to its operations the best standards of financial management and accounting. The idea was that while the ministries should retain core policy making functions, public service provision should be delegated to semi-autonomous agencies. An argument and which emanates from the NPM reform doctrine is that, the quality of management of public services will be increased by distancing activities from central and often politicized departments (Caulfield, 2002).

Theoretically, agencies have certain level of managerial autonomy to make their own decisions with regard to human resources and financial management issues such as recruitment, salary grading, dismissal, promotions, evaluation of performance, and on financial management aspects such as setting tariffs, generating revenues and shifting budgets between different financial years, and in taking loans for further investment (see Sulle, 2011). These elements are traditionally the prerogative of central ministries such as the Civil Service Department and the Ministry of Finance.

Following their enhanced autonomy, agencies are supposed to be regulated through performance results. According to the agencification policy, parent ministries would set out performance goals, targets and monitor their agencies on the bases of performance results. This reform policy demands ministers and parent ministries in general to refrain from interfering in the day-to-day management of the agencies (The Executive Agency Act no.30.1997). It has been insisted that the role of parent ministries should be limited to that of setting strategic direction for agencies and to ensure that agencies are held accountable for achieving performance results. It is therefore important to empirically examine whether executive agencies are controlled by performance results. This is the focus of the current research paper.

Methodological Note
This paper draws heavily on a research survey that covered all executive agencies in Tanzania. This survey was carried out at the end of 2007 and was addressed to chief executive officers of all agencies. The total response was 78% (18 agencies out of all 24). In order to get a comprehensive understanding of the autonomy-control dynamics, the survey was complimented by data collected from secondary sources, particularly literature on public administration in Tanzania. Our survey data has been analyzed in conjunction with data gathered from supplementary sources to enhance validity of findings.

In the research design the major aim was to understand whether or not agencies are controlled on the basis of performance results. Our data presentation and analysis are structured in two interrelated approaches. First, we examined the extent to which agencies are no longer controlled on the basis of inputs and process. The empirical question here is the extent to which the
government or the parent ministries controlling agencies by performance results. We then examined other means of controlling agencies such as inform means. The assumption is that the two analytical approaches would give us a clear understanding of how agencies are controlled and regulated in the Tanzanian public sector.

**The Control of State Agencies in Tanzania: Empirical findings**

The creation of agencies is expected (theoretically) to result into agencies being controlled by performance results. In principle control on inputs was supposed to have been replaced by result based control, with parent ministries setting performance goals for agencies. Key elements of the result-based control have been identified as goal/objective setting together with their quantifiable performance indicators against which the results are measured; the process of performance monitoring and evaluations followed by rewards and sanctions for the level of performance achieved. In what follows these management aspects are empirically examined.

**Formulation of Agencies’ Performance Goals**

This is perhaps the most important component of the result- based management control. According to the NPM line of thinking which also underpins rational instrumental ideas, agencies’ performance goals must be formulated by political leaders (parent ministries) (Laegreid et al., 2006) and that the goals so set must contain quantifiable performance indicators against which agencies’ goals achievement or failure can be assessed. In order to grasp to what extent agencies’ performance goals are set by their parent ministries, we asked whether agencies have clearly defined performance objectives that are set to be achieved. The answer to this question was 100% ‘yes’. In addition, it was important to know who sets agencies’ performance goals and whether agencies are involved in the process of setting performance goals. Responses to these questions are indicated in table 1 and 2 below. As can be seen from the responses, 83% of the agencies claimed that they set their own performance objectives, with only very few agencies saying that their performance goals are set by their parent ministries. Even when we asked whether there was the involvement of parent ministries in objective setting, we still noted that the role of parent ministries was insignificant. For example 55.6% agencies still insists that they set their own performance objectives whereas 27.8% claimed that they set their performance goals but through consultation with their parent ministries. Two agencies (or 11.1%) claimed that performance goals are set through the process of negotiation with their parent ministries. Only one agency said that it is the parent ministry which dominates the process. A general impression here is that agencies seem to dominate the process of goal setting. As far as we know, it was only one agency, the Tanzania National Roads Agency’ (TANROADS) whose performance objectives are set by the government: the Ministry of Infrastructure Development and the Road Funds Board¹.

In addition, TANROADS was the only agency that signs annual performance contracts with these two oversight authorities that are jointly responsible for the performance of TANROADS. For example, while all road maintenance works are funded by Road Funds Board (RFB) new roads development projects are generally funded by parent ministry, mainly through donor funds. In this scenario, TANROADS signs two performance contracts annually; one with the parent ministry and the other with the Road Funds Boards. Each oversight authority develops its own performance goals for TANROADS and then monitors closely its implementation.

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¹ This is a special and dedicated Fund established by the Act of Parliament to ensure that Roads works have a stable and identifiable source of funding. The Fund mainly receives its revenue from fuel levy taxed for every liter of petrol sold at a pump in the country.
Table 1: Who Agencies’ performance objectives? (Open question)

<table>
<thead>
<tr>
<th>Response from the agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Ministry and the Roads Fund</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>The agency itself</td>
<td>15</td>
<td>83.3</td>
</tr>
<tr>
<td>The parent Ministry</td>
<td>2</td>
<td>11.1</td>
</tr>
</tbody>
</table>

Source: Survey, 2007

Table 2: Are agencies involved in the setting of performance objectives?

<table>
<thead>
<tr>
<th>Response from the agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>We set the goals ourselves</td>
<td>10</td>
<td>55.6</td>
</tr>
<tr>
<td>We set them after having consulted our parent ministry</td>
<td>5</td>
<td>27.8</td>
</tr>
<tr>
<td>We set them together with parent ministry through the process of negotiation</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Parent ministry sets them after having consulted our organization</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey, 2007

The overall picture that can be drawn from this data is that agencies have clearly dominated the process of goal setting, and this brings a paradox to the result-based control in the Tanzania’s public sector. When we read our results with other researches in the past, there seems to be some similarity. Rosholt and Andrews (2005), for example, have observed that the introduction of agencification programme in Tanzania has not been accompanied by result-based management. According to them the government has not effectively addressed organizational constraints in developing effective performance indicators and monitoring arrangements and most agencies have been left to develop their own operational targets, without necessarily even getting formal approval from the their parent ministries. This weakness was also observed by Caulfield (2002) when she lamented that ‘No parent ministry we visited has a performance monitoring regime in place…there has been no pressure on the agencies to produce an annual report’.

The Use of Performance Indicators

This is again another important element of result-based control of state agencies. For goal achievement to be assessed there has to be performance indicators against which the success or failures of agencies’ performance is measured. According to Laegreid et al., (2006) a well functioning result-based management system must have performance indicators against which success is evaluated. In the UK, James (2005) reports that performance indicators are an essential element of the Next Steps agencies program. They are normally set by the parent ministries, but James also notes that agencies may sometimes propose them. In order to avoid the potential danger of targets serving the interests of agencies, James (2005) noted that parent ministries have always operated with ‘rules of thumb’ such as asking for more than what the agencies have proposed. Performance indicators help the government to judge the performance of their agencies and be able to exercise sanctions when necessary. In other words, a good information system should enable principals (government) to satisfactorily control their agencies. It is therefore important that parent ministries play an important role in the process of setting performance indicators for their agencies.

In Tanzania this theoretical assumption has not generally been followed, as agencies have been left to develop their own performance indicators. For example, in our empirical research we asked agencies whether there are performance indicators for measuring performance results. All agencies replied that they do have performance indicators against which their performance outputs can be measured and evaluated. It was further noted that many agencies develop their own performance indicators and these are contained in their annual business plans (PRSP, 2006).

However, since these indicators are generally developed by agencies themselves, they may not really constitute meaningful control tools for parent ministries. They may only help agencies...
for their internal management purposes and in fact 38% of the agencies in the survey said that indicators are to a large extent useful for their internal management purposes whereas 56% of agencies said that they are only useful to some extent. The question is then, how can this be a monitoring tool since parent ministries are not involved in setting them? For example, performance indicators are only minimally used for resources allocation (16.7%) and as steering signals from parent ministries.

Performance Monitoring and Evaluation
In addition to goals setting and performance indicators development, agencies’ performance achievement has to be monitored and evaluated and this is the central role of the parent ministries. It can be argued that, monitoring and evaluation systems are important subsystems that contribute to the large government control systems. For effective result-based management system built on contractual arrangement, parent ministries have to effectively monitor and evaluate the performance of their agencies. As rational actors, agencies are more likely to serve their own interest if there is no effective external monitoring. The monitoring and measurement of agencies performance are thus the canonical principles of result based control. Information gathered through monitoring and evaluation are essential tools for decision making over agencies, including rewards and corrective measures in case agencies have underperformed. To assess whether and to what extent agencies are subjected to performance monitoring and evaluation, we asked two related questions. The first question is ‘who evaluate agencies’ performance?’ Whereas 66.6% admitted that they evaluate their own performance, 22.2% said that their parent ministries carry out performance evaluation. On the question of who measure their performance results, 72% claimed that they measure their own performance whereas 28% agreed that their respective parent ministries do that task.

Our general conclusion here is that most agencies in Tanzania are not effectively monitored and there was a limited effort from parent ministries to evaluate their agencies performance. The executive Agency Act No.30, 1997 requires agencies to submit their annual report to their respective parent ministries, but in most agencies even that formal requirement is not followed. The PO-PSM (2004-2007) report for example, noted a serious lack of performance reporting, claiming that ‘this was actually a reflection of poor compliance to the Act which requires each agency to produce (within two months of the end of the financial year), an annual report, including audited accounts’.

Performance Related Incentives and Sanctions
Result–based accountability was supposed to be linked to clear incentives for good results and possibly sanctions for poor performance (Moynihan, 2006). Yet, our data indicate that Tanzania is lagging behind in implementing this reform aspect. Response from the agencies suggest that neither much is to be expected from a good performance nor worse from poor performance. In our survey 61.1% said that there are no rewards while 38.9%, replied that there are rewards for good performance. These rewards are in the form of CEO’s bonus, but there is a possibility that all staff can receive bonus. More detailed elements of the possibility of sanctions are provided in Table 3. Again we see almost a similar pattern: 55.6% of agencies said that there is no any type of sanctions while handful (22%) said CEO may face bonus reduction for poor performance.
Table 3: Types of sanctions the agency may face for poor performance

<table>
<thead>
<tr>
<th>Responses from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage decrease for CEO or other personnel</td>
<td>4</td>
<td>22.2</td>
</tr>
<tr>
<td>Wage decrease for all staff in the organization</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Reduction of resources allocation for organization</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Less autonomy for the agency in relation to parent ministry</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>No any sanction</td>
<td>10</td>
<td>55.6</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Survey, 2007

The overall picture is that sanctions and rewards are not strongly emphasized in the management of agencies. First, if parent ministries are, as we have already seen, less interested in setting performance objectives for agencies and are not doing actual evaluation of their agencies’ performance, there is no strong way the government can use to reward good performance and punish the bad ones. Improved information about the performance of agencies could have been used to allocate praise or blame, but it could also have been used to inform decisions about resources allocation to agencies including their staffing levels. In Tanzania these monitoring elements are not emphasized in controlling agencies.

Performance Auditing

Agencies and other departments in Tanzania are subjected to traditional financial auditing which is often carried out by the office of the Controller and Auditor General (CAG) of the government (Roberts, 2004; Ronsholt and Andrews, 2006). In fact, the Controller and Auditor General’s office is given power through the Public Finance Act, 2001 to carry out performance audits for all public organizations, including agencies.

In this section it will be interesting to know whether agencies are also subject to audits and if so who does it. In addition, it is important to know whether the audits are done regularly or on ad-hoc basis. In Table 4 and 5 responses from the agencies are displayed. It is quite surprising that once again agencies seem to dominate the process of their performance audit. We note that agencies are mostly doing their regular internal audit (50%) and that the role of the Controller and Auditor General (CAG) is not very apparent.

Ronsholt and Andrew (2005) had earlier noted that the office of the CAG has no required manpower and facilities to provide a comprehensive auditing service for the entire public service. In particular the CAG office lacks technical expertise beyond accounting and procurement. This would suggest that the office of the CAG does not have sufficient capacity to audit agencies’ performance. In terms of the focus of auditing, the main concern seems to be on the financial aspect of the agencies’ management (44.4%). Financial audit is however an essential management tool of the traditional public administration (the Weberian approach). In addition to that the current NPM-inspired approach was supposed to focus on performance audit, especially the emphasis on value-for-money audit.

Table 4: Is your agency subject to a regular audit and who performs it?

<table>
<thead>
<tr>
<th>Responses from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, we do it ourselves (Internal)</td>
<td>9</td>
<td>50.0</td>
</tr>
<tr>
<td>Yes, we contract others to do for us</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Yes, by other unit of the government (CAG)</td>
<td>6</td>
<td>33.3</td>
</tr>
<tr>
<td>Yes, by external auditors commissioned by the parent ministry</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Survey, 2007
Table 5: What is the focus of these regular audits?

<table>
<thead>
<tr>
<th>Response from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The focus is on financial issues</td>
<td>8</td>
<td>44.4</td>
</tr>
<tr>
<td>The focus is on general organizational results</td>
<td>5</td>
<td>27.8</td>
</tr>
<tr>
<td>The focus is on internal control system</td>
<td>4</td>
<td>22.2</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>94.4</td>
</tr>
<tr>
<td>System</td>
<td>1</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Source: Survey, 2007

To what extent do we see result-based control for the agencies in Tanzania? As illustrated in the data analysis, agencies in Tanzania are clearly and strongly subjected to result-based control. This is because in most cases agencies set their own performance goals and agencies performance are not systematically subjected to performance monitoring and evaluation. It is thus clear that result-based control is not done in a systematic way and for all agencies the circle of the control is incomplete. According to the NPM doctrine, agencies need to be fully controlled ex post in which the parent ministries set performance goals together with indicators, measures and evaluate goal achievement, and then offer rewards and sanctions according to the performance level achieved by the agency. It is therefore important to examine others means used to regulate and control these agencies.

Other Means of Controlling Agencies

In the context of decentralized public sector management, the government may continue to indirectly influence the behavior of their agencies. Hogwood et al. (2000) observed that although ministers may not be involved in a day- to- day operation of the agencies but they expect to be consulted on issues that will raise public interest. It can still use what Koppel (2003) called tools for bureaucratic control. These may include structural and financial controls. An element of financial control is related to agencies financial dependence on their parent ministry, in which the government may use that as leverage to control agencies autonomy. This is particularly regarded as controlling tool when agencies face some threat in the form budget decrease or increase according to their performance (Verschuere, 2007). Structural control on the other hand would entail the appointment of CEOs and the nature of their accountability, including to whom that accountability is directed. The CEO’s line of accountability can be to supervisory board or directly to the parent ministry. Each of these lines of accountability will have different implications for agencies autonomy and control. The importance of these control variables have been acknowledged in the literature (Hogwood et al., 2000; Verschuere, 2007). In addition to these structural variables, informal relationship between agencies and their parent ministries have been noted to play a central role in inducing certain patterns of agency behavior (Christensen,1998). This element could even be more important in Tanzania because of the pervasive informality that characterizes the management of the public sector. The following section examines other means of controlling agencies in Tanzania.

The Appointment of Chief Executive Officer

In Tanzania the Executive Agency Act, 1997 requires the CEO to be appointed by the minister of the parent ministry through an open competition in which the vacant post is announced publicly. In our survey, we included two questions on the recruitment of CEOs in the agencies. The first question is on how the agencies’ CEOs were employed and what the background of the current CEO is. Our aim was to gain information not only on how the CEO is appointed but whether there has been a change in the way CEOs are employed; from the Weberian seniority-based promotion to a market driven employment where the criteria is purely an individual competencies for performance. It could also be that CEOs are appointed on the basis of a political connection.
Table 7.12 below displays the results of our survey. Interestingly, it seems that a larger portion of CEOs (56.6% + 16.7% = 73.3%) are senior civil servants who have just been promoted to their CEO positions. These were mainly heads or had worked in the same departments before these units were promoted to the agency status. A few of them are from the central civil service and only a minority (11.1% or only two CEOs) have come from outside the civil service, probably from the private sector. A documentary review also shows that a majority of the CEOs are from the former departments before these units became agencies. One earlier report also noted that ‘the vast majority of CEOs were appointed from within the public sector and they lack the experience of the kind of business environment within which the agency would operate in the future (PSRP 2006:10). Although in official documents it is strongly insisted that CEOs must be recruited through open competitions (Agency Act 1997), but in practice most CEOs have been promoted from the civil service.

Our analysis has further revealed that it is actually the CEO of TANROADS who is often recruited from the private sector. Two of the CEOs before the current one, were even foreigners: the first came from Sweden and the second was Ghanaian. ASA, a small agricultural seedling agency, has also recruited its CEO from the private sector. It remains an open question as to why the government has been reluctant to recruit CEOs from the private sector and whether by retaining traditional bureaucrats in the agencies, the control of agencies is rather easier. From cultural-institutional perspective, one can say that traditional bureaucrats have long been socialized into the public sector norms and culture and they thus bring no new cultural clash. With this type of CEOs continuity is guaranteed.

Table 6: Recruitment and the Background of CEOs in Tanzania

<table>
<thead>
<tr>
<th>Question: How is CEO appointed?</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 a) Through labour market competition?</td>
<td>a) 16</td>
<td>a) 88.9</td>
</tr>
<tr>
<td>b) Through promotion or appointment from the government?</td>
<td>b) 2</td>
<td>b) 11.1</td>
</tr>
<tr>
<td>c) Through political consideration</td>
<td>c) 0</td>
<td>c) 0</td>
</tr>
<tr>
<td>2 What is the Background of the current CEO?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) S/he was previously Head of this department before it became agency?</td>
<td>a) 10</td>
<td>a) 56.6</td>
</tr>
<tr>
<td>b) S/he worked in the department before it become agency</td>
<td>b) 3</td>
<td>b) 16.7</td>
</tr>
<tr>
<td>c) S/he is recruited from the civil service through competition</td>
<td>c) 3</td>
<td>c) 16.7</td>
</tr>
<tr>
<td>d) S/he is recruited from outside the civil service through competition</td>
<td>d) 2</td>
<td>d) 11.1</td>
</tr>
</tbody>
</table>

Source: Survey, 2007

The Role and Composition of Ministerial Advisory Boards

In general ministerial advisory boards can act as important structural control. An important issue is thus whether these boards represent government or other parties and the extent to which these members are appointed by government or by these other parties. In Tanzania, all agencies have Advisory Boards known as Ministerial Advisory Boards (MABS) and as the name suggests, they are merely advising parent ministries on issues related to the performance of agencies. Board members are appointed by the minister of a parent minister for tenure of three years. The MAB is chaired by the Permanent Secretary of agencies’ relevant parent ministries. In terms of their composition, the Act requires that, *the Minister shall have due regard to the need to include in its membership persons who are not in the public service and persons who are representative of the interests of the Agency’s customers* (see Section 6.2). As reflected in table 8, most appointment seem to have followed this criterion as most members seem to have come from the policy areas in which each agency operate. One main function of the MAB is to deliberate on agency strategic and business plan and to approval these plans including the agency’s annual budget. This is probably the forum where the Boards can influence agencies performance, and as we have noted, the
The presence of permanent secretary (PS) as its chairperson puts more weight on its role. Indeed, most agencies (66.7%) say that MABS decision is binding. Although CEOs are not formally accountable to their agencies’ MABS, the view that MABs decisions are somehow binding to agencies is not surprising because MABs are chaired by the PS of parent ministries and the PS are also the disciplinary authorities to CEOs. The role of the PS as the chairperson of the MAB is thus important, not only for this agency but for all agencies. MABs are required to meet at least twice a year.

### Table 7: To what extent are MAB decisions binding for agency?

<table>
<thead>
<tr>
<th>Response from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not binding at all</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>To some extent</td>
<td>4</td>
<td>22.2</td>
</tr>
<tr>
<td>To large extent</td>
<td>12</td>
<td>66.7</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey

### Table 8: What are the criteria used in the appointment of MAB members?

<table>
<thead>
<tr>
<th>Response from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic qualifications in the appropriate field in which the agency operates</td>
<td>6</td>
<td>33.3</td>
</tr>
<tr>
<td>Individual integrity and commitment in the field of agency operation</td>
<td>7</td>
<td>38.9</td>
</tr>
<tr>
<td>Individual associated with policies of government in power</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>No firm criteria in selecting board members</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>The TFDA Act, 2003</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Representation criteria in policy area in which the agency operate</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>94.4</td>
</tr>
<tr>
<td>System</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Survey, 2007

### Formal and Informal Meetings

These forms of meetings are used to varying degrees. For example, when agencies were asked how many times they have informal meetings with their parent ministries, 38% said once in a month, 27% said there is no such a meeting and 11% said several *ad hoc* when necessary. The rest of agencies said once a year. As with regard to formal meetings the patterns of reply were almost similar. Here 33% said once or more in a month, 22% said twice a year, 16.7% said no such meetings, whereas very few said twice a week and 16.7% said once a year. The general picture is that there could be some sort of both informal and formal meetings between agencies and their parent ministries. The PRSP (2006:14) for example, observed that CEOs normally do not exercise the power delegated to them, but when they want to take some finance related decisions they consult their parent ministry’s permanent secretaries informally.

In summary these other means of controlling agencies do not seem to also provide a strong sign of their effectiveness as far as result-based control is concern. When we look at the appointment of CEOs, the clear doctrine of control is the Weberian approach than the result-based approach. Similarly the role of MAB seems to be insignificant, although agencies seem to suggest that boards play a significant role. What was obvious in the documentary review was that the view of the permanent secretary, who is also the chairperson of the MAB, is what really matters.

### Discussion and Conclusion

The main research question in this paper was how agencies are regulated controlled by their parent ministries. Informed by NPM ideas, the initial assumption was that the agencies will be controlled...
on the basis of results. When the agencification programme was introduced in Tanzania in the 1990s the official rhetoric was to move away from inputs and process focused management approach to outputs-based management approach (Rugumyamheto, 2004). The thinking of reformers in Tanzania seemed to have been influenced by NPM doctrines (Morgan et al., 2010). The policy intention of agencification was to dis-bundle monolithic traditional bureaucracies into tasks specific and results-focused agencies that are to be given more managerial autonomy in delivering public services within a prescribed resources and performance accountability. It was insisted that parent ministries would set strategic direction and performance objectives for agencies while monitoring them on the basis of performance outputs (Executive Agency Act, No.30, 1997).

Instead of hierarchical control, the agency model was formed on precepts of principal-agent model where the relationship between agencies and their parent ministries was to be moderated through performance contracts. The main empirical research question in this paper was whether or not agencies are controlled through performance results as insisted in NPM reforms or rather in a Weberian way.

As demonstrated in our empirical data, parent ministries are not strongly controlling their agencies on the basis of performance results. While NPM ideas seem to have been able to partially influence structural reforms (we mean the process of putting agencies at arm’s length from their parent ministries), this reform process was not able to break the institutional thinking and thus the process of controlling agencies. The preference for hierarchical control, which is embedded in the management of public sector in Tanzania, is most visible when we look at the agencies’ other means of control.

Indeed, our documentary analysis showed that agencies in Tanzania are still strongly controlled on the basis of the Weberian model than in the NPM way (See PRSP, 1999, Caulfield, 2002, Sulle, 2011). Agencies still need prior approval from their parent ministries and indeed from central ministries such as the Civil Service Department and the Treasury for most of the HRM and financial management. Within the agencies, the tradition of financial audit also seems to be more dominant than the result-based audit, which is encouraged in the NPM doctrines so as to achieve the so called ‘value for money’. More interestingly, we also noted that most CEOs of the agencies have been promoted from within the civil service, seemingly on the basis of seniority than performance related appointment as envisioned in the NPM doctrines. In addition, we note that most CEOs are on the permanent and pensionable employment terms than the performance related contractual employment preferred under the NPM approach.

Our general conclusion in this paper is that the agencification reform in Tanzania has not resulted in a shift from the Weberian approach to result-based approach as envisioned in the NPM doctrines. It can thus be argued that result-based control has only been partially introduced in Tanzania. But the fact that the control of agencies has not moved to ex post does not means that the NPM ideas have been completely rejected. As demonstrated in our analysis, the management and control of agencies in Tanzania seem to combine, though in limited way, both the NPM ideas and the traditional approach. For example, whereas most agencies are controlled ex ante, but still many agencies do operate in a business like manner. For instance, some agencies can charge for their services, retain what they earned and transfer it into next financial years (Sulle, 2011). Normal departments cannot do all of these because they follow strictly laid down procedures. These combinations reflect hybridization of agencies’ control. Institutional theorists would call this as organizational layering, in which organizations try to adopt new management approach while simultaneously retaining most of their core traditional values (Thelen, 1999).
References


The Executive Agency Act, No 30 of 1997, The United Republic of Tanzania, Dar es Salaam
PROBLEMATIC OF POLITICAL VIOLENCE AND MONEY POLITICS IN AFRICA: 
THE NEED TO ENTHRONE CIVIL AUTHORITARIANISM

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Abstract
This article explores the very nature of unprecedented struggle for wealth and political power resulting in violent killings of human beings in Africa. It specifically examined the role of political elites and their allies acting in an environment characterised by passive mass apathy, distortion of information and abject poverty in primitive accumulation of wealth and state power. The article found that the number of human beings killed as a result of unprecedented struggle for material wealth and power surpassed the atrocities committed during series of military coups in the African continent. In order to expose and restrain wealth and power mongers and their allies, collaborative effort between the Civil Society, Faith Based Organisations (F.B.O), Community Based Organisations (C.B.O), Human Rights Activists (HRA) in terms of imposing economic sanctions and application of the principles of isolationism among others were suggested.

Key Words: Africa, Money Politics, Political Power, Political Violence, Material Wealth

Introduction
Across the African continent, several human lives have been wasted; all as sacrifices for some privileged persons to access wealth and to capture or consolidate their grips on state power. Africa is a multilingual and heterogeneous continent with diverse culture and religious beliefs but still, none of these languages, culture and religions promote gruesome killing of fellow human beings for any reason. Confusions and tensions induced by political events which have translated into the killing of the masses impacts negatively on the development of the continent to a serious extent, but such situations in other cases have created avenues for the privileged to first make cheap gains and secondly acquire political power. These few issues which summed up together are simply what are known as political violence and money power or politics on the continent.

Outstanding and emerging allegations are pointing accusing fingers at the political class as the brain behind most of the senseless political violence witnessed across the continent over the years. The dimension which this violence keeps taking every passing day is a factor in the loss of hope on the ability of the state to redress the problematic of insecurity on the continent. Activities resulting in violent political killings are in themselves intertwined with the beliefs of the people themselves. The reasons why some persons would have to kill in the name of God, while others kill for the sake of the same God whose teachings discredit killing of human beings is still not clear. Killing in defense of ethnic nationalities and interests themselves are senseless. The reasons why religion and ethnicity are manipulated to deceive people into killing themselves or others are seriously baseless in the actual sense of reasoning.

State or government reserves for itself the authority to protect and punish those who default laws. Unlawful killing because some privileged persons want to access wealth and others want to acquire political power is totally a negation of state law. The inability to checkmate
unnecessary killing of innocent ones further demonstrates the interest which the government may have in this unlawful act. It also demonstrates the view that political elites and people in privileged positions are the sponsors of this terrorism on the shores of the African continent. Primordial sentiments such as religion and ethnicity are used as tools to deceive people into attacking each other while few persons are taking advantage of the crises to enrich themselves on one hand and consolidate their grips on political power on the other. The concern is the question that: why must human beings be killed mercilessly or illegally for some few people to acquire wealth and political power on the African continent? Party politics and democratic form of government are models emulated from abroad. They are alien to the African continent, but then, in the countries from where these models are emulated, violent political killing have never provided forum for addressing problems of leadership and power tussle.

Political Violence and Money Politics in Africa: Unprecedented Scramble for Material Wealth and Power?
The actual reasons why political violence keep flourishing across the African continent must be investigated with a view to finding solutions to this monumental waste of human lives. Over the years, Africans themselves have not been able to distinguish or establish a demarcation between those who kill or die in the name of the lord or those who do same for the sake of God as well as those who kill or lose their lives in defense of ethnic interests. Both religion and ethnicity are used as cover up to promote violence and create avenue for wasting human lives across the continent. But the actual forces and brains behind the killing of innocent citizens’ in Africa are twinborn with the desires of the political class to further their grips and control of state power and those of the capitalist agents. They further create tensions and engage the indigenous in an unending violence so as to provide markets for their manufactured wars, profits for their cartels and cheap exploitation of raw materials from Africa to keep their companies productive and functional. Greed of the comprador elites and the metropolitan bourgeoisie are greatly responsible for the persistent political violence and killings in the African continent.

The unprecedented desire for primitive accumulation of wealth and political power has made the horrific transformation of human life into surplus value a continuous act. Shriners across the continent are rapidly becoming places of exchange and transformation, where human beings are becoming vultures and zombies, and are murdered and sacrificed as exchange for wealth and political power. This experimental contradiction at the core of neoliberal capitalism functions as a metaphor for the mystery that surround wealth and political power acquisition on the Africa continent today (Carmela 2012:59-60 and Comaroff 2002: 779).

Human lives sacrificed in shrines and those lost at the war fronts and conflicts deliberately incubated and hatched by the domestic elites and their foreign allies are the same acts of inhumanity of man to fellow man. In fact Hoyt (2008: 2) posits that, conflicts and wars across Africa prior to the end of the 1990s and beyond the year 2000 have displaced millions and resulted in the deaths of more than 4 million people. Both material wealth and unprecedented desire for political power as Hoyt (2008: 3) added are greatly responsible for this serious wastage of human lives and killing of innocent citizens’ across the continent.

The illegal sale of diamonds has produced billions of dollars to fund civil wars and other conflicts in various African nations, including Sierra Leone where conflict ended in 2002, Angola, Liberia, Ivory Coast and the Democratic Republic of Congo (DRC). In Sierra Leone, a group known as the Revolutionary United Front (RUF) killed, threatened, and even cut off the arms of people living and working in diamond villages until they were able to take control of the mines in the area. The group moved on to the next village to do more of the same, effectively terrorizing the
entirety of Sierra Leon, to the point that many people fled their homes in fear. In all, roughly 20,000 innocent people suffered bodily mutilation, 75,000 were killed and 2 million fled Sierra Leon altogether (PBS, 2008).

In Nigeria, Zimbabwe, Togo, Kenya, Cameroon and Gabon special death squads and massive repression of the population through the use of ethnic solidarity and religious manipulation are the rule but still, leaders in these countries are duly rewarded with power for providing the environment for pillage and exploitation of the natural resources by the killing of ordinary citizens that voted them into power (Maurice 2001: 1).

The Democratic Republic of Congo (DRC) a country still witnessing violent killings as a result of rejuvenating brutal wars ranked second in diamond production in the world. In this richly endowed African nation, hundreds of thousands of people are suffering the consequences of diseases, despair, displacement, rape, hunger, robbery and often deaths. This is a western syndicated proxy war, and like Sierra Leon, Angola and Sudan, it is war-as-in cover for the rapid and unrestricted extraction of raw materials and war as a means to totally disenfranchise the local people. Diamonds, gold, columbium tantalite, niobium, cobalt, manganese and petroleum, natural gas and timber and probably uranium are a few of the major spoils being pillaged behind the scenes as war ravages DRC and some of these minerals are almost solely found in DRC, especially cobalt, niobium, columbium tantalite. Slaughter if necessary to get the product has continued to be used in nicknaming western firms’ interest and operations in Africa. The CIA operation in Lubumbashi is greatly connected with the repression and massacres of students at the University of Lubumbashi in the early 1990s. Wars in Africa are prosecuted by local warlords, military dictators and their elite intelligence or ex-military and private companies (Snow 2001: 13).

The prosecutors of wars and conflicts ravaging Africa may be known to the African people, but their architects and sponsors may not be familiar to the people of the continent. Soldiers fighting in defense of national interest and rebels doing so to make money and actualize certain group interests do not in most cases know the reasons why they are fighting or commanded to go and kill or die in the battle fronts. The warlords and masterminds of the conflicts as well as their sponsors are the ones who actually know what they have projected to gain in and after conflicts. And these benefits, they are always head bent in achieving them even if all the ordinary citizens would be killed in the conflicts. The fact that Africa provides grounds and fronts for conflicts than any other continent in the world does not actually mean that these conflicts are internally generated by the African people, but in most cases masterminded and funded from outside the continent.

The West has, for decades, plundered Africa’s wealth and permitted, and even assisted in slaughtering Africa’s people. The west has been able to do this while shrewdly cultivating the myth that much of Africa’s problems today are African made. The Western nations have even actively participated in assassination of duly elected and legitimate African Heads of State and replaced them with corrupt and malleable officials. Western nations have even encouraged and have been complicit in the unlawful invasions by African nations into neighboring countries. Sources in the Great Lakes region consistently report the presence of U.S.-built military base Cyangugu, Rwanda near the Congolese border. The base reported to have been partly constructed by the U.S. firm Brown and Root, a subsidiary of Halliburton, is said to be involved in training RPF forces and providing logistics support to their troops in the DRC (Madsen 1995: 5).

The U.S. military and intelligence agencies have supported Uganda and Rwanda in their cross-border adventures in the Democratic Republic of Congo (DRC). After all, 80 percent of the world’s known reserves of col-tan are found in the eastern region of the DRC. Therefore, it is potentially as important to the U.S. military as the Persian Gulf region. The interests of western states in eastern DRC have continued to make peace initiatives elusive in the region. And the West
till date is not willing to produce evidence of war crimes perpetuated by the Ugandans, Rwandans and their allies in the Congo (McKinney 2001: 6).

In reality, leaders of African states like Uganda, Rwanda, Ethiopia, Angola, Eritrea, Burundi, and the Democratic Republic of the Congo preside over countries where ethnic and civil turmoil permit unscrupulous international mining companies to take advantage of the strife to fill their own coffers with conflict diamonds, gold, copper, platinum, and other precious minerals including one that is a primary component of computer microchips. Some of the companies involved in this new “scramble for Africa” have close links with America’s top political leadership and Multi-National Corporations (MNCs). For example, America Minerals Fields, Inc., a company that was heavily involved in promoting the 1996 accession to power of the late Congolese President Laurent-Desire Kabila, was, at the time of involvement in the Congo’s civil war, headquartered in Hope, Arkansas. Its major stockholders included longtime associates of former President Clinton going back to his days as Governor of Arkansas. America Mineral Fields also reportedly enjoys a close relationship with Lazare Kaplan International, Inc., a major international diamond brokerage whose president remains a close confidant of past and current administrations on Africa matters. One of the major goals of the Rwandan-backed Rassemblement Congolais pour la Democratic (RCD), a group that fought the Kabila government in the Congo, is restoration of mining concessions for Barrick Gold, Inc. of Canada. In fact the rebel RCD government’s “Mining Minister” signed a separate mining deal with Barrick in early 1999. Among the members of Barrick’s International Advisory Board are former President Bush and President Clinton’s close confidant Vernon Jordan (Madsen 1999: 6).

Barrick and tens of other mining companies are stocking the flames of civil war in the Democratic Republic of the Congo. Each of the companies benefits by the de facto partition of the country into four separate zones of political control. First the mineral exploiters from Rwanda and Uganda concentrated on pillaging gold and diamonds from the eastern Congo. Now, they have increasingly turned their attention to a valuable black sand called columbite-tantalite or “col-tan”. Coltan is a key material in computer chips and, therefore, is considered a strategic mineral (McKinney 2001: 6).

However, on a serious note, the persistent slaughtering of the African people to pave way for easier exploitation of diamond and other mineral resources which the continent is blessed with is not only a crime against humanity, it is one of the highest acts of inhumanity that man can ever be known for committing for the sake of wealth and political power (Roberts 2001: 8).

The Horrors of Unending Political Violence and Money Politics in Africa

Party politics and democracy in Africa are tainted with a number of evils; one of which is the frequent killing of human beings in order to satisfy certain interest. The ruling class on the continent does not in any way seem to be showing sympathy and concern for the rate at which political violence is taking place on the continent. The material gains they stand to get and the control of public positions which can be used to further the protection of their group interest is what they are interested in at any given time. Politics, most Africans believe is dirty. The reasons why lives must be lost for few persons to acquire wealth or capture political power is antithesis to development in all ramifications.

Human life is sacrosanct in whatever form it is viewed. Man does not manufacture it easily like any other commodity on earth, therefore wasting it to satisfy certain interest is totally unacceptable. Several factors have contributed to the gruesome killing of human beings in Africa over the years. But then, the truth of the matter is simply linked with the belief that killing of human beings in shrines for ritual purposes and those killed in the open during crisis promoted with
the use of tribal, religion and political excuses are smokescreen behind which are the real needs to satisfy and protect the interest of the politicians and elite class of the society.

In the East African state of Rwanda, ethnic cleansing incubated and hatched by the political class culminated in the murder of 800,000 minority Tutsis by the majority Hutus. Similar crisis promoted to further satisfy class interest extended across the border to the Democratic Republic of Congo’s north eastern region of Kivu where several lives and properties were also wasted in the serious killings witnessed between the major cities of Goma, Kisangani and Lubumbashi. Repeated rejuvenation of ethnic champions claiming to defend ethnic interests within the Great Lake region of East Africa have continued to result in unnecessary killing of human beings in that region of the continent. In reality, one cannot provide convincing explanation for the carnage. Human lives lost in the aggrieved and retaliatory moves by the Bayamulenges are additional conspiracies to create tensions in the region just to keep the indigenous engaged in fierce and unremitting battle for supremacy and resource control while illegal exploration and exploitation of the solid minerals of the region are being carted away by faceless business tycoons.

In a related or similar experiences, the oil rich West African state of Nigeria since the establishment of civil rule in 1999 has continued to witness repeated political violence fabricated by political interest and incubated by ethnic divide, religious cleavages and class mechanisms. Between the periods of 2000 and the year 2014, unquantifiable number of human lives had been lost in the North Central city of Jos under the guise of religion and ethnic chauvinism with no solution in sight. The areas between the Eggon nationality of Akwanga and the Beriberi speaking people of Lafia has continued to witness series of crisis and attacks promoted by ethnic champions and group known as Ombatse within the same North Central region of the country. Both civilians and security personnel have lost their lives in serial and reprisal attacks carried out by the group. These heinous killings are alleged conspiracy designed by the political class to destabilize the state where the areas fall within so as to manufacture reasons capable for unseating the political party in power by the opposition party in the event of future elections. The political elites promoting these heinous acts want to capture the political leadership of the state, while the warlords providing weapons and sponsorship for the ethic militants to operate, believe they are acquiring wealth. These heinous attitudes of extinguishing lives out of human beings to satisfy material and political gains are a trajectory of political violence and money politics.

In the North Eastern region of Nigeria- Bauchi, Yobe, Borno and Adamawa States, human lives has continued to be mercilessly lost since the year 2009 as a result of rebellions linked to religion, but widely believed to be promoted by politicians in defense of political interest (Bagaji, 2013). The full force with which such militant group resonated after the national elections and the nature of killings of civilians and security personnel’s by members of the group is a manifestation of not only how horrific man can be, but it demonstrates the extent to which some people can go in order to fulfill their material and political ambitions. Emerging suspicions and allegations are pointing to the notion that the political elites and ruling class are the major suspects in this heinous act being visited on man by fellow man using religion as a cover. Even amidst tight and strong military presence, rebels are still able to launch offensives in the region. Insurgency and attacks by the popular Boko Haram group claiming to be fighting for the islamization of the Nigerian state has culminated in the collapse of both social and economic activities in the north eastern region of the country especially the city of Maiduguri ((Bagaji, 2013) which prior to the insurgency was rated as one of the fastest growing cities on the African continent.

In the years 2012 and 2013 respectively, the Defense Sector of the Federal Republic of Nigeria alone was allocated about a Trillion Naira which was equally the highest sectorial allocation for that year. The counter insurgency approaches in the North Eastern region of the
country was one of the reasons behind this huge allocation. But instead of countering insurgency in this region, the rebel groups advanced with what can be considered as counter strategy which equally culminated in the waves of fresh attacks on civilians, government institutions, places of worship, schools, opposition politicians and religious scholars as well as security personnel, thus, leading to the declaration of the State of Emergency in the North Eastern states of Adamawa, Borno and Yobe respectively by the President of the Federal Republic of Nigeria. The most controversial issue about this huge budgetary allocation and declaration made on May 14 2013 and which was expected to end in November 2013 of the same year, fresh and well-coordinated attacks by the insurgent group are still being reported while the government of Nigeria is claiming victory in its efforts to crush out the rebel group. On the other hand, rebel spokesmen from undisclosed locations are also claiming to be winning in their fight with the Nigerian government. The source of funds of this group as well as the merchants supplying arms amidst such tight security to the insurgents is still unknown.

Arms and ammunition being used to waste human lives are not manufactured in Africa. They are imported into the continent from Europe and the United States of America. As wealth is being acquired by the importers of the weapons, the brains behind the heinous activities leading to the wasting of human lives are on their own side gaining recognitions and consolidating their grip on political power. Both material wealth and power or recognition acquired through this horrific means is bizarre in nature and reality. In fact the killing of human beings that resulted in what today is described as the ‘blood diamond’ across the continent is still very fresh in the memories of the African people; a heinous act where political violence created avenue for the few to explore and exploit solid mineral resources illegally and make a huge profit were witnessed across the continent especially in the mineral endowed regions of the Democratic Republic of Congo, Liberia and the far north western region of Rwanda.

In addition to brutal killings of innocent civilians, maiming and forceful invasion of mineral regions created chances for some persons to acquire quick wealth in the West African states of Sierra Leon and Liberia in the brutal wars experienced by both countries and for which both Fourdey Sankoh and Charles Taylor went through International Criminal Court (ICC) trial for the roles they played in the mass killings witnessed in their respective countries. The violent incidence in no small measure created a number of opportunities for some people to steal natural resources, sell and make money. Up to date, the actual figure or records of limestone stolen and expatriated from both countries cannot be ascertained. Even though, speculations have it that during the conflict, vital parts of the country’s natural resources have been looted and taken abroad for sale.

African tradition and religion have it as a principle and also beliefs that the devil does not give free gifts. Wealth and political power acquired through horrific means must be accompanied with sacrifice made to the providers of such affluence and prestige. Of all the alternatives available, it is however sympathetic and disheartening that politicians and comprador bourgeoisie on the African continent are finding the wasting of human lives as the most common and simplest sacrifice they can make to appease the devil for wealth and powers they believe they are getting from the same source. The political history of Somalia since the fall of Said Bare’s regime has been dominated by senseless and baseless killing of human beings to satisfy the demands of opposing warlords struggling to capture political power and business gurus promoting similar waste of lives to create markets for their imported arms and ammunition.

In the poverty stricken West African state of Niger, recorded rebellion by the Northern Taureg’s demanding for autonomy from the authority at Niamey has led to the mass killing of innocent citizens who in actual sense came under attacks by the rebels or were caught in a cross...
fire battle between the government and the rebel forces. Even as the merciless killings were going on, Arriva - a French company involved in Uranium exploration in the Northern region of the same country somewhere around the city of Agadez was rumoured to be less concerned in the loss of human lives going on in the country but more interested in utilizing the opportunity created by the conflict to get cheap uranium and surplus value. In fact allegations also have it that unknown international business men and the French uranium company were buying and equipping the conflict parties with arms andammunitions to fuel and intensify the crisis situation and divert state as well as citizens attentions from the economic exploitation. Even though, the conflicts in the actual sense of reasoning are still far from being over, but by the time the conflicting parties came to an agreement, it was discovered that the country had lost a lot of revenue as a result of illegal exploitation of the commodity while the French company and its allied business tycoons made plenty of profits and wealth.

The Marikana mines field incidence that resulted in the execution and extra judicial killings of mine workers demanding for improved conditions of service in South Africa is not only fresh on the minds of the African workers, labor unions and masses. The incidence offers a tragic example of how political class on the continent conspire with business moguls or companies to waste the lives of their citizens in order to retain power and get support as well as protection from foreign countries and governments whose interests the companies represent. Anglophones and other multinational mining companies keep making huge and serious profits from their operations in South Africa, but still, returns to both the state in taxes and indigenous workers net pay are nothing to write home about. The whole practice and operations boil down to the view that both the home government and transnational corporations are conspiring to further the exploitation of the South African workers and deplete the nation of its abundant mineral resources. The Marikana mines field incidence and other killings of workers demanding for improved review of take home pay at different times in South Africa and the country’s government creation of safe haven for such organizations to operate with impunity and reap from cheap labor abound in the same country. Unfortunately, this contributed to what commentators across the continent and the world today describe as the ‘blood diamond.

Mass killing of human beings in large number has continued to take place in the jungle and thick forest somewhere between the international boundaries of Uganda and South Sudan as a result of the protracted rebellion in the northern region of Uganda against the authority at Kampala. The Lord Resistant Army which mobilizes to the forest for over thirty years is still not only there, but still active till intact and ferocious attacks. In the areas of cross border offensive, forceful conscription of underage persons into the group and raping of women and underage girls factored in serious allegations facing Joseph Kone’s led LRA. The persistent battle is wrecking serious havoc and crimes against humanity in that region. Though the group which is causing serious havoc and crimes in the Northern region of Uganda and Southern region of South Sudan may have no clear political agenda but then, the notion that material pursuits or economic rationality and power are instrumental to the escalation of killings cannot be undervalued.

Nigeria and Angola by international record and ranking are the first and second largest oil producing countries in Africa with daily production capacity level of above two million barrels each. Anticipated revenues from the oil mineral of both countries and the desire to capture political power to control same were part of the reasons that contributed to the civil wars witnessed in the countries. The desires for wealth and power metamorphosed into the struggles for resource control in the oil rich Niger Delta region of Nigeria while similar need resonated for the separatist agenda being promoted in the Cabinda’s region of Angola where the largest percentage of the country’s oil
mineral resources is deposited. In both scenarios, not a little measure of human lives was wasted to satisfy certain group interests.

In East Africa, especially around the Rift Valley of Kenya, post-election violence graduated into ethnic cleansing; event that led to the serious loss of human lives has been traced to politicians and business tycoons. Today, the International Criminal Court (ICC) is championing the call that certain politicians in the country be tried for man’s inhumanity to fellow man. Unprecedented ambition for wealth and political power played a great role in the killing of human beings that was triggered by alleged manipulation of election results. The experiences in Nigeria and Ivory Coast which also resulted in the wastage of human lives in the countries are similar to the events that took place in Kenya. Although in the case of Kenya, ethnicity was actively manipulated by politicians in convincing their supporters to carry out attacks.

The North Africa Arabian states of Libya, Tunisia and Egypt also witnessed serious altercation and wasting of human lives in purported to be a popular movement and revolutions demanding for regime change against sit-tight political leaders. In fact in the case of Libya, such struggle catapulted the once peaceful North African country into a severe civil and conventional warfare fought with the support of air raids and aerial bombardments provided by both the United States and France. This led not only to the collapse of the age long regime but also to the loss of lives of hundreds of innocent civilians. In these traumatizing events, North African architects of these conflicts no doubt succeeded in gaining access to state power, but the truth of the matter is that, the confusions, tensions and crisis created by the USA, Europe and their local agents in the uprisings meant that, peace and tranquility may continue to elude both Libya and Egypt within the shortest possible time.

However, on a serious note, Africa is the only continent with growing cases of political killings connected with unprecedented struggle for wealth and power in the world. Most of these cases of political violence are often witnessed usually when general elections are over and results declared- post general elections. Consuming greed and selfishness are more pronounced in Africa leadership than elsewhere in the world. The twinborn of money and power are sweet because they play greater role in determining man’s place and position in the society. Leadership should be service for humanity but not to frustrate man’s peace and happiness.

Persistent cases of political violence and upheavals across the African continent are linked to the desire of political parties in power wanting to consolidate their grips on governance in perpetuity. Confusion and tension are thrown up by party in power to promote political violence in areas where they have little support and recognitions and believe they cannot win majority votes when elections are held. This secret agenda is designed to prevent elections from holding in such opposition controlled areas in the name of insecurity and thus place ruling parties on advantage over their opponents. The cases of ZANU PF in Zimbabwe, PDP in Nigeria, ANC in South Africa and Chama Cha Mapinduzi in Tanzania are good examples of ruling parties’ interests of causing confusions in opposition dominated areas to maintain a comfortable lead in elections.

Conclusion
In all ramifications, politics is a game of number. Wasting of the lives of those who are expected to vote when elections are due or endangering their lives just to satisfy a few class interests is a senseless and baseless political calculation. Wealth and power are sweet. They are parts of the apogee of man’s desires and needs, but then, the happiness and safety of the ordinary citizens can never be compromised because they form the bulk of the electorates without who the basis of the state is always not there. The political class must acknowledge the fact that the number of votes and support they needed to access state power are provided by the same people who are being
killed or whose lives are being wasted. Should this continue, where is the vote and supports going to come from? Wealth seekers especially organizations that sometimes provide supports for political elites to cause confusions and waste human lives must also accept the fact that cheap raw materials are not the only way out. Market is also needed for the commodities into which raw materials are transformed. This market depends largely on the nature or demands for such commodities in which population play a vital role. Funding crisis leading to spilling of blood or equipping opposing elements with weapons to promote violence may lead to cheap acquisition of raw materials but then, it would in all probability affect marketability of finished commodities. However, the respect and dignity for human lives must take precedent over material gains and holding tight to political power in Africa. Until and unless this is settled, crisis, political instability and even terrorism will linger-on the continent of Africa. However, in order to reduce despotic occurrences in Africa, the need to enthrone civil authoritarianism- collaborative effort between the Civil Society, Faith Based Organisations (F.B.O), Community Based Organisations (C.B.O), Human Rights Activists (HRA) to expose and restrain an over bearing executive and their allies cannot be over emphasised. This could be achieved by imposing economic sanctions and application of the principles of isolationism among others.

References
GOOD GOVERNANCE AND CREDIBLE ELECTIONS: A PANACEA FOR CONFLICT RESOLUTION IN NIGERIA

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Abstract
The electoral process is an ideal and integral part of the democratic process, whether in developed or developing societies. A mal-functioning of electoral system inadvertently produces mal-administration. The mal-function of electoral system is caused by the incident of leadership failure and political conflict. In most developing countries, crisis of governance is usually the major problem because of the kind of people chosen into elective positions. This paper however examines good governance and credible elections in Nigeria using relative deprivative rising expectation and frustration aggression models as its theoretical framework of analysis. The paper also examines credible elections as a determinant factor for good governance and conflict a free society. Critical analyses of African countries have clearly shown elections as selective and carry go process which in turn produces bad governance and political conflict across all levels of government. The paper also recommended some remedies for credible elections, good governance and conflict free society such as review of the structure, compositions, operations and funding of Independent National Electoral Commission (INEC) so that it can be autonomous. INEC should develop a code of conduct for political parties; institutionalize continuous voter’s registration and make review at the local government level. It should also develop and popularize a code of conduct for the security agencies’ as security sector transformation is a vital component of democratic reform and is crucial to guaranteeing respect for civil rights. New standards of behaviour should be set for all members of the security services, including an end to impunity and institutional cover-up. This could necessitate that the National Assembly make changes to existing statues. The government should provide security officials with continuous training in democratic values, while civil societies should develop the capacity to monitor effectively the security agencies and their operations. For any credible elections and good governance; the above mentioned remedies must be implemented.

Key words: Good Governance, Credible Elections and Conflict Resolution.

Introduction
Elections could be seen as institutionalized procedures for the choosing of office holders by some or all the recognized members of a society. So an electoral system exists to provide the electorate with opportunity and the right to choose their representatives and maintain contact with them. Hence, for an electoral system to be democratic, it must provide for equal electorate and the freedom of the electorates to make a real and meaningful choice devoid of coercion or intimidation (Eminue, 2005). In effect, ‘election would be deemed to be democratic-and hence good if it is free and fair and not based on patronage of any kind’.

Therefore, elections in Nigeria though seen as a means of controlling the government; within context of electorate’s participation reveal a rather disturbing ‘state’ that has called for serious concern. Mezu (2007) noted that, indeed the Nigerian electoral process since independence has gained an unenviable reputation for fraudulent practices (in Duru 2002). This situation has forced many to see elections in Nigeria as a mirage or a mere ‘selection’; selection in the sense that the electorates are left out of the entire system, owing to the fact that elections are conducted with
or without the full participation of the electorates, who are supposed to choose those who rule over them. The organization of elections in Nigeria have often been carried out without due involvement of the people. The system operates in a way that suggests a total disregard and misapplication of democratic ethos. Thus, the outcome has always been manipulated in favour of candidates of the powerful few. This is unfair and shameful, given the democratic system we opted for. It is better telling the people that the leaders would be 'selected' so that they would not bother to queue up in the scorching sun. But allowing them to vote and later turning things upside down is the height of betrayed that must be resisted.

Conceptual Explication

Electoral system is a process by which citizens of a given democratic entity elect representative to handle their machinery of government. This is done through vote casting. According to Elekwa (2008), electoral system is only one factor in the evolution of a party system, but the effects of different electoral system can be found in the structure, ideology, the pattern of the party interaction and the members of the parties that compete in the political system. An electoral system consists of more than the method of counting votes cast by the voters. A full description of an electoral system would include such factors as the extent of franchise that is, who is entitled to vote? It would include the rules relating to the candidates and parties, and those regulating the administration of election, especially the provision against corruption.

Roberts (1971), electoral system is the institutionalized arrangements by means of which an election is conducted and the purpose of the election fulfilled the term according to Hague and Agu (2009) covers the legal and practical realities of voter registration and election administration as well as the prices rule for translating.

Election

Beetseh (2008), election is the process whereby an electoral chooses, by voting, officers either to act on its behalf or represent it in an assembly with a view to governing or administring. An electorate refers to a class of citizens entitled (by a law course) to vote in an election, by whatever procedure. Elections provide for a bare minimum of political participation, perhaps the only act of participation for the vast majority of the governed, and therefore create a feeling of belonging and a degree of responsibility for government decisions.

Good Governance

In recent times, the concept of good governance has gained currency in social discourse. Lucidly speaking, good governance according to Boeninger (1992) has to do with the capacities of a political system to exercise authority, will legitimacy, adjudicate conflicts as well as carry out effective programme implementation. This definition implies that good governance is the effective process of leading the society, with the capacity for efficient service delivery in terms of policy implementation.

Kukah (1998) has clearly stated that good governance is meant governance that is responsible, accountable and transparent in policy formulation and implementation. As a policy framework, good governance imposes demand on policy makers in their exercise of power. It encompasses an effective state that is a state that has enabling political environment for effective distribution of resources to improve the living condition of the ordinary people. In this sense good governance suggests the use of political authority and the management of the resources of society to better the lot of the people. Buttressing Kukah’s views, Jega (1994:101 – 102) has stated that good governance as a desirable social and political process involves the following basic elements:

- Responsibility and responsiveness in leadership and in public service;
- Accountability in the mobilization as well as in the utilization of resources;
- Discipline, effectiveness and efficiency in handling public (as well as personal) affairs.
- Selflessness and impartial service to the people; and
- Popular participation and empowerment of the people in the conduct and management of their own affairs.

What the above conceptualization means is that good governance has to do with policy making and policy implementation by systems of laws and guidelines which are segregated into specific operations to achieve the overall development of the society. Good governance therefore involves a whole gamut of things: respect for the fundamental human rights of citizens, judicious use of resources that is devoid of waste and fraud via other corrupt practices. Besides, good governance requires respect for principles of accountability and transparency. It also encapsulated issues of equity, equality, justice and fair play in the distribution of goods, and services so as to promote and enhance the quality of life of the people irrespective of their class, status, religion or other parochial consideration.

Conflict Resolution
Although conflict resolution has been part of human experience for centuries, Burton (1993) and Mitchell (1993) argued that the concept is comparatively recent in academic discourse. He draws attention to the term “dispute” which some scholars interchange with conflict. For him, “settlement refers to negotiated or arbitrated outcomes of disputes, while resolution refers to outcomes of a conflict situation (Burton, 1993 and Otite Albert 1999).” We thus have “dispute settlement” and conflict resolution.” However, dispute and conflict operate on the same principles and although they may refer to different conditions and scope of social relationships, they may, like the concept of settlement and resolution, be used interchangeably.

Theoretical Framework
The major attempt to understand the cause of good governance and credible elections has been a major problem faced by scholars over time. Good governance and credible elections by its very nature is naturally beyond any simple causation. The cause of good governance and credible elections has been so many and complex such that most scholars even argued that the very uniqueness of each good governance and credible elections defies any single theoretical explanation. However, in this research work, two paradigms shall be considered in explaining good governance and credible elections whereas emphasis shall be laid on one. These include: the relative deprivation rising expectation and frustration aggression model and the political theory by Karl Marx.

Relative Deprivation Rising Expectation and Frustration on Aggression
The relative deprivation, rising expectation and frustration aggression model was originally developed by Dollard and his association and later expanded and modified by other scholars. According to Gur (1974), the main understanding on this theory is that Aggression is always the result of frustration, given the requisite conditions. An individual whose basic desires are thwarted and who consequently experiences profound sense of dissatisfaction and anger is likely to react to this condition by directing aggressive behavior at what is perceives as being responsible for thwarting those desires or at the substitute.

This therefore means that there must have in existence a wide gap that leads to frustration, which leads to anger/aggression and violence and bad governance. In the same way, Anifowose (1982) emphasized that relative deprivation is a state of mind where there is a discrepancy between what men seek and what seems attainable. He stressed that the greater this discrepancy, the more
their anger and their propensity towards violence and rigging of elections. It is in contention of the proponents of this model that when one feels deprived in an attempt to get something one desire one is likely to be provoked and when provoked, one becomes angry and tries to register his frustration. The above thinking attempts to explain the rationale behind the predicament of good governance and credible elections in Nigeria.

This model is criticized for laying too much emphasis on internal or individualism. According to Lupsha (1969), political violence is a complex relative deprivations or reducible to rising expectations, relative deprivation or frustration aggression as the users of psychological explanation would lead us to believe. He says that ‘frustration can occur in that society without violence and credible elections resulting, and violence can occur in the society without needing a frustrating precondition’. This model discourages the systematic investigation of fundamental questions about the social context that shapes the situation of individual.

Despite the criticism, this model is useful because it seeks to explain the rationale behind violence and credible elections. It benefits are put on the fact that every violence is as a result of frustration or aggression. In every society, where people are pushed to the wall they certainly react violently in order to repel the aggressors.

**An Overview of the Electoral System in Nigeria**

A survey of Nigeria electoral system (process) has increasingly revealed an important point of concern. This is sequel to the fact that the electoral system rather than provide expected results has become a misnomer and an episode that could be termed a farce. From 1959-till date elections, the system has gradually move from a falling system to a failed system, worse still the system recently has deepen its fraud characteristics and further increased it sophistication in rigging, that the survival and endurance of our democracy is highly questioned. The electoral regulatory bodies instead of abating electoral fraud have join with the so called ruling party to disfranchise the electorate. In short, the have help institutionalized electoral crime in the polity. Indeed, characteristically, electoral system particularly in 2003-till date has been seen as charade. ‘The magnitude of fragrant and deliberate abused of electoral process especially by people in power is clear’. The elections were flawed from inception to execution, lacked the corollaries that can produce genuine results that could be respected by observers and all the contending parties.

Pa Enahoro speaking on April polls remarked that at this point in our history, we must all do away with emotions on the current grave issues confronting the country. For over 53 years, our country was run like a vehicle with a drunken driver loaded with reckless passengers urging the driver on. The end needless to say has been the disastrous elections in which we find ourselves today.

**Good Governance and Credible Elections: A Panacea for Conflict Resolution in Nigeria.**

Without an effective electoral body to serve as an unbiased umpire in an election such electoral system cannot thrive or survive. The life of good governance depends on the type of electoral body put in place. It is believed that electoral body should be able, on the face of a democratic system provide for a free and fair election. An election where the electorates are allowed to cast their vote and the materials for the election provided on time, devoid of intimidation, malpractices and falsification of results. The function of electoral body is central to the sustenance of democracy and the deepening of democratic principles and practice. For instance the activities of INEC in 2003/2007/11 elections can only be adjudge as providing a credible election based on its ability to conduct a free and fair elections, if such has ever existed in its history. It inability to give Nigeria a free and fair elections and the undue influence by politician via the ruling party suggest it lack of independent. Independent which is a major feature of an effective electoral body is threaten here.
The activities of politician and political parties in the polity at times have been overbearing on the INEC, leaving the electoral system to suffer serious drawn backs; then allowing for more questions than answers in the mouth of Nigerians. Above all the crisis we have today is as a result of leadership which is a threat to democratic governance.

Conclusion
In short, the politics of electoral process in Nigeria has often operates in 'absolute' denial of the rights of the electorates who are supposed to choose those who rule them. Elections are regarded as mere 'selection' to favour the powerful few. There is absence of free and fair elections, as electorates are left out of the electoral system. The results of elections are often manipulated by INEC under the influence of the so called ruling party PDP. The elections were characterized by several under aged voters, ballot bag snatching, state intimidation via armed forces and Para-military agencies.

Therefore, the 2003/07/11 elections no doubt were not true reflections of the wishes, desires, expectations and yearning of the people of Nigeria. The people are generally fed up with the prevailing scheme of things and they earnestly ask for a change to better their lots and give them a better life. 'Nigeria is not a banana republic where anything can just happen'. Nigeria is governed by laws; hence, we should strive to strengthen constitutional democratic development, thereby ensuring enduring democracy in the polity.

Suggestions and Recommendations
This situation has left nothing to be desired of the system. The resultant effect is that democracy is threatened in Nigeria. And for democracy to endure they have to be political rebirth and the change of the belief of political parties and politicians who believed election is do or die affair. Political values and Political culture of Nigeria should be reposited in a way that it will promise to strengthen democratic ethos. The electorates should be made to beloved in the Nigerian project and see the Nation as theirs.

The role of the judiciary in deciding on election result though excellent; something should be done about it to allow the people to decide who rule them through their vote rather their wait for the judiciary to decide who win in the elections. This may result in a serious tyranny of the judiciary. This will help sustain our democracy.

- INEC should be given independent to operate as an autonomous body free of undue interference from external sources.
- Adequate funds should be release in time to the electoral body for effective prosecution of election in a vast country like ours.
- The franchise of the electorate should be respected, uphold and strengthen in our democracy by our politicians, political parties and electoral body.
- Constitutional democratic development must be allowed to endure and honoured by the various actors in the electoral process or polity.
- For the sustenance of democracy, improvement of economic and social condition and the reduction of endemic poverty and deprivation should be seriously pursued. Therefore, economic empowerment of the electorates which could forestall the sale and disposition to sell their votes and/or voters cards for food is a must. According to Okoli (1990: 169) the only safeguard against banality of the electoral process is an informed and vigilant electorate, confident in its duties, conscious of its rights and committed to the maintenance of a quality of life within the social political system.
References
Abstract
After about two decades of poor economic performance occasioned by the fluctuating oil prices and mismanagement of the economy by the military dictatorships, there were myriad and daunting economic challenges that confronted the country. The challenges ranged from scarcity of petroleum products to infrastructural decay and monumental fiscal deficits. These included all time high unemployment rate, grinding debt burden and low industrial productivity. The Olusegun Obasanjo’s civilian government set up the National Economic Empowerment and Development Strategy (NEEDS) woven around the centre – periphery theory which tied the later to apron-string of the former. This unequal relationship had always launched the States in the periphery in a confrontational relationship with their citizens as was experienced in Nigeria. The thrust of this paper is to investigate the nexus between the implementation of the NEEDS and labour in Nigeria. The paper avers that the NEEDS programme was not a success story because it did not make an appreciable impact on the standard of living of the majority hence it was regarded as an anti-labour and pro-poverty policy. The unending labour strikes that characterized the Obasanjo regime lend credence to the above avowal. The paper helps to contribute to a better understanding of interface between labour and the Obasanjo government between 2003 and 2007.

Introduction
“The economic policy reforms adopted by the Obasanjo administration…have generated considerable interest and controversy among Nigerians and foreigners”\(^1\). The reforms had become necessary because Nigerian economy had to content with poor performance occasioned essentially by fluctuating oil prices and other global crises. The NEEDS, a neo-liberal economic policy, was put in place by the administration to re-invigorate the structural and institutional weakness of the economy. The NEEDS, with its affiliates of privatization, commercialization and deregulation of the down stream sector of oil generated mixed-feelings among Nigerians especially the working poor who bore the main costs of the policy. The programme exposed the citizens to the vagaries of market forces with the attendant job losses, grinding poverty, unmitigated hardship and scarcity of essential goods. Labour’s opposition to some of the aspects of NEEDS was not because it was anti-business but it intended to protect its primary constituency.

What is NEEDS?
Perhaps, it may be pertinent to attempt a definition of the term so as create a clearer picture of the term and enhance a firmer grasp of the discourse at stake. The National Economic Empowerment and Development Strategy (NEEDS) was a panacea policy of the Obasanjo’s civil administration to turn around the nation’s economic fortunes. It has been argued that “NEEDS is the response to the development challenges of Nigeria”\(^2\). According to J.A. Bamiduro et al, NEEDS can also be said to mean “a comprehensive, homegrown and poverty alleviation programme”\(^3\). This new neo-liberal reform policy “modeled on the IMF’s Poverty Reduction and Growth Facility, is aimed at achieving macroeconomic stability, poverty alleviation, wealth creation and employment generation”\(^4\).
In the context of this paper, NEEDS, a new neo-liberal policy, is a new form of Western imperialism and a re-enactment of the scramble for spheres of influence in the Less Developed Countries (LDCs). It is a new wine in an old wine skin. It is a replacement of the failed Structural Adjustment Programme (SAP) of the military. Like the SAP, the NEEDS was intended to delineate the scope of the role of government from that of the private sector in the nation’s economy. In fact, Okwudiba Nnoli maintains that “the current NEEDS of Nigeria is a retrogressive version of the SAP”5.

Labour

labour, as a term, has been defined variously by activists, scholars, governments and other commentators. In its simplest meaning, it is a factor of production, which in combination with other factors produces wealth. To Marxist School of Thought, “labour is seen as the source of all wealth. It is the prime basic condition for all human existence, and this to such an extent that…labour created man himself”6. In the opinion of Eskor Toyo, labour unions are “organizations of the underdog in modern production and service activities. These underdogs are called employees, wage workers, or salaried workers”7. It may be necessary to add that salaries or “wages are only a special name for the price of labour power, and are not the workers’ share in the commodity produced by them”8.

Labour, in the labour economists’ point of view, means human capital investment in the production process. The above definitions appear simplistic and narrow as they confine labour to economic realm only. In a more broad sense, labour encompasses much more than a ‘single-cause special interest group’. According to the Trade Union Act of 1990, labour is:

any combination of workers or employers, whether temporary or permanent, the purpose of which is to regulate the terms and conditions of employment of workers whether the combination in question would or would not, apart from this Act, be an unlawful combination by reason of any its purposes being in restraint of trade, and whether its purposes do or do not include the provision of benefits for its members9.

Unlike the previous definitions which were narrow, this on the other hand appears ambitious as it stretches labour to include employers – the class which has monopolized the means of production. Labour is the totality of workforce which has come, to depend on the sale of its labour power for its subsistence. To this paper, therefore, labour is the organization of workers, whether in the public or private sector of the economy, who sell their labour power for wages, and also pool their energy and resources to address menacing socio-economic and political problems of the country.

Perspectives on Labour and the NEEDS

The year 1999 ushered in new hopes and aspirations among Nigerians as the nation’s political scene was de-militarized. The rogue mentality of the military, created structural and institutional weakness in the economy just as it brought about devastating poverty amongst the citizens of Nigeria. Much later, “Nigeria’s economy was still struggling to leverage the country’s vast wealth in fossil fuels in order to displace the crushing poverty that affected about 57 percent of its population”10. The situation would appear to have been aggravated by fiscal indiscipline perpetuated by public office holders. In an effort to stem the rising tide of economic challenges, the Olusegun Obasanjo’s government attempted, between 2003 and 2007, to carry out an economic policy known as the NEEDS. The NEEDS which was launched in May 2004, “(sought) to transform the government from a haven of corruption to an institution that spurred development and served the people”11. “The NEEDS”, according to A.J. Bambale, “was
conceived within the framework of neo-liberal economic order that limits the role of government ownership of productive resources”\textsuperscript{12}. What the NEEDS intended to achieve was to return business to private investors while the government contended with providing business-friendly environment for investments to thrive.

One of the thrusts of the NEEDS was for the government to relinquish its ownership of business outlifts and thereby accumulate savings for back-up purpose. In plainer language, the government had to embark on privatization of most of the public parastatals. This aspect of the reform saw “the private sector as the engine of economic growth and that a robust private business initiate…(was) associated with profitability, efficiency and promotion of rapid economic growth”\textsuperscript{13}. The policy was aimed at transferring public enterprises to private organization and thereby rolled back the frontiers of the State. This, undoubtedly, was to leave the State with the responsibility of discharging its core functions such as the provision of essential services, security and basic infrastructure. This was again because some of the public enterprises were being run at a loss and “for a capitalist economy to survive it needed profits for investment and reinvestment”\textsuperscript{14}.

Although the privatization programme was laudable, its implementation brought in its wake economic challenges to both labour membership and the general citizenry. Given labour’s experience under private-driven economy with concomitant lay-offs, pay-cuts, poor working conditions, it used strikes to challenge and demonstrate its opposition to the pro-rich policy. In the opinion of Jonah I. Onuoha, “the regime had to use force to implement the reform because successful economic reforms required policy consistency that precluded compromising with the powerful interest groups”\textsuperscript{15} such as labour. The regime would seem to have believed that privatization was a panacea for industrial development and would, consequently through prudent financial management, not only increase productivity but also create job opportunities. As Torkuma T. Gajir has noted “…privatization has resulted to mass retrenchment of workers through the policy of rightsizing or downsizing of the public sector and victims of the economic reform policies are encouraged through aggressive campaigns to embark on agricultural commodity production”\textsuperscript{16}.

Under the circumstance, “between 1999 and 2006, about 81 public enterprises, were privatized and the Bureau of Public Enterprises (BPE) raked in over ₦500 billion between 2005 and 2006 in which 61 public enterprise(s) were privatized”\textsuperscript{17}. This policy did not take into account any regard for the working poor nor their interests. For labour, complete divesting of the State from the economic sector bred disaster as many workers were thrown into overflowing labour market. A situation where labour supply outstripped labour demand forced “prospective workers to ‘trade down’ and accept inferior forms of employment”\textsuperscript{18}. It seems clear that labour was the object of this facet of the NEEDS as it was brought under the hatchet as a way of saving funds for the State. This is at variance with the Chapter II section 16(1)b and (2)c of the 1999 Constitution of the Federal Republic of Nigeria which enjoined the State to:

\begin{itemize}
  \item control the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice, and equality of status and opportunity….(and to ensure) that the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or of a group
\end{itemize} \textsuperscript{19}

In another respect, the NEEDS inadvertently squeezed local manufacturing industries out of existence with the concomitant negative impacts on both the national economy and labour. As was to be expected, the new neo-liberal policy was “aimed at enabling the developed countries to penetrate the markets of developing countries for products of industries of advanced countries through the relaxation of economic barriers through the organs of General Agreement on Trade
and Tariffs (GATT) and the World Trade Organization (WTO). Arguably, the NEEDS whose cardinal focus was to re-invigorate the national economy and create job opportunities would appear to have defeated itself in this respect. Rather than create job opportunities and promote industrial growth, it led to the collapse of many industries.

M. Usman would seem to agree with this line of argument when he asserted that “one of the worst hit sectors is the textile sub-sector, the collapse of this sector has thrown many into the job market.” For instance, “the textile industry…(was) reported to have lost in one year 10,000 workers as locally made products…(were) not in demand, the implication …(was) that developing countries…(were) made to liberalize and turn their markets into dumping grounds for products of developed countries without corresponding access to markets of advanced countries.” This development aptly demonstrated the negative link between the intents and gains of the NEEDS. There is no doubt that privatization did not bring any mass prosperity, rather what obtained was mass impoverishment and unmitigated sufferings. In other words, a private sector-driven economy, as was experienced in Nigeria during the regime of NEEDS, did not create investment-friendly environment because of the intense and persistent pressure from labour.

Another sector where the NEEDS was said to have made an enormous impact was in the banking sector. According to Jonah Onuoha:

The banking sector reform (ie bank consolidation) by the Central Bank of Nigeria (CBN), merger and acquisition, reduced the number of banks in Nigeria from 89 to 25. The N25 billion capitalization benchmark has increased confidence in the banking sector in Nigeria, and attracted massive foreign direct investment (FDI) to Nigeria to the tune of US $2.3billion by 2005.

The policy, through which 64 banks lost their licences as a result of bank consolidation such as mergers, acquisitions and down right sales of weak ones, though strengthened the few that survived, was not without some disastrous effects on labour. Those in the employ of those liquidated banks were thrown into job markets. Added to this was the e-banking system which “increasingly integrated economic and financial activity across national borders.” This system that could cause the movement of large amounts of money across national boundaries also led to redundancy and job losses among bank workers. On the strength of this, the NEEDS can be said to be a striking contradictory package, producing opposite results for both the government and labour.

In fact, the advocates of the neo-liberal policy argued that:

Rapid public sector recruitment under the military administration resulted in an oversized and under-skilled workforce in which the employed did not have the appropriate technical skills needed for their assignment. For example, about a seventy percent of workers in the Ministry of Finance were low level staff clerks, cleaners with secondary education or equivalent.

Undoubtedly, during the heyday of the NEEDS, rather than creating jobs for the army of unemployed youths, the Obasanjo regime planned “to lay off 73000 workers in the Federal Civil Service as part of its reform programme.” In the light of this, NEEDS can be said to be counter productive and undesirable in so far as labour was concerned.

Ironically, nothing seemed to have been done by the government to trim down the over-bloated federal executive council which was bleeding the economy. As a matter of fact, NEEDS, laudable, as it were, but probably because of those charged with its implementation did not seem to be the panacea for the socio-economic ills of Nigeria. This is premised on the fact that “the government…(was) still faced with the major socio-economic challenges of persistently high
unemployment rate 29%, poverty rate 70% below $1 per day, illiteracy rate of 35%, and large wealth disparities. It behoves labour, as the most formidable opposition structure to lead a fervid criticism against a system that has sought to enrich an insignificant minority and pauperize the majority. This was at variance with the policy thrust of NEEDS with respect to closing the income gap between the political class and labour membership. It has been observed “that privatization has been unfair-hurting the poor, the disenfranchised and, in some cases, beleaguered workers, benefiting the already rich, powerful and privileged”. It is rather surprising that years after the tortuous and harrowing experiences of SAP and the labour unrest that trailed its implementation, the Obasanjo government still tinkered with somewhat similar economic programme. It needs to be added that:

the administration was towing the line of the World Bank and IMF, which had insisted that the Nigerian Government must undertake certain policy implementation to gain certain support and benefits. The world powerful bodies had specifically asked the government to shed weight of its public service and reduce its workforce in order to benefit certain things. Given the above, it is hardly open to doubt that NEEDS was a radical economic policy of the two Bretton’s Wood Institutions – the World Bank and IMF which emphasized market forces and capitalist privatization and sustained the profit greed of a few at the expense of the majority. Certainly “privatization…(was) seen as throwing large numbers of people out of work or forcing them to accept jobs with lower pay, less security and fewer benefits; as raising the prices of goods and services sold; as providing opportunities for enrichment of the agile and corrupt; and generally making the rich richer and the poor poorer.”

The implementation of every aspect of the new economic reform plan unleashed unmitigated hardship on the working class people of Nigeria. It can be said that the deregulation of the downstream sector of the oil industry did not in any way build the required capacity for poverty eradication rather it exacerbated it. This is because price hike unleashed severe inflation on the economy and workers, being at the receiving end, had their purchasing power diminished. In the words of A. Ariyo “the ultimate goal of every economic policy is to create better access to means and standards of livelihood for the people for whom these endowments exist and to continually improve on their life chances”. The administration was the line of the World Bank and IMF, which had insisted that the Nigerian Government must undertake certain policy implementation to gain certain support and benefits. The world powerful bodies had specifically asked the government to shed weight of its public service and reduce its workforce in order to benefit certain things. Given the above, it is hardly open to doubt that NEEDS was a radical economic policy of the two Bretton’s Wood Institutions – the World Bank and IMF which emphasized market forces and capitalist privatization and sustained the profit greed of a few at the expense of the majority. Certainly “privatization…(was) seen as throwing large numbers of people out of work or forcing them to accept jobs with lower pay, less security and fewer benefits; as raising the prices of goods and services sold; as providing opportunities for enrichment of the agile and corrupt; and generally making the rich richer and the poor poorer.”

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The high cost of petroleum products not only increased the cost of production but also reduced profit margin which, in turn, constituted a threat to job security. It may be asserted that NEEDS not only undermined capacity utilization of local industries but also threw active workers into the overflowing labour market. In so far “as the country…(made) more money from oil, the pauperized working masses...(had) been made poorer in the name of market forces and trade liberalization”. The deregulation exercise introduced in its wake high level inflationary trend with its attendant income inequality which was at variance with the policy thrust of the NEEDS.
Of all the facets of the NEEDS, the removal of subsidies on petroleum products was most unpopular which could only be carried out with repression and coercion.

Put differently, NEEDS, like the SAP, had introduced negative implications on the Nigeria’s low income group-labour membership whose interests and welfare it was meant to advance. Its deregulation aspect would appear to have alienated labour and imbued rifts into the government-labour relations. Against this background, it has been argued that the “pursuit of deregulations of the Nigerian economy has inadvertently yielded to the heightening of social inequalities, high incidence of poverty, social stress, conflict and violence in the country”\textsuperscript{34}. This fact explains why “labour… challenged the President more than any other leader in Nigeria. Since the government came to power in 1999, it…[had] not enjoyed a moment of quality support from labour”\textsuperscript{35}. Generally speaking, “the radical economic policies… not only placed the government on war path with the NLC, they… also vested the government with anti-people reputation”\textsuperscript{36}.

From all indications, there were no corresponding increases in wages and salaries of workers to cushion the effects of biting hunger and deepening mass poverty. It is reasonable to surmise that labour’s spirited opposition to NEEDS was probably because the national minimum wage of N5500 per month which translated to N183.33 per day could hardly justify the increases. The national minimum wage was a far cry from the 1999 Constitutional provision Chapter II section 16 (2) (d) which states “that … reasonable national minimum living wage… are provided for all citizens”\textsuperscript{37}. It may be reasonable to argue that the implementation of every aspect of NEEDS not only short-changed labour but also destabilized the existing macro-economic stability and single-digit inflation in Nigeria. E. Wogu appears to be reacting this type of situation when he opined that “to the labour movement good governance would translate to better welfares for their members especially in the public service”\textsuperscript{38}.

**Reform Act and Travails of Labour**

According to R. Sandbrook \textit{et al}, “… most African governments increasingly have felt compelled to establish firm control over the trade union movements either by legislative action or by intervention because they envision a narrow function for labour movements”\textsuperscript{39}. Soon after his inauguration into office for a second term, President Obasanjo introduced a new pump price regime of petroleum products. This development gave rise to a nation-wide strike at the instance of organized labour and civil society organizations. As was to be expected “drastic economic reform of the type contemplated by NEEDS required massive buy in by labour and other civil society groups . . . . the government needed to persuade labour leaders on the good faith and merit of reform”\textsuperscript{40}.

This was not to be as the government preferred to attempt to hold down and weaken the movement through a labour reform bill sent to the National Assembly. Reacting to the Bill, some members of the legislature seem to have seen it as preposterous and a sheer executive vendetta. Uche Chukwumerije of the Upper Chamber of the National Assembly reacted sharply to the bill. He described it thus “the war against the NLC was not only against the voiceless masses but also against the nation’s unity”\textsuperscript{41}. To Bolous Indiamowei, of the House of Representatives “the labour bill sent by the President to the National Assembly was ill-timed. The contents of the bill show that he is trying to whittle down the power of the NLC to resist the arbitrary policies and programmes of the Federal Government, especially the incessant increases in the prices of petroleum products”\textsuperscript{42}. The NLC, on its part, viewed the Bill with suspicion and as a calculated attempt to mow down the last formidable opposition centre after the opposition political parties had caved in. It has been observed that
the essence of the law was to clip the wings of the labour that has been providing leadership for the working masses in their opposition against the characteristic anti-people policies of Obasanjo’s government – euphemistically called economic reforms especially the incessant increase in fuel price. Labour’s suspicion would appear to have been confirmed by EI-Rufai, an ardent supporter of the government’s economic reform policy. For daring to oppose the rather pro-poverty deregulation and privatization, he urged labour “to form a communist party and win elections if they seek to contribute to policy-making”. It is hardly open to doubt that EI-Rufai’s argument prodded the government into action. As was to be expected “President Obasanjo’s countenance and indeed the reaction of the executive to the perceived ‘unwarrranted opposition’ actually lends credence to the NLC suspicion. In the words of the President “the NLC needed to be tamed by breaking NLC’s monopoly”.

According to Chris Uyot, labour fought back as soon as the Bill was sent to the National Assembly. Labour saw the exercise as an executive vendetta to get back at labour. It would seem likely that labour had counted on the support of members of the opposition parties, especially the All Nigeria Peoples Party (ANPP), as a counterweight against the PDP – sponsored Bill. As Oshiomhole pointed out, “the NLC lobbied parliament not to pass this law as it was proposed… as it was little more than an act of vindictiveness”. Labour lost the struggle probably because the presidency had, with the resources at its disposal, prevailed on the legislators. It is rather surprising the speed with which “the bill was passed by the senate under the then Senate President Adolphus Wabara, who was trained by the trade union movement”, and signed into law by the President on March 30, 2005.

In defence of the government, J. C. Eze has observed that the Labour Reform Act was over-politicized. In her view, it was but a part of the general reform agenda embarked upon by the administration to stabilize democracy and the national economy. In point of fact, the Act was to give legal recognition to the Trade Union Congress of Nigeria (TUC) after its leadership had reneged on the prosecution of the June 30, 2003 anti-deregulation of oil sector strike, apparently to woo the TUC against the NLC. To the government, “the Act was its idea of placing legal obstacles before a militant labour movement which had become an impediment to the World Bank – IMF-induced economic policies which the Federal Government had adopted”. The pump price increase of fuel on April 7, 2005-seven days after coming into effect of the Act-goes to show that labour’s argument appears nearer the truth than the imputation of the government.

**Anti-strike Measures**

In order to clear the coast for the full implementation of NEEDS, the Obasanjo – led government enacted the Act that was intended to stifle and muzzle up labour. It has been observed that “the new law forbids union members from going on strike except for bread and butter issues which have direct bearing on their conditions of employment”. From the political angle, Obasanjo, after having undermined all the opposition parties in the country nursed the misguided ambition of self-succession, believing as it were, that labour was the only remaining barrier to this. It can, therefore, be said that this provision was no more than, a thinly veiled attempt to checkmate labour from constituting any opposition to Obasanjo’s regime perpetuation dream.

On the economic plane, the proviso was in agreement with the opinion of the architects of the ‘Washington Consensus’ on economic reform. The Consensus suggests that “the leadership must be able to withstand opposition to reform. . . leaders can offset resistance through a combination of compensation and compulsion – for example, by . . . banning strikes in strategic industries or otherwise reducing labour union power”. In his reaction to this provision, Hassan Sunmonu observed that “the trade unions (amendment) Act 2005 criminalizes picketing and
strikes, which are internationally recognized rights of workers and trade unions in pursuit of their legitimate rights.\textsuperscript{54} However, this measure did not seem to have deterred labour militancy and opposition to policies that were believed to be anti-people and undesirable. Given the tenor and tempo of protests and strikes that trailed the rather pro-poverty policies, the promulgation of the Labour Reform Act can be said to have been an exercise in futility.

Conclusion

From the foregoing, it can be said that NEEDS elicited labour militancy and protests in a way only superseded by those against the annulment of the June 12, 1993 elections. The deregulation and privatization exercises pitched the government against the working class as the defenders of the populace. These exercises were predicated on the assumption that a private-sector driven economy could revamp the nose-diving national economy to an enviable status. Contrarily, NEEDS created a paradox of grinding poverty amongst the majority of Nigerians in a wealthy economy whereas “this country belongs to the masses and not to a handful of selfish individuals ….”\textsuperscript{55} According to Shehu Sani, the chairman of the Civil Society Coalition, “the economic reforms have not delivered any useful and sincere results but have impoverished Nigeria further and plunged us into the wilderness of hopelessness and illusion”\textsuperscript{56}.

NEEDS was a self-defeating programme in that labour crises unleashed by it did not, in any way, enhance labour-friendly environment needed to attract foreign investments into Nigeria. It is doubtful whether any foreign concerns would readily invest their capital in an environment without enduring industrial harmony as occasioned by NEEDS implementation in Nigeria. The fact that NEEDS was structured to benefit members of the political class over and above the masses defeated its raison d’être. Put simply, “the masses were the object and never the subject of NEEDS”\textsuperscript{57} as it neither met nor accommodated the needs of the majority of Nigerians. On the strength of this, the NEEDS can be said to have engendered inequality and non-inclusive growth.

In order to stem the rising tide of NEEDS–induced NLC strikes the government through the Labour Reform Act legally recognized the TUC (made up of senior civil servants) as a counterweight to the former. This development created yet another rallying point for opposition against anti-people and pro-poverty economic policies. Hitherto, members of the TUC did not ally with the NLC because the 1978 Decree no 22 which recognized the NLC had excluded senior civil servants from its membership. The coming together of these two fronts in the prosecution of anti-deregulation strikes increased the transaction costs of the economic reform.

However, at the national level, NEEDS implementation would seem to have brought about some benefits to the country. To those knowledgeable in macro-economics, the positive palpable result of NEEDS can be seen in the 60% debt relief granted Nigeria by the Paris Club. The relief came on the heels of the much touted anti-corruption crusade of the reform programme. As a result this, Nigerians were encouraged to bend over backwards to accept the same values they rejected with their blood during the SAP regime of the military dictatorship.

END NOTES

9. Cap 437 Law of the Federation of Nigeria 1990 (i.e Trade Unions Act Cap 437)
20. Quoted in Gajir, p. 122.
22. Gajir, pp. 123-4
23. Onuoha, p. 27.
25. Quoted in Usman, p. 46
28. Unformatted Document Text, p.8
30. Unformatted Document Text, p.8
32. Vanguard, December 18, 2003 p. 47
33. Vanguard, April 21, 2005, p. 43
36. The Daily Champion, December 30, 2003, p. 18
40. Amadi…, p. 36.
42. Quoted in *ibid* p. 30
44. Quoted in Amadi, … p. 37.
45. Quoted in *The Daily Champion*, December 1, 2003 p. 33
46. *Ibid* p. 33
49. Quoted in *The Vanguard*, April 21, 2005, p. 42.
50. Oral Interview with Ambassador J.C. Eze, Aged 60 years, at Abuja, on March 3, 2007
51. Quoted in *The Vanguard*, April 21, 2005, p. 42.
52. Quoted in the *Vanguard*, April 14, 2005 p. 37.
53. Quoted in Amadi … p. 37.
54. Quoted in *The Vanguard*, April 21, 2005, p. 42.
56. Quoted in Unformatted Document Text, p. 5.
57. Nnoli, p. 166.
LEGAL JUSTICE AND THE QUEST FOR SUSTAINABLE DEVELOPMENT IN NIGERIA

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Abstract
The concept of justice is fundamental in the peaceful and sustainable development of every nation. It is an indispensable element that is essential in human socio-political co-existence. Nigeria as nation state, stands the risk of contending with rancor, crisis, stagnancy and non-development where this all important feature remains absent or dormant. In striking a divide, and breaking away from all elements and categories that stands antithetical to a peaceful socio-political co-existence and national development, the quest for sustainable development in Nigeria remains paramount. Legal justice therefore is identified as felicitous factor for equality, social order and national development. In this sense therefore; the concept of legal justice, equality and social order is identified as propitious elements of sustainable development in Nigeria.

Introduction
Man as social being, intrinsically lives in a community of others. This unique nature of man is an undeniable construct of nature. Nature bestows on him a conscious and distinct essence of not only self reliability but mutual interdependence. This mutual inter dependency inherent in man’s existential foundation’s brings to fore the peculiarity of his self insufficiency and the crave for mutual complementation. It becomes glaring; therefore that man’s existence and survival cannot be devoid of his relationship with others.

A corroborative Platonic assertion depicts that “the individual is not self sufficient, but has needs which he cannot supply by himself” (Plato 117). In this sense, a solo attempt to any form of existential sustainability becomes self defeating and naturally unattainable. In this light, Aristotle asserts that he who laid claims to self sufficiency and non-relevance of others is “either a sub-human or a super human (60). For him, man is by nature a political animal who exist in the community of his fellow men, with an organized political leadership. Hence, “he who is without a city through nature than chance is either a mean sort or superior to man” (Aristotle 120). The social nature of man is an integral dimension to the expression of his rationality, freedom, moral personhood, and subsequent attainment of his essence.

The concept of justice is an indispensable issue particularly in man’s socio-political milieu. It is an essential element requisite for a peaceful sustainability of a society. Its foundational nature remains intrinsic in man’s existence. This utmost universal concept stands unique in the realization of happiness and social order. Human sociality in its utmost essentialness will tantamount to mere futility and absurdity when devoid of justice. Human sociality therefore could reasonably retain its meaningfulness in the context of the “actualization of the ideals of personhood, which in term is the proper ground for achieving the ends of society or social stability, progress, justice development and peace” (Aghamelu, 122). This paper therefore seeks to examine the concept of justice and its essentialness in the pursuit of sustainable development in Nigeria.

The Concept of Justice
The concept of justice has predominantly occupied intellectual discuss in the areas of law, political science, political philosophy and philosophy of law. It is an essential element which cannot be undermined in the development of a peaceful progress of any nation state. Justice is an essential social value which deserves to be cultured for the attainment of social order. The idea of justice is distinctly inseparable from the laws of nature. In fact for some, it is an element
transmitted from nature, for the efficient socialization of man. Nature in this sense teaches man the fundamental principles of fairness, equality and endows man with certain indispensable rights, necessary for social formation and stability.

The concept of justice is not only as old as the human race, but a necessary catalyst of social order and human progression. It is a protrusion from the laws of nature, transmitted to man. In this sense therefore, justice is a moral value infused into the socialized stream of man. Justice is distinctly both a moral value, and a social value. The word justice is etymologically derived from the Latin word “IUS” meaning right and law. Obviously, law and justice are intimately connected because law gives meaning to justice and what is lawful is said to be just (Humphrey 6). Similarly, the Greek version of justice is derived from the word “Dikaiosina” meaning “righteousness”. Ostwald asserts that Dikaiosina often have a usual translation as justice. According to him:

Though Aristotle often uses Dikaiosina on the narrow English sense of justice. He remains ever conscious of the wider connotation of the term justice and for him this is the same as righteousness (cited in Humphrey 6).

From the above, justice implies doing that which is “right”, “just”, and indisputably correct. The concept of justice gains wide acceptability as a “constant and perpetual will to render to everyone his due” (Glenn 222). Lexically, it is defined as “the fair treatment of people and the quality of being fair and reasonable” (Hornby 648). Fair and equitable treatment of persons remains the integral elements of justice. The inseparability of these essential values of justice brings to fore its indispensability in man’s socio-political milieu.

Justice as a concept is often accessed in relations to fairness, equality, and equity. It is a universal concept with moral foundations. This moral foundation of justice becomes the basis upon which certain human actions and laws could be assessed as right or wrong, just or unjust. As a social value, Justice has attracted enormous interest from diverse philosophers ranging from Plato to Aristotle, Rosseau, and many others. Noted among them is John Rawls. I shall briefly examine John Rawls theory of Justice as a pictorial guide to this discourse. John Rawls in his theory of justice conceives justice as a social value. Justice in this sense is seen as an associational concept distinctly indispensable in the formation of a nation state. For Rawls, justice is the first virtue of a social institution (Rawls 4). It is the foundation upon which the human society and the nation state is built. Rawls holds, that the human person is free and equal. This freedom and equality of the human person has a causal relation in nature. Man’s freedom according to Rawls, consists in his possession of two moral powers; first the capacity to have a sense of justice, and secondly his ability to posses a conception of the good. For him, insofar as man has these to the degree necessary to be fully cooperating members of the society, they are equal’. (19). Rawls defines Man’s sense of justice as the capacity to understand, to apply and to act from the public concept of justice which characterized the fair terms of cooperation”. This sense therefore expresses “a willingness to act in relation to others on terms that they also can publicly endorse (19).

Moreover, for Rawls, the concept of the good revolves around the conception of what is valuable in human life”. This comprises of a more or less determinate scheme of final ends, that is ends or goals that we want to realize for their own sake, as well as attachments to other persons and loyalties to various associations”. John Rawls defines justice as fairness. For him, Justice as fairness is the essential element for the structuralism and operationism of every nation. Rawls’ notion of justice is fundamentally built on two principles. First; Rawls holds that each person has an equal right to a fully adequate scheme of equal basic liberties which is compatible with a similar scheme of liberties for all. The second principles hold distinctly, that social and economic inequalities are to be satisfied by two conditions; (1). They must be attached to offices and positions open to all under conditions of fair equality of opportunity, and (2). They must be to the greatest benefit of the least advantaged members of society.

Suffice it to state that Rawls’ concept of justice depicts two fundamental principles: The principle of equal liberty, and the principle of equal opportunity. The principle of equal
liberty upholds the basic rights of individuals in the nation state. For Rawls’ the liberty of the individuals as assigned by nature must not be hampered, restricted nor destroyed by the nation. The basic liberties of man includes: freedom of thought and liberty of conscience, the political liberties and freedom of association, as well as the freedoms specified by the liberty and integrity of the person, and finally the rights and liberties as enshrined by the rule of law. Rawls disapproves all forms of legal impositions and restrictions against conducts and action of citizens in the state, without sufficient and substantial reasons. For Rawls equal political liberties must not be denied to certain social groups on the grounds that their having these liberties may enable them to block policies needed for economic efficiency and growth.

Rawls concept of justice strives to ensure the preservation of equal liberty and opportunity of citizens. Citizens must be given equal political opportunities and level plain ground for participation. The freedom and fundamental rights of the people must not be trampled upon. The law therefore is to enhance equal participation and the provision of equal opportunities. For Rawls, the state must promulgate laws that will also cater for the interest and benefits of the less privileged in the state.

John Rawls’ concept of justice which encapsulates equal liberty, and equal opportunities of citizens in the state, is fundamentally channeled towards the promotion of social justice, and legal justice. This Rawlsian position inadvertently conceives social justice as an essential element of social order. Suffice it to state that for social order to be reasonably achieved in any nation, social justice and indeed legal justice stands outstandingly as a necessary propeller and catalyzing factor of social justice and order. In this sense therefore legal justice remains indispensable in the progressive formation and sustainability of every nation. Just laws must necessarily be made and enforced.

The question what is legal justice, showcases itself here, and must be succinctly tackled. The word legal justice depicts justice of a sort, which seeks a perpetual attainment of fairness through legislative powers and procedures. It is the establishment of social order through the enactment and implementation of just laws. Iwe observes that:

> It is a special type of justice which obliges the legislature and those with legislative powers to ensure justice and the attainment of the common good in society through the enactment of laws which are fair and honest, just and morally possible to observe (235).

Legal justice is not only the fulcrum for attaining equal liberties and opportunities of citizens, but also the propelling force of peace in the human society. It is the substratum upon which the rights and privileges of the citizenry are erected and preserved. In the attainment of justice in all its ramification and consequently the protection of the rights and privileges of the citizens, the Nigerian state must esteem profoundly the formulation of just laws for the achievement of peace, progress and sustainable development of its socio-political and economic facets of nationhood.

**Legal justice and the quest for sustainable development**

Justice is primarily a necessary condition for the development of any nation. The absence of this iconic element of social structure has the capacity to palpably palpitate civil unrest, crisis and social disorder. The quest for sustainable development therefore cannot be devoid of justice and indeed legal justice.

The Socio-political cum Economic development of a civil state is largely dependent on the laws governing such state. One cannot but say that just, effective and good laws are leeways to socio-political economic development of a state. It is a felicitous tool for a viable national development. Suffice it to say that a nation without just laws is a unique habitation of wild unruly men. A good law becomes therefore an essential tool of governance. It is a medium of social control, as it regulates the conduct and attitude of the people. It is therefore clear that for sustainable development to be attained, the state must be governed and regulated by laws that are fair, just and adequately capable of encapsulating the natural rights of the people. Corroboratively, Iwe asserts that “law as an ordinance must be rational or reasonable and not the arbitrary and capricious whims and egoism of the law maker” (Iwe 24).
In maintaining the aesthetics of socialization and peaceful co-existence of man in his habitat, law as an order or a command emanating from a competent legislative authority and meant to regulate human behaviour (Omregbe 10) must be people oriented and friendly. The Law in its positive and civil nature must necessarily attract public appreciation for it to adequately command social order.

Legal justice in its encompassing nature engulfs the promulgation of just laws. These laws must intrinsically preserve the natural rights of the people. The natural formation of man’s socialism is consciously cloned in certain natural rights which are non-negotiable and which must be totally preserved by the state. Nature bestows on man such distinct rights as: Right to Life, Freedom of thought, Liberty, Equal existence, Ownership of properties, Fair treatment, Expression etc. The crust of social order and indeed man’s existence is dependent upon the respectful observance of the laws and rights transmitted to man by nature. These rights have over the years informed the existential conducts of people in various societies, and the formation of basic documents that serves regulatory to human activities.

The explicit truth sustained in all human society remains the fact that various nations consciously strive for the sustainability of man’s natural rights. This is evident in the formulation of laws and working documents which enshrines these natural rights. Paton observes that nothing have thoroughly “molded a shaped human thought and particularly American thinking and institutions as the philosophy of natural law” (Paton 78). The Seventeenth and Eighteenth centuries witnessed an immense attention on the natural rights of man. The laws and implicit rights naturally conferred on man, metamorphosed into what is today considered as the fundamental human right. The unique attention on these natural rights of man concomitantly necessitated the formation of documents such as the English petition of Rights in 1627, the Habeas Corpus Act of 1679, American Declaration of Independence (1776), the United States Constitution (1787), the American Bill of Rights (1791), French Declaration of Rights of man and citizens (1989), The Universal Declaration of the Human Rights (1949). Nature is adequately instructive, as it lays down certain rules for the formation of a peaceful society.

Suffice it to say that the justfulness of a law is dependent on its ability to encapsulate the natural rights of man, and never command the impossible. Such must not enthrone the self interest of its promulgators, nor be depicted as a tool of ensnaring and enslaving the populace. A just law must be rational and morally conscious. In the words of Braithwaite, “the social needs of mankind may change from age to age, but the standard of morals and law of the conscience cannot fall below a natural level or what objective reason dictates. This has been the rationale for revolutions and reactions; for adaptation of secular enactments to synchronies as much as possible with equitable ideals”(107).

Justice as depicted from the social and legal ambienece becomes an essential abstraction from nature. It is an essential element for the smooth operation of the state, and a necessary point of reference for societal values. In this sense therefore justice as equity is an appeal to reason as the criterion, not merely of the validity of the values or purposes adapted by a particular system of law, but of the validity of the system itself which embodies that set of values or purposes (Braithwaite 107). Secular laws which are meant to ensure justice, and the regulation of the human society, is not unconnected with the natural laws. In fact it is its base in the natural law that strengthens it for the maximum profitability of the human society. Long in the ancient periods, Aristotle asserted that: “of political justice, part is natural, part is legal natural, that which everywhere has the same force and does not exist by people’s thinking this or that, that legal, that which is originally indifferent, but when it has been laid down is not different”.

The foundations of a true and just law must not be devoid of the injunctions in nature, and must not mutilate the rights of man as embedded in nature, as this is the basis of a peaceful co-existence in the human society. “The moral leaning in mankind is not only irrepressible, but orderliness and peace would be impossible in any community without its counsel. Those who criticize natural laws as being of an abstract an emotive character, and equity, as having no
The essentiality of the secular and civil law cannot not be undermined, as it is the driving forces of social order and sustainable development. In forestalling social order, and enhancing positive progressive development, the civil law must be just and have the capacity to promote justice, and the rights of man encased in nature. In the words of Cicero:

“True law is right reason in agreement with nature, it is of universal application, by its commands, and averts from wrongdoing by its prohibitions. And it does not lay its commands or prohibitions upon good men in vain. It is a sin to try to alter this law, nor is it allowable to attempt to repeal any part of it, and it is impossible to abolish it entirely. We cannot be freed from its obligations by senate or people, and we need not look outside ourselves for an expounder or interpreter of it. And there will not be different laws at Rome and at Athens or different laws now and in the future, but one eternal and unchangeable law will be valid for all natures and all times, and there will be one master and ruler, that is God, over us all, for he is the author of this law, its promulgator, and its enforcing judge. Whoever is disobedient is fleeing from himself and denying his human nature, and by reason of this very fact he will suffer the worst penalties, even if he escapes what is commonly considered punishment.” (cited in Braithwaite 73).

The civil law therefore must depict the essentialities of the natural law, and employ the tool of justice for nation building. For Rawls, “Justice is the first virtue of social institutions, as truth is of systems of thought. A theory however elegant and economical must be rejected or revised if it is untrue. Likewise laws and institutions no matter how efficient and well-arranged must be reformed or abolished of they are unjust. Each person posses an inviolability founded on justice that even the welfare of society as a whole cannot override. For this reason justice denies that the loss of freedom for some is made right by a greater good shared by others. It does not allow that the sacrifices imposed on a few are outweighed by the larger sum of advantages enjoyed by many. Therefore in a just society the liberties of equal citizenship are taken as settled, the rights secured by justice are not subject to political bargaining or to the calculus of social interest truth… Being first virtues of human activities, truth and justice are uncompromising (4).

Political philosophers have postulated distinctly, that the state can only witness sustainable development where such factors as justice, liberty, equality, fairness and separation of powers are immensely esteemed. In elucidating on the primary focus of law and the essential ingredients which must not be overlooked by the state, Mill identifies liberty as an indispensable element of a progressive state. For him liberty in its essentialness orchestrates the nature and limits of power legitimately exercised by society over an individual. Hence liberty must be preserved, and the state adequately protected against any form of tyranny by political leaders (Mill 505).

Positive laws must essentially preserve the freedom and liberties of the citizens in the state. The rights and liberty of the citizenry must not be ignored in the civil state, as this remains one of the fundamental essences of law. Dias assess this thus:

“There is much truth in the statement that law is a means to certain ends and its content is determined with reference to its purpose. Ends and means are connected, and it follows also that the use to which law is put likewise reflects its purpose” (Cited in Braithwaite 108).

The essentiality of law is made prevalent in the enforcement of social order, preservation of justice and equality, and the protection of the basic rights of the citizenry. For Rosseau, justice is the essential and fundamental element necessary for the preservation and sustainable progress of the state. For him, the formation of the civil state must necessarily be accompanied by notable change in man. It must ensure the substitution of justice for instinct in his behaviour and give his action’s the morality which he previously lacked (412).
conglomeration of justice and morality as distinct factors which must not be compromised in the development of the state. Social justice therefore becomes an indispensable ingredient of a progressive society which must be attained through legal justice.

In the light of the above, Locke asserts that the state must be segmented into the legislative, executive and the judiciary with the utmost aim of protecting the interest of its citizens. For justice and progressive development to be attained in the state, trustworthy leaders who will represent the interest of the populace, and with whom authority to determine all the controversies, and redress the injuries that may happen to any member for the common wealth must be selected (Lock 352). The justness of a civil law is uniquely encompassing as it engulfs equality, liberty, social justice, and social control. It is the voice of morality, and a tool of preservation of the hoipoloi. It is the contending tool against social injustice and a felicitous element of social engineering. It is an ideal hope of the common man, as it seeks to protect their joy and interest. These and other qualities constitute the main crust of a just law upon which the foundation of legal justice is valid.

Suffice it to state, that legal justice is not unconnected with the establishment of just laws which propels equality, fairness and social order. It is an encompassing concept for fostering national development. The quest for national development has been the passionate inclination of many in contemporary Nigeria. This is owing to the fact that contemporary Nigeria has never been without conflict, tumult, crisis and clash of diverse interest. This heterogeneous state has over the year been embroiled in all forms of socio-ethnic, religious, and political crisis. This has congruently hampered on the socio-political and economic development of the state.

The challenge for national development therefore is an implicit search for conflict resolution. The inseparability of peace and progress remains the central-focal point of every society which must not be undermined. Peace as a social virtue is the piloting force of progress. The attainment of progress remains negated and deniable in any society devoid of the element of peace.

The Nigerian malady is that which is in dare need of urgent attention. The socio-political cum ethnic and religious crisis is a resultant of the denial of the foundational basic right and privileges of citizens. This is another related issue which has led to indiscriminate insurgence in Nigeria. These and other social vices are non-contributory elements of national development. Nigeria have witness different socio-political and religious crisis that have concomitantly led to the destruction of lives and properties. This has greatly limited the pace of economic progress in Nigeria. A careful scrutiny of this socio-political cum religious malady in Nigeria will distinctly bring to fore a line of causation to this seeming albatross. Some of which are ineffective laws and legal institutions, social injustice, inequality bad leadership etc. Nigeria as a nation state must principally be guided by the principles of justice. Justice as a social value must be projected and preserved by the Nigerian constitution and legal system. The promulgation and enforcement of just laws must necessarily be brought to fore, and utilized in the elimination of all forms of inequality and social injustice.

Equal opportunities and participation of members of the Nigerian state must be granted to its citizens. All forms of elimination, suppression, and marginalization of a certain segment, ethnic and religious groups must be denigrated as this remains capable of precipitating civil unrest. All members of the Nigerian state must be accorded equal opportunities and level plain ground for participating in the affairs of the state. Moreover, it must be noted here, that Nigeria cannot attain its best in the midst of conflict; hence, all forms of political marginalization must necessarily be deemphasized. Political parties and groups in Nigeria must be accorded the right and freedom of participation. Ethnic superiority and dominance necessarily must be averted and peace given the leverage of dominance.

It is expedient asserting here that the neglect of certain groups and the less privileged can undermine the peaceful progress of Nigeria. Insurgence and violence are often characteristically associated with the neglected few in any society. Therefore Nigerian resources must adequately be channeled towards the welfare of these indigent groups. The
rule of law which is a substantial measure for national progress and equitableness remains an essential category for nation-building. Hence the Nigerian state must strengthen the fundamental principles of the rule of law.

The attainment of national development in Nigeria is dependent on the resolution of conflict and rancor which destabilizes and distorts progressive development. Progressivity is a necessary offshoot of peace, equality, stability and social tranquility. Sustainable development in Nigeria can basically be achieved through the essentiality of legal justice, equality and social order. The trio of this social progressive current, forms the foundation upon which the socio-political cum economic development of Nigeria can be erected. Legal justice through the enactment and enforcement of just rules and strengthening of legal institution necessitates a wide range of social control, as actions and activities of the people will be thoroughly checked and control by the law. In this sense, people consciously and unconsciously become guided and careful, as actions contrary to the law will be severely punished irrespective of the personalities involve. Again, in this sense, legal justice ensures the strengthening of legal institutions. This concomitantly leads to the preservation of rights and establishment of equality, leaders in Nigeria are through the law required to administer equality and fair treatment to the Nigerian populace. The negation of any fundamental and natural rights and liberties of the people intrinsically leads to violent and revolt. Hence equality and the preservation of the basic natural rights and liberties of the citizenry stand incontestable in National development.

The progressivity from legal justice to equality is a necessary resultant of social order. Social order here becomes the peak of socio-political and economic stability requisite for progress and sustainable development. The trio of legal justice, equality and social order stands, iconic in national development. Nigeria as a nation must not undermine these necessary tripod of national development.

A graphic representation of this becomes necessary for a proper comprehension.

National development

Social order

Equality

Legal justice

National development is only palpably precipitated through the stable increase in legal justice; this in turn leads to the attainment of equality. The attainment of equality in the society on the other hand necessitates social order. The progressive increase of this tripod clearly enhances national development. Thus, Legal justice + Equality + Social order = National development

Suffice it to state that the failure in the consistent and progressive increase of this tripod can negate the attainment of National Development. On the other hand the nation could receive sustainable and progressive development where there is a consistent progressivity in legal justice, equality and social order. These three, stand indispensable in nation building. The foundation of a progressive state is erected on legal justice, as no state which denigrates, good laws, justice and equal treatment of its citizenry is expected to experience social tranquility nor witness peace and development. Legal justice therefore suffices as a propitious element in nation building.

John Rawls in his theory of justice acknowledges the potency of this tripod in national development. He extensively asserts that:
A society is well-ordered when it is not only designed to advance the good of its members but when it is also effectively regulated by a public conception of justice. That is, it is a society in which (1) everyone accepts and knows that the others accept the same principles of justice, and (2) the basic social institutions generally satisfy and are generally known to satisfy these principles. In this case while men may put forth excessive demands on one another, they nevertheless acknowledge a common point of view from which their claims may be adjudicated. If men’s inclination to self-interest makes their vigilance against one another necessary, their public sense of justice makes their secure association together possible … One may think of a public conception of justice as constituting the fundamental charter of a well-ordered human association. (4-5).

A well ordered nation characterized by justice and indeed legal justice stands as the bedrock of national development. It is expedient to state that the rights, and liberties of the people as encased in legal justice are “not in the category of the things instituted and granted by the state, and hence, it cannot be justifiably denied, except the person (s) involved voluntarily agreed to it” (Ebijuwa 185).

The rights and liberty of the people must be essentially preserved in the state for the adequate realization of the common good. The law and legal institutions must adequately sustain the equality, fair treatment, rights and interest of the citizenry for the utmost actualization of the common good. “The common good is ontologically and metaphysically a distinctive reality in the social whole as such, making possible an integral human existence for the members of society” (Messner 127). The peaceful progressive co-existence of any society and nation is dependent on the effectiveness of the civil laws and legal institutions and its ability to enhance the common good of the state. The leaders must enhance the utilization of the civil laws for the establishment of justice and the productive progressivity of the state. The common good of the people and the sustainable development of any nation can be attained when there is a prevalence of legal justice, propelled by natural order. Confirmatively, Njoku asserts that the social, moral, religious, political and economic goods are included in the common good. They are to be realized according to the natural order inherent in society (46). In the light of the above the state most necessarily uphold the natural right of the people by ensuring legal justice, equality and social order.

Conclusion
Conclusively legal justice remains an indispensable element of socio-political and economic development in Nigeria. It is the propelling force of equality and social order. The Nigerian State which has witnessed immense conflicts and clash of interests has remained stagnant and non-progressive in the face of the contemporary competitive world of today. The challenge and quest for growth and sustainable development have predominantly permeated the desire of the Nigerian citizenry. The quest for sustainable development therefore can undeniably be attained through the tripod of legal justice, equality and social order.

Legal justice must be established in the Nigerian state. This will necessitate equality, which will consequently precipitate social order and catalyze National Development. The sustainability of social order in the Nigerian state is a necessary criterion for National sustainability and progressivity. The Nigerian Nation therefore must ensure the establishment of just laws and the strengthening of legal system and institutions for the attainment of justice.

References
ACQUIRED PERSONALITY FROM CHANGING WORK ENVIRONMENT AND OBSTACLES TO LEARNING TRANSFER

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Abstract
Individual achievements are often attributed to one’s personality. But on becoming a member of a work group, the individual gradually acquires dual personality: the naturally endowed, and that from the work environment. Some people see themselves as capable of controlling their environment while others cannot. These categories explain the incidence of success or failure of individuals in their performances. The particular features a person exhibits depend on others especially in a work environment. He or she acquires a ‘new’ personality by reference to others. That is, a person is in part a product of the characteristics of those around him/her. The changing personality of the individual in a work environment depends on organisational policies and politics among many others. The ideal personality trait for effective learning transfer would be that of ‘self-concept,’ making the individual feel satisfaction of good performance, or regard other performances as abominable and must not be done. This self-concept personality must be driven by ‘internal control’ which disregards environmental influences, as against ‘external control’ which accommodates environmental influences, leading to failure. Aside from the usual motivational measures applicable for performance enhancement, transfer of learning could be enhanced where Training Needs Analysis is carried out before training implementation.

Key words: Personality, Environment, Learning Transfer

Introduction
Individuals are often ascribed with having one kind of personality or the other which makes them to perform in a certain manner. Hence, each person’s achievement is often said to be as a result of the kind of personality that he/she possesses. Occasionally, one finds an individual rejecting the personality being ascribed to him/her. The individual being typified is many a time insistent that the personality being ascribed to him/her is unfair/improper. The question that arises as to who is the right person to ascribe personality: the general public or the individual? The answer to this matter depends on one’s personal philosophy. Two schools of thought affect the answer to this question: the ‘positivists’ and the ‘phenomenologist’ approaches to learning. While the ‘positivists’ say that behaviour is a function of object posited outside the individual, the ‘phenomenologists’ say that behaviour is contingent on the perceptions, attitudes, evaluations or meanings attached by the behaving subjects to the posited objects (Mmobuosi, 1985:264). For the phenomenologists, it is not the object outside the individual that influences him, but the influence is contingent on his interpretation of the object in his mind. Hence, instead of typifying an individual to a certain personality trait, the phenomenologists prefer obtaining explanations from the individual before ascribing him or her to one personality trait or the other.

In another dimension, some individuals rightly fit into one type of personality or the other ab initio, but undergo gradual changes to another type due to environmental influence from the work environment. Hence, the individual who, ab initio, had the personality perceived as conducive to learning transfer for example, gradually transforms to that which stifles learning transfer. So, when an employer appoints an applicant found as capable of effecting learning transfer, a disappointment follows due to undesired personality acquired from the changing work environment.
environment. This creates a scenario in which an employee has two personalities: the one natural and suitable for learning transfer; and the other acquired from the work environment, which may be unsuitable for learning transfer.

In the context of this dual personality, what personality-trait should be ideal in a typical work environment for learning transfer, and what could be done to prevent undue negative influence from work environment? Is there a way of keeping track of personality changes in the work environment? These are some of the issues that would be tackled in this study. What are the effects of negatively acquired personality on natural personality trait in work environment? These issues will require us to elucidate the concepts ‘personality’ and ‘learning transfer’, in order to provide enough grounds for ascertaining the personality that would not be adversely affected by those acquired from work environment.

**The Concept of Personality**

The concept “personality” happens to be one of such terms which scholars see from different stand points, and which may be difficult to have a universal definition. Hence, we may not be able to have a final definition but could be in a position to have common understanding on which constitutes personality.

Child, quoted in Hampson (1982:83), pointed out that:

> Personality refers to more or less stable internal factors that make one person’s behaviour consistent from one time to another, and different from the behaviour other people would manifest in comparable situations.

The definition of child suggests that there should be “stable internal factors”, exhibited by the individual, hence making one’s behaviour consistent from one time to another. It also suggests that there is a sort of stability in organisational matters, which invariably leads to stable internal factors exhibited by the individual. There is hardly a stable situation in any organisation, indicating that the “stable internal factors” may never take place in an individual. The only thing that could be stable in an organisation may be the daily routine activities, hence, the individual may have stable personality in that regard. The individual may also be stable in his/her attitude towards certain kinds of results, and to that extent, we can talk about stability of personality. To that extent also, the individual could be different from the behaviour of other people in comparable situations. The definition offered by child is useful because, it talks about one’s behaviour being different from what other people would manifest in comparable situations.

Thompson and McHugh (2002:233) described personality as that which makes an individual different from others. This is similar to that provided by Hampson(1982). Both contributors agreed that whenever there is something that sets one person apart from the other persons’, then we can regard it as the person’s personality. Hence, the ‘boundary’ between two individuals is what one can do and what one cannot do. This is a very useful dimension to the study of ‘personality’. Thompson and McHugh (2002:233) assert that the study of personality from this perspective centres around identification and prediction of consistent and/or distinctive modes of response in individuals. This could be regarded as the ‘Trait’ definition of personality. Apparently in agreement with the ‘Trait’ approach to the definition of ‘personality’, Feist and Feist (2006:4) define personality as a pattern of relatively permanent traits and unique characteristics that give both consistency and individuality to a person’s behaviour. The above development indicates that an important way of looking at a personality is to look at what one can call ‘trait’ in one’s behaviour. The behaviours may not be exact, but having a ‘trait’ is an indication that there is close identity, between two behaviours exhibited by the individuals under similar situations in the past. The ‘Trait’ theory is strongly supported by Feist and Feist (2006) for the following reasons:
(i) Traits contribute to individual differences in behaviour, consistency of behaviour over time, and stability of behaviour across situations;

(ii) Traits may be unique, common to some group, or shared by the entire species, but their pattern is different for each individual;

(iii) That each person, though like others in some ways, has a unique personality;

(iv) That characteristics are unique qualities of an individual that include such attributes as temperament, physique, and intelligence. (Feist and Feist, 2006:4).

Writing in support of the “trait” theory of personality, McKenna (1987:11) defined personality as whatever makes you different from other people. Hurlock (1976:6) introduced the dimension of “quality” into the definition of personality. She defined personality as the quality of the individual’s total behaviour. This “quality” dimension of our personality was supported also by McKenna (1987:11) who defined personality in terms of the physical, mental, moral and social qualities of the individual. The “quality” theory of personality definition seems superior to the “Trait” theory. This is because; the observable trait in an individual may not be of good quality, but ordinary occurrence. Whereas, the “quality” theory of personality takes extra care to identify something in the behaviour of the individual, which would be admired by any on-looker, or of great value to the organisation. It is important that managers go for distinctive quality behaviour as against “anything goes”. The physical, mental, moral and social qualities emphasised by McKenna (1987) are aspects of organisational life that could take any organisation to greater heights and must be pursued by all.

Munn quoted in Hurlock (1976:6) defines personality as the most characteristic integration of an individual’s structures and activities. According to Munn, it is characteristic in a dual sense because:

(i) It is unique; thus differentiating the individual from all others; and because

(ii) It is fairly consistent, representing the customary integration of an individual’s structures and activities.

Our discussion so far under the definition of personality brought out salient ways of looking at the personality of the individual. First, we had the “Trait” school, led by Child (1968); Hampson (1982); Thompson and McHugh (2002); and Feist and Feist (2006). The “quality” dimension was championed by Hurlock (1976); and McKenna (1987). While Munn and Murlock (1976) looked at the definition of personality from the “structural” view, emphasizing that personality is a characteristic integration of an individual’s structures and activities.

It is important to note that the foregoing definitions had emphasised the existence of distinctive behaviours between individuals as a way of determining their personality. We need to note that distinctive behaviours in this sense are not the same as uniquely individual behaviours. They would be typical ways of reacting to people or situations which would distinguish an individual as belonging to a category of persons. Thus, people who are seen to react in a consistently uncooperative fashion, for example, may be placed into a stereotypical category whereby their future behaviour will be assumed to be typical of that sort of person who is ‘difficult’ or a ‘problem person’.

Understanding Behaviour of People in Organisations
In the foregoing section, it was revealed that differential situations cause different reactions in individuals, making them the kind of personality they are. The way the individual reacts to problems on learning transfer in organisations, is borne out of the two ways identified by Nord (1976:134-5) as important in understanding the behaviour of people in organisations. The two ways are:
(i) Psychological defense, which helps a manager understand responses of both himself and others to psychological threat.

(ii) The notion of self-concept, which is as valuable as an aid to understanding how people see themselves and the consequences of attacks on this perception.

The above two concepts are further explained below:

**Psychological Defense**

It is natural that the perception of threats produces anxiety. Training recipients are expected to pursue the activity of learning transfer, but sometimes are hindered by personality traits. Transfer of learning could also fail where organisational members tend not to be interested in giving a chance to the change that follows learning transfer. When the individual fails to fulfill expectations, typically, people attempt to defend themselves from anxiety by distorting, falsifying or even denying reality. To the organisational observer, such behaviour appears to be irrational, while these defenses do not directly help the individual to deal with external reality. The defenses are adaptive, since they maintain the internal tension at a manageable level. Example of psychological defense include ‘repression’ – by which threatening information is forced out of consciousness without awareness; ‘projection’ – which is the attribution of one’s own problems or motives to someone else; and ‘denial’ – which is the failure to acknowledge that certain threats or feelings exist.

**Self Concept**

A second major contribution or personality theory which Nord (1976) regards as important for understanding the behaviour or people in organisations is the idea of self-concept. According to Nord (1976), self-concept often takes the form of the ‘good me’, the “bad me” and the “not me”. He explained that the “good me” includes things about me for which I have been rewarded; the “bad me” includes things for which I have been punished, and the “not me” includes those things which are not part of me.

In line with the “self-concept” theory of personality, training recipients are expected to transfer learning if their organisations had been rewarding such moves or inputs. A case of non-transfer of learning may suggest that either the affected organisations have not been rewarding such efforts, or that they may have discouraged changes. The “self-concept” theory has been applied to personality in some creative ways by some authors. For example, Rotter (1966) suggested that some people see themselves as being able to control their environment (internal control) while others see themselves as being controlled by the environment (external control).

**Implications of External/Internal Control Personality**

Rotter’s (1966) dichotomization of personalities in organisations into ‘external control’ and ‘internal control’ explains the occurrence of failures and success in the performance of organisational members. Successful performance arises from a situation in which the individual knows what to do and goes on to do it, without allowing distractions and influences from external environment i.e. work environment. Whereas failure in performance arises from a situation in which an individual knows what to do, but allows him/herself to be distracted or influenced by environmental conditions of the workplace.

When, organisations send employees on training programmes, the objective is for such training recipients to transfer learning to the work situation on return from training. But, in many cases, training recipients acquire relevant knowledge and skills, but fail to transfer learning to work situation due to external control influence. We therefore have a situation in which those
who are capable of effecting change in the organisation on learning transfer tend to be those who have internal control personality. The individual is naturally endowed with the determination to survive and excel, and this expectedly becomes part of the personality trait of most organisational members. Hence, the individual ab initio has an ‘internal control’ personality, required for successful performance and learning transfer. At what point does the individual acquire ‘external control’ personality which obstructs learning transfer?

**Acquired Personality from Work Environment**

We cannot determine one’s personality by mere looking at him or her, but the personality ascribe to an individual derives from the general public perceptions of the individuals characteristics traits. Linton (1967:56) noted that since our only clues to personality are those provided by overt behaviour of the individual and the apparent relations of his environment, it seems justifiable to approach the problem of formulating personality content from a functional stand point. We do not see the inner workings of the person, but we do know that his/her inner person manifests itself through what we see externally. The problem is, that he “inner person” is always changing, based on the external environment and one’s perception on issues. Hence, were cannot strictly typify a person based on outward manifestations. This is because; the individual’s personality is always changing and cannot be strictly used to judge his/her personality. The person may be an ‘internal control’ personality, by nature, but acquire an ‘external control’ personality from work environment.

Nord (1976:124) agreed with this view, by saying that one’s personality is subject to constant change. He observed that the individual comes with an established way of perceiving and interpreting issues, but work experience provides new experiences that modifies the behaviour. The demands of the new environment would significantly influence self-perception and overt personality manifestations. In other words, one acquires ‘new’ personality from the work environment, the effect of which could be ‘inability to transfer learning’. As we saw earlier, the individual with ‘internal control’ personality could easily transfer learning, but work environmental factors could change him/her into ‘external control’ personality, leading to possible failure to transfer learning. In the final analysis, one may not be able to say for certain which personality traits is working in the individual. Is it the individual’s ‘natural’ personality endowment or the acquired personality from work environment?

Perhaps, a more accurate way of assessing one’s personality in organisational setting may be to look for the dominant overt behaviour on specific issues. In order to succeed in the organisation, the individual needs to develop different response to issues, which may be slightly different, or it could be a radical change from known behavioural traits. It is in this regard that Nord (1976:124) stated that different consequences being changes in self-perception and self-esteem. This, therefore raises the question of whether one’s personality can be easily determined in a constantly changing environment like work situation? This taken further raises the question as to whether we can ever state one’s personality with certainty. Little wonder why human beings are very complex and difficult to understand.

Often, personality and personality change are to an important degree, interpersonal or social processes. Other people are important sources of an individual’s identity and self concept. It is widely recognised that other people’s approval can have substantial effects on individual behaviour. That being the case, it is expected that if an occupational group supports a member to receive training, with a view to transferring acquired knowledge to organisational members, transfer of learning by training recipients would be a standard for any training beneficiary. Thus, there would be no problems in transfer of knowledge by training recipients. Many studies have
demonstrated the pressures for conformity which a group can exert. Other studies have shown that an individual will seek out others for support of his/her views or for definition of his/her own position, by comparison with others. In addition, the particular features a person exhibit depended on others. He/she acquires a ‘new’ personality by reference to others. Two important implications for organisational management stem from this perspective of personality determinants. That is, that a person is in part a product of the characteristics of those around him. The implications are:

(i) that because the development and maintenance of individual behaviour depend on other people, personality is not fixed; and

(ii) that attempts to change individuals require attention to the existing social environment, not just to individual behaviour patterns in isolation.

The foregoing implications suggest that training programmes and management policies that consider only the individual are doomed to very limited success. Hence, for effective and sustained transfer of learning by training recipients to take place, the entire work group must be involved and maximum co-operation given.

For the purpose of understanding the behaviour of an individual in a group, Bales (1970:16) stated that it is helpful to make a distinction between two broad classes of determinants:

(i) those pertaining to the more permanent features of the individual personality of the acting person; and

(ii) those pertaining to his group role.

The distinction of two classes is important because, when first witnessing the behaviour of a person, one does not know whether one is seeing mostly the effects of one or the other of these classes. That is, features of the individual personality of the acting person or those pertaining to his/her group role. And yet, if one is interested in the behaviour either because of the desire to change it or to retain it, one need to understand the respects in which the characteristic behaviour is correlated with the personality, and those in which it is correlated with his group role.

Considerations in Trying to Change Others

Our discussion in the foregoing section indicates that individual behaviour could be a result of his/her permanent (natural) features as a person, or that, arising from his/her membership of a work group. This suggests that an individual could be changed by a group and vice versa. Bales (1970:16) asserts that:

The group role of a given person is determined in part by all the other group members, the way they behave and the way they evaluate the acting person. Their evaluations, expectation, and behaviour profoundly affect him, in most cases. To change a person’s group role, one may need to change others in the group, not the personality of the acting person. On the other hand, if the behaviour is importantly determined by special features of the personality of the acting individual, then one cannot expect it to change much without changes in his more basic personality.

Bales (1970:17) hence further advised that:

The important thing to recognise is that if one wishes to bring about behaviour change most effectively, one cannot give a generalised priority to either one or the other class of determinants. One must look for the key determinants in the particular case.

In realisation of the fact that every group has a leader whose personality could influence or change members, Bales (1970:191) stated that the personality of the leader should supply the needed additional resources, strength, and understanding to allow other members of the group to loosen
and change their evaluations and to examine the insufficiencies which have forced them to some extreme or other

**Learning Transfer Explained**

We have in this study so far, been discussing the effect of acquired personality from work environment on learning transfer. It has been stated severally that acquired personality, occasioned by changing work environment, poses an obstacle to learning transfer. What then is ‘Learning Transfer’? And, how does ‘Learning Transfer’ affect the work environment? These questions would be treated in the proceeding sections.

**Transfer of Learning: Definitions**

Transfer is generally considered as the link between learning and performance. One of the main goals of training is to enable the learner use knowledge or skill, learnt in one lesson or situation in a new or the same old environment. When this does not take place, there is a transfer gap. The end goals of training and education are not achieved unless transfer occurs. Transfer does not just happen. It is a process that requires conscious implementation of carefully planned strategies to facilitate positive transfer. It is equally important to minimize the effects of factors that are recognised as barriers, or are causes of barriers to transfer of learning.

Managers, desirous of positive change in performance of organisational members, expose them to training, either on the job or away from the job. Training recipients are expected to perform at a desired level after exposure to such training programmes. The problem of whether learning acquired during training is applied on the job is the problem of the transfer of learning. Hamblin (1974:21) observed that whenever training (and learning) takes place away from the job, the problem of transfer arises.

When employees undergo training and transfer of learning fails to occur, it is a source of disillusionment and frustration to both trainees and sponsoring organisation alike. Training even requires that the learner and the organisation balance the participation in such a way that the needs of the individual learner, and the organisation, harmonise, with the result that the outcomes benefit both, and enhance development.

Tuijnman (1996) therefore, clarifies that transfer of learning refers to the extent to which trainees apply the knowledge, skills and attitudes gained from the training back to the workplace. In other words, there must be changed work-behaviour as a result of training interventions, before we can cite the case of learning transfer. According to Fogarty, Perkins and Barrell (1992), real transfer happens when people carry out something they learned in one context to a significantly different context. This definition suggests that when we have a situation that is similar to the one providing the experience, it does not amount to real transfer. Hence, the situations being considered must be significantly different before one can say that real transfer has taken place. Gagne, Yekovich and Yekovich (1993:235) provided a more simple definition, by referring to ‘transfer of learning’ as the application of knowledge, learned in one setting or for one purpose, to another setting and/or purpose. This definition did not consider the similarity or differences of the two situations under application, but required that if one was able to apply knowledge from one situation to the others, then we can say that transfer of learning has taken place. We have another view by Darling-Hammond and Bransford (2005), who defined transfer of learning as the ability to apply previous learning to a new situation, problem, or to future learning. They also defined transfer of learning as carrying over knowledge, skills, understanding, attitudes, and habits of thinking, from one learning situation to another.
The foregoing definitions indicate that experience must be gained from a previous event and successfully applied to another event, before one can say the learning has been transferred. In other words, one must be able to understand or absorb a process and apply it to another situation, before transfer of learning could be confirmed. A new dimension to the definition of transfer of learning was provided by Subedi (2004) and Broad and Newstrom (1992), stating that it is the effective and continuing application, by trainees to their jobs, of the knowledge and skills gained in training (both on and off the job). The previous authors’ definition made no mention of “on and of job” situation, but its inclusion in the latest definition is an indication that transfer of learning takes place at “on – the – job” training also. In our earlier definitions, transfer is applicable when the venue of learning is “off – the – job”, to warrant the learner to understand and absorb the skill being learned, before taking them to the work situation, where transfer would take place. But by the latest definition, we are given the view that there is transfer of learning on – the – job.

Personality Trait for Learning Transfer

The individual’s personality has been seen to be changing under the group influence in work environment. It would appear simplistic to describe the changing personality in two classes as provided by Bales (1970:16); in which case we have the personality of the acting person, and those pertaining to or acquired from his/her group role. The changing personality of the individual in work environment is situational and very unstable. Aside from his/her own natural personality, that acquired from work environment changes in line with organisational policies and politics. These factors are never settled or concluded in organisations because, environmental factors being unstable, affect decisions in organisations at whatever level.

For example, Management’s policy on training and learning transfer may be perceived by the workers’ union from a perspective that would make employees uncooperative in training and learning transfer matters. Hence, in order to obey the decisions of workers; union, the individual would be made to acquire a non-cooperative personality due to ‘external control’ exerted on the individual. At some other times, Management’s policy may be perceived as ‘favourable by workers’ union, in the area of learning transfer, engendering the ‘internal control’ personality on the part of employees.

Coming down to the ‘work group’ level, one finds that each work group has a lot of scheming and maneuverings in terms of training and learning transfer. To be able to cope with the requirements of this level, the individual needs to put up a personality different from that given or exhibited to Management level. Hence, in work groups, we have some people referred to as the ‘favourites’ of the Boss or termed ‘the good boys’ of the Boss. This classification separates the individuals from any other member of the work group in terms of relationship with the Boss, and requires a different kind of personality. Hence, another kind of personality is required to distinguish the individual who is the Boss’ ‘boys’ from ordinary member of the work group. All these personality changes requirement are expected to be ‘played’ by one individual at the same time as he/she relates with members of the organisation, from one level to the other. One finds that at the extreme form of these personality changes, the individual starts living what could be termed “false life”. But behind the “false life” there is a “true” or “real” individual by nature. This scenario creates serious psychological problems which may be difficult for the individual to tackle or manage.

When the individual becomes neck-deep in ‘acquired personality’ engendered by work environment, its control or management becomes an obstacle to activities like learning transfer, resulting in wastage of scarce resources on training programmes. There must be a way out of this obstacle. We do not need to bother about the individual’s natural personality. What should matter
to the Manager is the personality which is developed at work place and to what extent it would assist in engendering effective performance, especially learning transfer.

The self-concept personality identified by Nord (1976) appears to be very suitable for adoption in the work environment. In this personality trait, the individual is said to think in terms of “good me” whenever it relates to things about him/her for which he or she has been rewarded; and in terms of “not me” for things which are not part of him or her. Hence, the personality trait expected to be acquired by the individual in the work environment is that which makes him/her look at himself or herself with satisfaction and pride, for good performance, or that which makes him/her look at certain performances as ‘abominable’ to him/her. It is our considered opinion that with these two dimensions of self-concept, the individual would be able to distinguish himself or herself as potential success, or ‘standard driven’ individual. In most cultures, individuals strive to protect their ‘good names’ whether that of family or person, hence, these two dimensions of self-concept fit in naturally into human behavioural patterns. Therefore, the ideal personality trait for learning transfer would be that of ‘self-concept’ requiring the individual to perform in particular manner because it is more acceptable and satisfying to perform in that manner; and avoid whatever performance that would portray his/her personality in bad light.

Two dimensions of ‘self-concept’ provided by Nord (1976) were actually taken from Rotter (1966) dichotomization of personalities in organisations into what was called ‘external control’ and ‘internal control’. This classification states that individuals who are typified as having ‘external control’ personality, have self-concept which is controlled by events in the work (external) environment, thus making them ineffective. In the case of individuals typified as having ‘internal control’ personality, they are seen as having self-concept which is not controlled by events in the work environment. Hence, making them focused or determined in their pursuit of objectives and thus achieve success.

Our findings in this section thus indicate that the recommended personality trait for learning transfer should be ‘self-concept’ directed to either the “good me” variety or “not me”. These would be required for keeping the individual on his/her toes. To crown it up, the individual must be ‘internal control’ directed in order to ensure that no environmental influences could distract him/her from the chosen success path. In order to prevent acquired personality from obstructing learning transfer, we suggest that Managers should be on the look out for individuals with the personalities identified above.

Prevention of Negative Influence in Work Environment
Application of established theories of motivation could be used in ensuring that personnel are not influenced by negative work environment. We do not intend to re-open the already “over-beaten-track” of motivation, theories in this study, as most of them could be applicable.

Negative influence in work environment may not be only motivational matters. There are myriads of negative environmental influences which prevent the training recipient from effective learning transfer. These include:

Exposing personnel to training event without proper Training Needs Analysis (TNA). Training Needs Analysis enables the Manger to identify personnel’s skill gap and determine the method(s) for bridging same. Thus, effective learning could take place and learning transfer practicable. We do not send personnel on training for the wrong reasons and not all personnel problems could be ‘cured’ by exposure to training.

Injustice or Inequity: A lot of injustice is perpetrated in the work place in the name of ‘personnel administration’. Such injustices dampen the spirit, leading to ineffectiveness.
Insensitivity: Many Managers are insensitive to the ‘plight’ of subordinates. They do not empathise with the plight of subordinates that they expect to perform at the optimal level. The internal person controls the external man.

Lack of Coaching: Often superior officers fail to coach subordinate expected to perform at the foundation level of output, but instead blame them for inadequacies. The Manager can detect and keep track of personality changes in subordinates if he or she takes care to set performance standards which could indicate short-fall in performance. The Manager would be able to detect where the subordinate did not measure up to the required standard.

Conclusion
On becoming a member of a work group, the individual acquires additional personality in addition to his/her naturally endowed one. And for industrial harmony, the individual must acquire a ‘new’ personality by reference to others, that is, being in part a product of the characteristics around him/her. The ‘self-concept’ personality appears to be more suitable for adoption in the work environment, making the individual see performances as either “good me” for things about him/her deserving reward, or “not me” for things which are not part of him or her. This self-concept must be driven by ‘internal control’ personality, which does not allow distractions from environment influences, as against ‘external control’ personality trait, which allows environmental influences in individual performance, leading to failure. The negative environmental influences could be curtailed by application of any of the motivational measures available, and application of Training Needs Analysis (TNA), before the implementation of any training event.

References
ENVIRONMENTAL COST MANAGEMENT AND PROFITABILITY OF OIL SECTOR IN NIGERIA (2004-2013)

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Abstract
The problem of land degradation failures globally had tended to exacerbate the problem of environmental cost on the productivity of the Nigerian oil sector. Therefore, this study is aimed at ascertaining the effects of environmental cost management on the profitability of oil sector in Nigeria from 2004 to 2013. Data used were obtained from the Central Bank of Nigeria (CBN). Multiple Regression Analytical Technique (MRAT) was employed. Result revealed that there exist a significant relationship between influence of environmental cost management and the profitability of oil sector in Nigeria. Also, it was discovered that there are established standards in Nigeria guiding environmental cost management in the oil and gas industries in Nigeria. Again there is a lacuna in external reporting of environmental cost data in Nigeria. It was concluded that the extent of environmental cost management in the oil sector is at its rudimentary stage. It was however recommended inter alia that; there should be Policy consistency on the Improvement of external reporting in environmental cost data. The adoption of the United Nations Environmental Cost Management Accounting (ECMA) guideline which will enhance the effectiveness of the already adopted Internationally Financial Accounting Standards (IFRS) in Nigeria, and which evolves environmental cost management accounting practice, should be encouraged. This will facilitate the global campaign for environmentally enhanced society. The financial Reporting Counsel of Nigeria (FRCN) and the professional bodies (ANAN&ICAN) should accommodate the growing awareness in environmental cost management and formulated disclosure requirements. The extent of environmental cost management as emphasized in this study should be considered.

Keywords: Environmental quality cost, Environment pollution prevention costs, Environmental internal failure costs

Introduction
All over world, the paramount importance for environmental cost management in the oil sector has become the concern and focus of nations and most corporate management strategies. It has become one of the foremost issues on the agenda of nations and business earlier in the 1990s and the reasons for this were varied emanating from both within and outside of the firm and particularly at the global level, Okoye and Ng wakwe (2013). A lot of government enactments, laws and regulations on environmental protection have been made in several nations of the world. According to Nagle (2012), the United States of America, Canada, Norway, the United Kingdom and the Netherlands have led in the pursuit of degradation and pollution prevention, control and the need for environmental safety. Besides, some the developing countries like Nigeria, Zimbabwe, Namibia, Philippines and Indonesia have led in championing policies to address need for accounting and accountability for environmental costs management. Various laws and regulations are awakening to strengthen environmental protection such as the Environmental Impact Assessment Act, 1992 and the department of petroleum Resources (DPR), environmental guidelines and standards for the petroleum industry in Nigeria (EGASPIN:2002). They require corporate
managements to consider the environmental implications of all internal decisions of their managements are required by them corporate managements to consider.

The need for corporate organizations to develop environmental cost responsiveness and to disclose in annual financial report environmental information has become imperative. Therefore, all organizations monitored by environmental policy agencies in Nigeria are expected to demonstrate much consideration in decision making. The conventional approaches of cost accounting have become inadequate since conventional accounting practices have ignored important environmental costs and activities impacting consequences on the environment. Gap in financial information reporting have been as a result of corporate neglect and avoidance of environmental costing. There is no completeness and correctness of fair view to users of financial information, such as shareholders, environmental regulatory agencies, environmentalists and potential financial investors. For example, degradation or other negative impact on the environment could affect output level and corporate financial statement such as create actual or contingent liabilities and may have adverse impact on asset values. Consequential effect on corporate organizations may result in incurring future capital expenditure and cash flows which may impinge on going concern as balance sheet secured loans may not be secured after all it land values for instance are affected by environmental factors.

Moreover, because of the paucity in the awareness of environmental costing principles and methodology has become a vital areas to be addressed in this country, Nigeria. If vital environmental issues and activities are not disclosed, financial statement cannot be said to reveal state of a "true and fair view of affairs. It is necessary too, to note that ethical investors will only invest in ethical companies and therefore, will watch out for these ethically responsible companies. Ethical companies therefore, have marketing advantage if they strategically position themselves environmentally. Ethical companies stand at advantage for corporate financing. In addition, the challenge of cost and valuation for damage, depletion and degradation of the environment externalities is a critical problem which continues to demand attention. Since current requirement for reporting on environmental issues is voluntary, it is observed from most financial statements of corporate organizations that it has engendered disclosures of information which totally exclude environmental issues. At best where reported, are grossly inadequate. Environmental disclosures have become critically important to an informed public and financial stakeholders. The strenuous activities in evaluating environmental remedy for environmental degradation where environmental costs do exist are also pertinent.

“Corporations are recognizing the benefits to their long-term corporate profitability of reducing their environmental impacts. Both the accounting and the environmental areas are concerned on how to identify, measure, report and manage environmental cost impact” (Bailey2013). This is particularly critical for the downstream of oil sector in Nigeria which impact heavily on the environment in Nigeria. This study therefore focuses on Nigeria oil and gas industries which are recognized as causing heavy degradation on the environment. For emphasis, the Nigerian business environment is yet to recognize environmental cost management for environmental information and issues of raw materials, energy consumption and use of natural resources which have systematically depleted the environment. This is expected to facilitate effective and efficient costs management, measurement and reporting for corporate decision making. In the light of increasing environmental attention and the fact that the oil and gas industry have profound production impact on the environment, the study has explored an analysis of environment cost management in this economic sector in Nigeria.

The problem of environmental cost management solution worldwide on oil sector has become strident. The credibility of the accounting profession appears to be at its lowest ebb. In the United States of America and in Nigeria as well, the profession has lost its self regulatory status .In
this circumstance, the profession is bestirring itself and the result is a welter of fresh suggestions and initiatives aimed at solving the problem of environmental cost management on the oil and gas output. Some of the suggestions appear mundane while some others at best appear controversial. However, studies have even concluded that environmental cost management problem cannot be eliminated.

In the light of the above problem, the study focuses on the position of Professional Accountants in Nigeria as to the fresh suggestions and initiatives aimed at addressing the environmental cost management problem on the profitability of oil sector in Nigeria. Based on the aforementioned problem, therefore, this study is aimed at ascertaining the extent at which environmental cost management has affected the oil sector in Nigeria. In the light of the above problem and objectives, the following hypotheses were formulated and tested.

H0: Environment cost management has not affect the quantity of production (profitability) in the oil sector in Nigeria
H0: Environmental cost management does not impact on the quantity of production (profitability) in the oil sector in Nigeria.

The remaining parts of this paper are structured as follows: section two deals with the Literature Review, empirical studies and theoretical framework on the environmental cost management and practices as attempted. Then, Section three deals with the research methodology; while section four discusses the result and findings. Finally, section five treated conclusion and recommendations.

**Literature Review**

**Conceptual Nexus of Environmental Management Accounting**

**Eco-System:** An ecosystem is largely determined by the natural environment as opposed to the activities of man. There is a dynamic interrelationship between the natural environment and man. Environmental right Action (ERA) (1998:109) contribution to the issue of environmental sustainability emphasizes man’s critical responsibility to face the challenge of depletion of the environment. Eco-efficiency suggests that organizations can produce more useful products while simultaneously reducing negative environmental impacts, resource consumption and costs. Eco-efficiency further suggests that rather than focus on the consequences of negative environmental impact, attention should be on attacking the causes.

In the opinion Alert, Cormier & Magnam (2013) this concept suggests at least three important messages, firstly, improving ecological and economic performance which should be seen as complementary. Secondly, that improving environmental performance should not be viewed as charity and goodwill but a matter of competitive necessity. This is in contrast to Deegan (2012) view where he had opined that social costs (i.e. environmental costs) which are not matched with related revenue are incurred not for the good of the individual company but for the society. A third suggestion is that eco-efficiency should be seen as supportive of sustainable development. In the views of Walley and Whitehead (2009), eco-efficiency which has been emphasized as environmental management system (EMS) is the application of accounting design to attain financial and economic savings in resource usage. It is also, the reduction of wastes, energy and emissions that will necessarily lead to reductions in corporate adverse impact on the environment.

Art, Cormier and Magnam (2013) further proffered definition for sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." They opined that although, absolute sustainability may not be attained, progress towards its achievement has some merit. Eco-efficiency, an implication of
improving environmental performance will secure several advantages such as increasing customers demand for cleaner products, those produced without degrading the environment. Also, employees prefer to work for environmentally friendly organization.

Other benefits are that environmentally responsible firms tend to capture external benefits such as lower cost of capital and lower insurance rates; efficient environmental performance in an organization will secure good health to humanity; the consciousness to pursue environmental cleanliness will serve as a drive for improved technology and a policy of clean environment and the implementation of the policy are capable of reducing environmental costs and making for a competitive advantage.

**Environmental Cost Management Accounting For Corporate Organizations**

Planning and decision making on Environmental Accounting in industrial sector, requires a commitment to Full Cost Accounting (FCA) principle. FCA in the Ontario Hydro in 1993 was defined as 'incorporating environmental and other internal costs and benefits of an industry’s activities on the environment and on human health and the challenge is to quantify, monetize and internalize the external costs into the companies’ income measurement’ (Ontario Hydro, 1993: 3 S.C.R.327). Environmental accounting terminology uses the words such as full, total, true, life cycle to emphasize that conventional accounting methodology were incomplete and exclude external costs i.e. societal costs.

Bailey (1991:13-29) Identifying environmental outlays and estimate spending levels were a major step in accounting for environment in Ontario Hydro in 1993 which was reported as: Environmental Spending as any monetary expenditure, revenue or revenue foregone, whether capitalized or charged to current operating expenses, made for Ontario Hydro for the primary reason of sustaining or protecting the environment. This includes any costs incurred for control, reduction, prevention, or abatement of discharges or releases to the environment of gaseous, liquid, or solid substances, heat, noise, or unacceptable appearance (Ontario Hydro in; 1993).

**Categories of Environmental Costs Management Accounting**

Aert, Cormier and Magnam (2013) have defined environmental costs “as costs associated with the creation, detection, remediation and prevention of environmental degradation. They therefore, classify environmental costs into four categories of (1) prevention costs (2) detection costs (3) internal failure costs and (4) external failure costs.

**Levels of Environmental Accounting**

The uses of environmental accounting according to U.S EPA (1995) arise in three distinct levels, namely:

i. **Managerial Accounting:** This is internal use of corporate organizations, division, facility, project or system.

Managerial or management accounting here refers to the use of a set of cost and performance data about environmental costs, decisions and operations.

ii. **Corporate Financial Accounting Reporting:** Corporate financial reporting is generally, regulated by the Securities Exchange Commission (SEC) and the Generally Accepted Accounting Principles (GAAP). Environmental accounting in this context refers to the estimation and reporting to the public and regulatory agencies of environmental liabilities and financial material environmental costs.

iii. **System of National Accounts (SNA):** The focus is the nation’s macro-economic measures of the National Income Accounts in which economic indicators such as Gross Domestic Product are
measured. In this context environmental accounting can refer to consumption of the nation’s natural resources in monetary form.

One flaw as remarked by Hecht (1999) is that the cost of environmental protection such as the watershed protection of the forests and crop fertilization that insects provide cannot be measured in the National Income Account. Identifiable also, is the issue of depreciation treatment in compiling the National Income Account. In this case whereas depreciation are provided for physical assets consumed in the cause of production, but in the case of the consumption of natural resources, these are rather treated as increasing national income. The example of a country that harvests its forest resources unsustainably will have its national income show high national income a few years from natural resources, but will not reflect the destruction of its productive forest assets. This is an interesting area of environmental accounting upon which there is on-going effort at the United Nations in the System for Integrated Economic and Environmental Accounting (SEEA), an option to the current System of National Accounts. Quite a number of nations’ governments are incorporating environment related data into national accounting.

In 2003, the European Commission incorporated into national accounting reporting the requirement to include a definition of the types of expenditures under Total Current Expenditure on Environmental Protection. European Commission members thereafter will need to report the data to Eurostat, the statistical office of the European Union. Besides, this is a requirement of the ISO 14001 which is the Environmental Management System standard. According to IFAC International Guidance Document on Environmental Management Accounting (2005:73), the United Nations has in 1993 and through subsequent reviews of guidelines outlined the types of physical and monetary information useful for environmental accounting at the national level. We are informed that the goal of the UN SEEA is to allow assessment of interactions between the natural world and the economy. It is also, to provide information to support the design of integrated social, economic and environmental government policies. The UN SEEA has adopted the Classification of Environmental Protection Expenditures system (CEPE, 2003) which was developed by the European Union. CEPE reports broad environmental domains such as wastewater management, waste management and subsequently into types of environmental activities Waste and Emission Treatment, Prevention Management, Research and Development. The Australia Bureau of Statistics collects information along the requirement of the UN SEEA.

Relevance of Environment Cost Management Accounting (ECMA)
The significance of ECMA are identified as not only involving information provision, management planning and control but an adaptation from the German Environment Ministry (2003) identifies three broad benefits of ECMA as emphasis on compliance, Eco- efficiency and strategic positioning, ECMA supports environmental protection through cost efficient compliance with environmental policies. Examples are in planning and implementing pollution control investments or projects. It involves also, investigating and purchasing cost efficient substitutes for toxic materials and the reporting of environmental wastes and emissions to regulatory agencies. On the benefits of eco-efficiency, ECMA supports the simultaneous reduction of costs and environmental impacts through more efficient use of water and materials in internal operations. On strategic planning, ECMA supports the evaluation and implementation of cost- effective and environmentally sensitive programmes to ensure organizations' long-term' strategic position. Examples are working with suppliers to carry out the design of products and services for environmentally -responsive market and to estimate internal costs of likely future regulations. Strategic planning may also involve reporting to stakeholders such as the customers, investors and the local communities. Conventional approaches of costing have become inadequate because they
ignore important environmental costs and potential cost savings. Gray, Kouhy and Lavers (2010) emphasize the therefore, that environmental accounting is not only about accounting for the environment, rather it is also to the extent that environmental issues can be reflected in conventional accounting practice. This is with the view of improving the condition of the natural world such as reduced land degradation and pollution abatement which enhances sustainable development.

Detection and Pollution prevention of Environmental Cost Management Accounting

Detection Costs of Management Accounting: Environmental detection costs are costs resulting from activities to determine if products, processes and other activities within the company are in compliance with appropriate environmental standards. The costs include auditing environmental activities, inspecting products and processes, developing environmental performance measures, testing contamination and measuring contamination level.

Pollution prevention of Environmental Cost Management Accounting: These are costs of activities which are meant to prevent the production of contaminants and wastes which could cause damage to the environment. The costs include costs incurred in evaluating and selecting pollution control equipment, quality environment consumables, designing processes, designing products and carrying out environment studies. Others are auditing environmental risks and developmental management systems.

Internal and External Failure of Environmental Cost Management Accounting

Internal Failure of Environmental Cost Management Accounting: These are costs resulting from the activities performed because contaminants and wastes have been produced -but have not been discharged into the environment. Internal costs are incurred to eliminate and manage the wastes produced. The costs are costs for operating pollution control equipment, licensing facilities for producing contaminants and costs resulting from recycling scrap.

External Failure of Environmental Cost Management Accounting: These are costs of activities performed after discharging contaminants and wastes into the environment. These costs are those for cleaning up a polluted lake, clearing up oil spills, cleaning up contaminated soil, settling personal injury claims which are environment related, and restoring land to natural state, among others. The need for environmental accounting is to enhance and further drive for the benefit of eco-efficiency which maintains that organizations whose activities adversely affect the environment can carry out their activities of production while simultaneously reducing negative environmental impacts, resource consumption and costs.

Empirical Studies on Environmental Cost Management Accounting

The study of Nagle (2012), on environmental accounting reveals that corporate managers are placing high priority on environmental accounting. Environmental accounting as a prevalent subject in the international community is not yet a priority in Nigeria. Epstein (2011) explains pertinent aspect of environmental degradation and cost as those including emissions into the air, water and land. Also, aspects of untreated domestic waste outflows into rivers and costal oceans quantities of solid waste that must then be disposed of perhaps through land spreading or incineration. Pollution include airborne SO2 emissions from power plants by stack- gas scrubbing which leaves a highly concentrated sludge and degradation which incorporates midnight dumping, illegal dumping along the sides of roads or in remote areas. Field (2012) has done tremendous work on the economics of natural resources and in this instance explored the approach of benefit-cost analysis through discounting of future based input and output values of environmental projects and activities.
Measuring benefit-costs analysis has been eventually through regulatory Evaluation Impact Assessment study on the environment.

Dierkes (2013), in his works condemn the whole essence of placing monetary value above other human virtues in environmental issues. He also recognized the absurdity of discounting and discountenancing future environmental impact on human values. From investigations with the Federal Ministry of Environment, EIA study conducted by the oil and gas (exploration and producing) and other companies having activities that impact on the environment has been accepted as a regulatory requirement in Nigeria. Achieving effective EIA is however froth with uncertainties in Nigeria since the objective estimation of input and output values is hot so reliable. Besides, there is excessive fluctuation in the discount factor for purpose of benefit-cost analysis. Non-available market values for certain natural resources costs and benefits such as the fauna, fishing ponds or rivers, among others, makes it extremely difficult to place monetary value on the factors of measurement.

**Theoretical Basis of Environmental Quality Cost Management Accounting**

This is also known as environmental cost reduction model. It suggests that the lowest environmental costs will be attained at the point of zero-damage to the environment. It is considered that before environmental costs information can be provided, environmental costs must be defined. Environmental quality model is the ideal state of zero-damage to the environment, which is analogous to environmental quality management (EQM), a zero-defect state of total quality management. This is certainly compatible with the concept of eco-efficiency. Environmental costs incurred are costs arising because poor environmental quality exists or may exist and these have to be prevented, reduced or remedied.

**Problems of environmental accounting**

Hecht (1999:14) opined that “Building a nation’s economic use of the environment (and environmental degradation) into its accounts is a response to several perceived flaws in the System of National Accounts (SNA)...” Hecht identifies the difficulties of environmental accounting in nations as:

i. Cost of environmental protection cannot be identified. It is cited for instance, that money spent to put pollution control devices on smokestacks will increase GDP, even though the expenditure is not economically productive.

ii. Certain environmental goods are not marketed even though they provide economic value, for instance fuel wood gathered in the forests, meat and fish gathered for consumption. Water for drinking and irrigation are not priced in themselves apart from the technology applied to make the water available.

iii. When certain nations include these resources in their System of National Accounts, no standard practices exist for comparability.

Hecht (1999:14) observed that nations incorporate into their national accounts differently depreciation of manufactured capital and natural capital. That whereas buildings or machines are depreciated in the accounting conventional manner, but the consumption of natural resources is treated as income. A major challenge which is yet to receive a consensus among nations is valuation of natural resources resulting from resource depletion for the balance sheet (Statistics Canada:2006:1) Quite a number of natural resource-dependent countries have commenced developing environmental accounting, namely: Norway in 1970; Namibia in 1994; The Philippines
in 1990 and Indonesia. While standards have differed, environmental accounting practice has made certain nations’ governments to focus on environmental accounting for policy-making purpose.

**Methodology**

The research design adopted is exploratory research design since the data cannot be subjected to manipulation. The study was carried out in Nigeria. To achieve this, the research designed is to cover the period of ten (10) years (2004-2013). The purpose of this study is introduce the scientific involved in carrying out this exploratory study. Accordingly, a brief account of section of sample, method of collection of data, processing of data, and the appropriate statistical tools used have been given.

A population is made up of specific conceivable traits, events, elements, people, subjects or observation, which relate to the situation of interest in the study to be conducted. The full set of cases from which the sample is taken is called the population (Saunders, et al, 1997). Therefore, the population of the study stood at about 352 officially and legally registered oil companies in Nigerian Stock Exchange as at April, 2014. The study was based on an exploratory approach, relying on secondary source of data which were obtained from the Central Bank of Nigeria (CBN) statistical bulletin. According to Taro Yamani (1964), to determine a sample from a population:

\[ n = \frac{N}{1+ (Ne^2)} \]

Where:
- \( n \) = sample size
- \( N \) = Population size
- \( e \) = error limit.

In this study an error limit of 10% was applied to have a manageable sample size. The number of Professional Accountants in Nigeria respondents was therefore gotten as follows:

\[ N = 352 \]
\[ n = ? \]
\[ e = 0.10 \]
\[ 352/1 + (352 \times 0.01) = 352/4.52 = 66.37 \]
Approximately 70

A sample size of seventy oil companies based on a time series of 2004 and 2013 was used. The exploratory statistical technique was used in analyzing the data which were obtained from the Central Bank of Nigeria (CBN) statistical bulletin. The statistical technique adopted for the analysis of data in this study is multiple regression analytical technique because more than one independent variables. To ensure the content validity of the research instrument, the research instrument was subjected to professional scrutiny of the researcher’s supervisor and other experts for the purpose of boosting its content validity. Reliability (consistency of a measure, Osuala, 1982) was ensured through the adoption of split-half method. The result shows that the research instrument is reliable, as each shows consistency in the data supplied by the respondents. There is therefore an acceptable and satisfactory validity and reliability

**Model**

Analysis of this study is supported with following model built for it and is given below:

\[ PROF = F(VQGU, VQGF, VQOS) \]

Where:
- \( VOGP \) = Dependent variable
- \( VQGU, VQGF \) and \( VQGF \) = Independent variable
- \( F \) = functional notation.

The ordinary least square for the above model is stated thus:

\[ PROF = f0 + f1 VQGU + f2 VQGF + f3 VQOS + te \]

Where:
- \( f0, f1, f2 \) = Coefficients
- \( VQGU, VQGF, VQOS \) = Independent variables
- \( e \) = Error term

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PROF = Value of profit of gas produced
VQGU = Value of Quantity of Gas utilized
VQGF = Value of Quantity of gas flared
VQOS = Value of Quantity of oil spilled
\( f_i \) to \( f_3 \) = coefficient of the regression parameters
\( \epsilon \) = error term

### Data Presentation and Analysis

#### Table 1: Gas production and utilization in Nigeria (Million cubic meters)

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity of Outputs produced</th>
<th>Quantity Utilized</th>
<th>Quality flared</th>
<th>% flared</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>27,756</td>
<td>15,987</td>
<td>11,769</td>
<td>52</td>
</tr>
<tr>
<td>2001</td>
<td>31,587</td>
<td>7,536</td>
<td>24,588</td>
<td>78</td>
</tr>
<tr>
<td>2002</td>
<td>32,465</td>
<td>7,058</td>
<td>25,406</td>
<td>78</td>
</tr>
<tr>
<td>2003</td>
<td>33,445</td>
<td>7,536</td>
<td>25,908</td>
<td>77</td>
</tr>
<tr>
<td>2004</td>
<td>32,793</td>
<td>6,577</td>
<td>26,216</td>
<td>80</td>
</tr>
<tr>
<td>2005</td>
<td>32,980</td>
<td>6,910</td>
<td>26,070</td>
<td>79</td>
</tr>
<tr>
<td>2006</td>
<td>36,790</td>
<td>10,150</td>
<td>26,820</td>
<td>73</td>
</tr>
<tr>
<td>2007</td>
<td>36,755</td>
<td>10,207</td>
<td>26,548</td>
<td>72</td>
</tr>
<tr>
<td>2008</td>
<td>35,937</td>
<td>10,877</td>
<td>25,050</td>
<td>70</td>
</tr>
<tr>
<td>2009</td>
<td>37,613</td>
<td>17,904</td>
<td>19,709</td>
<td>52</td>
</tr>
<tr>
<td>2010</td>
<td>44,233</td>
<td>20,303</td>
<td>23,930</td>
<td>54</td>
</tr>
<tr>
<td>2011</td>
<td>52,323</td>
<td>24,457</td>
<td>27,866</td>
<td>52</td>
</tr>
<tr>
<td>2012</td>
<td>57,534</td>
<td>37,523</td>
<td>20,011</td>
<td>35</td>
</tr>
</tbody>
</table>


#### Table 2: Oil spills in the Petroleum Industry (2014)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of spills</th>
<th>Value of Quantity Spilled (in billion Naira)</th>
<th>Value of Quantity recovered (in billion Naira)</th>
<th>Value of Net quality cost to environment (in billion Naira)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>115</td>
<td>29,436</td>
<td>21,876</td>
<td>22876</td>
</tr>
<tr>
<td>2001</td>
<td>129</td>
<td>31,866</td>
<td>6109</td>
<td>25757</td>
</tr>
<tr>
<td>2002</td>
<td>208</td>
<td>9172</td>
<td>1955</td>
<td>7217</td>
</tr>
<tr>
<td>2003</td>
<td>228</td>
<td>5956</td>
<td>2153</td>
<td>3803</td>
</tr>
<tr>
<td>2004</td>
<td>166</td>
<td>1410</td>
<td>2093</td>
<td>12058</td>
</tr>
<tr>
<td>2005</td>
<td>258</td>
<td>108367</td>
<td>2786</td>
<td>105581</td>
</tr>
<tr>
<td>2006</td>
<td>378</td>
<td>51188</td>
<td>1477</td>
<td>49711</td>
</tr>
<tr>
<td>2007</td>
<td>453</td>
<td>8105</td>
<td>2937</td>
<td>5158</td>
</tr>
<tr>
<td>2008</td>
<td>495</td>
<td>35124</td>
<td>2336</td>
<td>32787</td>
</tr>
<tr>
<td>2009</td>
<td>417</td>
<td>36777</td>
<td>3110</td>
<td>33567</td>
</tr>
<tr>
<td>2010</td>
<td>158</td>
<td>39904</td>
<td>1184</td>
<td>3872</td>
</tr>
<tr>
<td>2011</td>
<td>353</td>
<td>52875</td>
<td>1344</td>
<td>3797</td>
</tr>
<tr>
<td>2012</td>
<td>245</td>
<td>10543</td>
<td>2635</td>
<td>98677</td>
</tr>
</tbody>
</table>


### Test Hypothesis

In testing the hypothesis, it is pertinent to restate the hypothesis in both null and alternative form:

- **Ho**: Environmental cost management does not influence oil and gas output in Nigeria.
- **Hi**: Environmental cost management influence oil and gas output in Nigeria.
Table 4.1.1 (Regression Result) Dependent Variable: PROF

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. error</th>
<th>T.statistic</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-1081.132</td>
<td>1322.027</td>
<td>-0.817784</td>
<td>0.447</td>
</tr>
<tr>
<td>QVGU</td>
<td>1.013478</td>
<td>0.019974</td>
<td>50.73939</td>
<td>0.0000</td>
</tr>
<tr>
<td>VQGF</td>
<td>1.033712</td>
<td>0.046592</td>
<td>22.18629</td>
<td>0.0000</td>
</tr>
<tr>
<td>VQOS</td>
<td>0.001870</td>
<td>0.002289</td>
<td>0.816795</td>
<td>0.4453</td>
</tr>
</tbody>
</table>

R² = -0.997939, R²(Adjs) = 0.996909, F stat = 968.5691

Data Analysis and Findings
The result shows that the signs of coefficients of QVGU, VQGF and VQOS are consistent with expectations about the relationship between profitability of oil and gas produced and the extent of environmental cost management in the oil sector in Nigeria. These imply that the Value of Quantity of Gas utilized; Value of Quantity of gas flared and Value of Quantity of oil spilled have direct relationship with and, thus, exert positive effect on, the quantity of production (profitability). The total variation in the observed behavior of outputs of gas produced is used as a measure of the extent of cost management. This is jointly explained by variation in gas utilization, quantity of gas flared and quantity of oil spilled up to 98%. The remaining 2% accounted for by the stochastic error term. To test for the overall significance of the model the ANOVA on the f-statistic is used. Here the high significance of f-statistic value of 978.5695 confirms that the high predictability of the model did not occur by chance.

Testing for the individual statistical significance of the parameters, the f-statistic of the respective variables was taken into consideration. Considering their probability values, which were automatically generated during the computation process by the computer software, the constant term is significant at 5% level. The a priori expectations about the signs of the parameter estimates are conformation to economic theory. The quantity of oil and gas produced entered the model with a negative sign indicating a negative relationship between profitability of oil and gas produced and the extent of environmental cost management in the oil sector in Nigeria. However, gas utilization,
quantity of gas flared and quantity of oil spilled entered the model with a positive sign. By interpretation, a one percent increase in gas utilization, will increase or decrease the coefficient of 1.01% on quantity produced, centers paribus. For quantity of gas flared, an increase in the variable will increase or decrease the coefficient of 1.03% on the output of gas produced and one percent increase in quantity of oil spilled will increase or decrease the coefficient of 0.002% on output of gas produced all things being equal.

Decision rule
Null hypothesis (Ho), Environmental cost management does not impact on the quantity of production (profitability) in the oil sector in Nigeria is rejected; since the calculated f-statistic of 968.5691 was found to be greater than the tabulated f-value of 3.05 at 5% level of significance. Thus, we accept the alternative hypothesis (Hi) and conclude that environmental cost management impacted on the quantity of production (profitability) in the oil sector in Nigeria during the period under study.

Therefore, no serious attention is accorded to its implications in this analysis. The t-statistics with their probabilities associated with the coefficients indicate that, at 0.05 level of significance, the Value of Quantity of Gas utilized; Value of Quantity of gas flared and Value of Quantity of oil spilled have positive but insignificant effect on the quantity of production. The joint effect of these independent variables is statistically significant as indicated by the computed F-Statistic value of 978.5695 confirms that the high predictability of the model did not occur by chance. Result of the analysis also shows that the explanatory variables included in the model explain about 98% variations in the explained variable. This implies that within the context of the model, independent variables explained about 98% in profitability during the study period. This high explanatory power shows that the model is a good fit, and that these components, Quantity of Gas utilized; Quantity of gas flared and Quantity of oil spilled of are important determinants of profitability oil sector in Nigeria.

Conclusion
We have in this study made an attempt in ascertaining the effects of environmental cost management on the profitability of oil sector in Nigeria from 2004 to 2013. It was observed that there are scanty standards guiding environmental cost management in the oil and gas industries in Nigeria. Nevertheless, there has been lacuna in the external reporting of environmental cost data which in turn have hindered the environmental cost management in the oil sector in Nigeria. In a nutshell, the extent and contents of environmental cost management in the oil sector in Nigeria is growing slowly.

Recommendations
i. There should Policy consistency on the Improvement of external reporting in environmental cost data.
ii. The adoption of the United Nations Environmental Cost Management Accounting (ECMA) guideline which will enhance the effectiveness of the already adopted Internationally Financial Accounting Standards (IFRS) in Nigeria, which will evolve environmental cost management accounting practice. This will facilitate the global campaign for environmentally enhanced society.
iii. The financial Reporting Counsel of Nigeria (FRCN) and the professional bodies (ANAN&ICAN) should accommodate the growing awareness in environmental cost management and formulated disclosure requirements. The extent of environmental cost management as emphasized in this study should be considered.
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FEDERAL AIRPORTS AUTHORITY OF NIGERIA (FAAN): A CHRONOLOGICAL DESCRIPTION OF ITS FUNCTIONALITY IN THE AVIATION INDUSTRY

Abstract
The Federal government of Nigeria for over three decades after the political independence has been fundamentally involved in the establishment and management of profit and non-profit making organizations in the economy. The target is to create and fast tract the independence and development of the economy. This historical research work is attempted at describing one of Nigeria’s public organizations that has been seen to be viable, vibrant and dynamic in the country’s transportation economic sector for over six decades. The paper relied on qualitative data and Structural-Functionalism Model to picture the Federal Airports Authority of Nigeria (FAAN) from its creation to the present position in the Transportation Agenda of the Jonathan’s administration. It majorly found out among others, that contrary to the believe of the public, FAAN employees are referred to as public servants and not civil servants due to the fact that its personnel are recruited/selected and remunerated under its determined condition of service through its Internally Generated Revenue (IGR). The paper finally canvassed that comprehensive implementation should be given to the Aviation Roadmap in the Transformation Agenda with complementary macro-economic policies to achieve desired goals of its reality in its vision and mission.

Key Words: Public, Organization, Authority, Transportation Agenda, Aviation Roadmap

Introduction
Henry (2004, p.53) said, public organizations are government agencies and corporations, and non-profit organizations; their purpose emphasizes the delivery of goods and services that benefit people outside the organization. This definition, as he pointed out, is realistic (and even relatively succinct) because it implicitly recognizes that public organizations are not necessarily peopled by would-be saints; hence, the purpose of public organizations only benefiting others, a nuance that accepts that public organizations, like private ones, can legitimately benefit their own employees, too. The emphasis on serving others is real, and it associates with some very real, and differences between public and private organizations.

On this note, Ujah (2006, p.12) highlighted that outside the core civil services, there has been, in virtually every modern state, the birth and development of public organizations that combine the features of public administration with some salient characteristics of private business set ups. The creation of such entities results from the desire to infuse more flexibility and more efficiency in the organization of some governmental activities (Lalaye, 2002, p.28). In Nigeria for instance, these entities are referred to as public enterprises or parastatals, which the Federal Airports Authority of Nigeria (FAAN) forms part of. In order words, Federal Airports Authority of Nigeria is a by-product of the law as given by An Act of the Nigerian National Assembly CAP. F5 Laws of the Federation of Nigeria, 2004.

The Nigerian government for the better part of the first two decades following political independence in 1960’s as opined by Agabi & Oroko Ogbole (2014, p.151) was visibly involved in the promotion, management and control of commercial and non-commercial enterprises in the economy. The intent was to generate faster economic self-reliance, growth and development. Therefore, the organization and functioning of the Federal Airports Authority of Nigeria (FAAN) in some important perspectives remain peculiar among the parastatals in Nigeria. This paper contains background of the study, theoretical framework, the foundation of FAAN, sources of revenue, the powers and
organizational structure of FAAN, the operational scope of FAAN and the Aviation Roadmap in Federal Government’s Transformation Agenda.

Background of the Study
Nigeria had an estimated fifty Public Enterprises at independence, and about 200 by 1970. When the country embarked upon an economic reform program in 1987, the number had risen to about 1,500. The factors that account for the phenomenal increase include the evolution of the federal administrative structure (from four units in the 1950s to twelve in 1967, nineteen in 1976, twenty-one in 1987, thirty in 1991, and thirty-six in 1996), the oil boom, and successive governments’ commitment to making Public Enterprises an instrument of state economic intervention in the 1970s. Consequently, Public Enterprises developed in the social sphere (education, health, and information), housing and town planning, transportation, power, communications, water and irrigation, mining, manufacturing, commerce, and finance, and the Aviation. They attracted the majority of government capital expenditure, with more than 80 percent in the 1980s, and they accounted for more than one-third of the modern sector employment (Laleye, 2002, p.33).

In conjunction with this development, the Wikipedia, the Free Encyclopedia (2010) defined the Federal Airports Authority of Nigeria (FAAN) as a public service organization statutorily charged to manage all Commercial Airports in Nigeria and provide service to both passenger and cargo airlines. Generally, to create conditions for the development in the most economic and efficient manner of air transport and the services connected with it. The agency has its head office on the grounds of Murtala Muhammed International Airport in Ikeja, Lagos State (See, Appendix III).

In the view of Eri (2014, p.3), Civil Aviation in Nigeria is a spin-off of the British Colonial rule. Above all else, it is a product of a mere accident of history dating back to 1925 in the unlikeliest of places - the ancient, walled city of Kano. Sometime in July of that year, the Northern city was gripped by a tense standoff between the residents and the colonial government officials.

The earliest known commercial aviation activity in Nigeria is credited to one gentleman, "Bud" Carpenter, who owned the earliest type of the Light aircraft, de Havilland Moth. Records show that he frequently undertook high-risk flights between Kano and Lagos, using the rail tracks as his guide and piling up extra distance in the process. In the early 1930s, an enterprising pilot carried a few fare-paying passengers in a seaplane between Lagos and Warri. With the continuation of the annual RPLF flights, aviation activities in Nigeria became quite considerable, creating the need for aerodromes.

Theoretical Framework
Theoretical framework as asserted by Ojokwu (2000) in Idakwoji & Paul (2014, p.210), involved linking the problem being investigated to the assumptions, postulations and principles of a given or chosen theory. Theoretical framework therefore gives standardization to a research being under-taken. This historical research work adopted Structural Functionalism, which is a sociological theory that attempts to explain why society functions the way it does by focusing on the relationships between the various social institutions that makes up society (e.g., government and its organizations, law, education, religion, etc). Structural Functionalism is a theoretical understanding of society that points to social systems as collective means to fill social needs. In order for social life to survive and develop in society there are a number of activities that need to be carried out to ensure that certain needs are met. In the structural functionalist model, individuals produce necessary goods and services in various institutions and roles that correlate with the norms of the society (Chukwuemeka, 2004, p.47).

Therefore, the application of this theory emerged as a result of the fact that, the Federal Airports Authority of Nigeria as a public organization facilitates unique air transport services which is targeted at bringing the organization amongst the best Airport groups in the world. One of the major fundamentals in Structural Functionalism is that society is made-up of groups or institutions, which are compacted,
possesses common norms, and have a distinct culture. In the submission of Robert K. Merton, in Chukwuemeka (2004, p.46), functionalism is about the more static or concrete aspects of society and institutions like government or religions.

However, as any group large enough to be a social institution is included in Structural Functionalist thinking, so also is the Federal Airports Authority of Nigeria. Structural Functionalism asserts that the way society is organized is the most natural and efficient way for it to be organized. The Federal Airports Authority of Nigeria is an organized airport group that was established by an Act of the Nigerian National Assembly through Act No. 52 of 1999 (as Amended) which formally brought it into existence being an offshoot of Decree 9 of 1996. This model has been adopted to portray the Federal Airports Authority of Nigeria as a structure made up of functions and objectives. As Functionalism addresses society as a whole in terms of the function of its constituent elements; FAAN achieves its outlined organizational goals through her set objectives, visions, missions and functions.

The Foundation of FAAN
In Chapter F5 of the Federal Airports Authority of Nigeria Act PART 1(2004, F5-2) precisely stated that:

(1)There is hereby established a body to be known as the Federal Airports Authority of Nigeria (in this Act referred to as "the Authority").

(2)The Authority shall be a body corporate with perpetual succession and common seal and may sue or be sued in its corporate name and own, hold or dispose of property (whether movable or immovable).

(3)As from the appointed day, there shall be transferred to the Authority all the airports maintained by the Ministry pursuant to section 6 of the Civil Aviation Act and the Authority shall maintain and manage those airports and any other airport provided by the Minister pursuant to that Act.

Therefore, the Federal Airports Authority of Nigeria (FAAN) is a parastatal of government, under the supervision of Federal Ministry of Aviation. Akinro (2013, p.3) said, the creation of the Federal Airports Authority of Nigeria started with the promulgation of Decree 45 of 1976, which established the Nigerian Airports Authority (NAA) by the Federal Military Government under the regime of Murtala Mohammed/Olusegun Obasanjo in 1976. It commenced activities with the inauguration of first Board of Directors in Lagos on July 11, 1978.

The Nigerian Airports Authority (NAA) as noted by Akinro (2013, p.4) continued to perform its functions as outlined by the Decree establishing it until August 1995 when a Civil Aviation Reform was carried out by the then Federal Military Government. The reforms led to the realignment of some of the functions of the Federal Civil Aviation Authority (FCAA) with those of the Nigerian Airports Authority (NAA) to bring about a new body called the Federal Airports Authority of Nigeria (FAAN). Act No. 52 of 1999 (as Amended) which formally brought FAAN into existence is an offshoot of Decree 9 of 1996.

Objectives of FAAN
The law establishing FAAN, which was enacted by CAP F5 ‘Laws of the Federal Republic of Nigeria 2004, gives the organization’s goal as stated in its Vision and Mission statements thus:

- **VISION**
  To be amongst the best Airport groups in the world.

- **MISSION**
  To develop and profitably manage customer centric airport facilities for safe, secured and efficient carriage of passengers and goods at world-class standards of quality
Functions of FAAN

Yusufu (2013, p.32-33) highlighted the following as the principal responsibilities of the Federal Airports Authority of Nigeria. These include to:

- Develop, provide and maintain at all airports, all necessary services and facilities for the safe, orderly, expeditious and economic operation of air transport.
- Provide adequate facilities and personnel for effective security at all airports.
- Provide conducive environment under which passengers and goods would be carried by air and under which aircraft would be used for other gainful purposes, and for prohibiting the carriage by air of goods of such classes as may be proscribed.
- Provide accommodation and other facilities for the effective handling of passengers and freight.
- Carry out at Airports such economic and commercial activities that are relevant to air transport; which may be carried out without prejudice to the functions of the Authority.
- Charge for services provided by the Authority at airports.

In essence, the Federal Airports Authority of Nigeria in the following areas provides services:

(a) Landside: Car parks, shops, offices and access roads.
(b) Airside: Runways, taxiways, fire services, water supply, power supply, air lighting, apron pavements and apron control.
(c) Terminal Building: Provision of facilities for arrival, departure lounges, check-in-counters, airlines offices, information desks and offices for banks, government agencies, services that ensure maximum comfort for passengers while waiting for their flights e.g. VIP lounge, duty free shops, snacks bars and other conveniences.
(d) Telecommunications: Provision of public telephones at Airports.
(e) Security: Safety of aircraft and passengers at airports, industrial security of property e.g. parked aircraft, cargo in warehouses and property in offices.

Therefore, the Act that created the Federal Airports Authority of Nigeria has provided a situation whereby the organization must fundamentally ensure the comfortability, security and safety of persons, goods, vehicles and equipment at all airports in the country.

Sources of Revenue

PART IV of the Federal Airports Authority of Nigeria Act (1999, No.52) succinctly discussed the following as sources of the organization’s revenue. It says:

(1) The Authority shall maintain a fund, which shall include-

(a) such monies as may, from time to time, be allocated to it by the Federal Government;
(b) Fees in respect of services provided by the Authority, including-

(i) Landing fees;
(ii) Parking fees;
(iii) Passengers service charge (local and international);
(iv) Rents;
(v) Concession fees;
(vi) VIP lounge charges;
(vii) Utilities;
(viii) Fuel charge;
(ix) Port charge;
(x) Frontier service charge;
(xi) Sales of information;
(xii) Contract registration fees;
(xiii) Rental of warehouse;
(xiv) Rental of plant and equipments;
(xv) Fines;
(xvi) Car park charges; and
(xvii) Avio-bridge charges;

(c) All other sums that may accrue to or as may be received by the Authority in the exercise of
its functions and activities under this Act.

(2) The moneys comprising the fund of the Authority shall in each year be applied by it in defraying the
following expenses, that is:

(a) the working and establishment expenses and expenditure on, or provision for, the
maintenance and renewal of any of the undertakings of the Authority;
(b) the interest on any loan raised by the Authority;
(c) the sums required to be transferred to a sinking fund or otherwise set aside for the purpose of
making provision for the payment of any other borrowed money;
(d) the remuneration, fees and allowances of the members of the Board and for reimbursing
members of the Board or of any committees set up by the Board and for such expenses as may be
authorised by the Board in accordance with such rates as may, from time to time, be approved by the
Federal Government;
(e) the salaries, fees, remuneration, pensions, superannuation allowances and gratuities of the
employees, agents and other persons acting under or for the Authority; and
(f) any other expenses connected with the discharge of the functions of the Authority under this
Act or any other enactment.

(3) The Authority shall, submit annually to the Minister estimates of its revenue and expenditure in
respect of the next following year.

FAAN in the Transformation Agenda/Aviation Road Map
The Aviation Sector Master Plan was designed by the Federal Ministry of Aviation so as to fast-track the
implementation of the Transformation Agenda (Public Policy Programme) of President Goodluck
Jonathan in the Nigerian Aviation industry. According to Tokula & PAUL (2012, p.6), the Jonathan led
administration initiated the Transformation Agenda to cover the period of 2011-2015 which has its base
and inspiration from the Nigeria Vision 20:2020 and the 1st National Implementation Plan (NIP). The
vision is emphatically summarized thus;

Vision 20:2020 is an articulation of the long-term intent to launch Nigeria
onto a path of sustained social and economic progress and accelerate the
emergence of a truly prosperous and united Nigeria. Recognizing the
enormous human and natural endowments of the nation, the blueprint is an
expression of Nigeria’s intent to improve the living standards of her citizens
and place the country among the Top 20 economies in the world with a
minimum GDP of $900 billion and a per capita income of no less than $4000
per annum. Nigeria’s target for 2020 are based on a dynamic comparative
analysis of the country’s potential growth rate and economic structure vis-à-
vis those of other Top 40 economies of the world… (NV 20:2020; 2009,
p.9).

Along this background, the Transformation Agenda in the Nigerian Aviation sector is basically designed
to transform the industry, from one that was characterized by decaying infrastructure to one that boasts
of world class facilities, comparable to the best in the world, in terms air transport infrastructure and
management. In the assertion of the National Planning Commission (2012, p.1), the Transformation
Agenda is based on a set of priority policies and programmes which if thoroughly implemented will
transform the Nigerian economy, to meet the future needs of the Nigerian people. Accordingly, the Aviation Sector Master Plan (2012, p.2) captured this reality in its vision and mission as follow:

- **Vision** – To be a world class provider of safe, secure and comfortable air transport sector that is self-sustaining and pivotal to socio-economic growth.
- **Mission** – To transform the aviation industry into an efficient, profitable, self-sustaining, effective and a preferred mode of transportation.

### Objectives of the Master Plan as it affect FAAN

The Aviation Sector Master Plan (2012, p.3) has the following projected achievements to drive home. These are:

- Institutionalizing world class safety and security standards.
- Institutional reforms
- Infrastructural development
- Development of airport cities to transform airports into major employment, shopping, trading, business, leisure and cargo village destinations
- Transform Nigerian airports network into domestic and international hubs.
- Designation of economic free zones and agro allied focused airports, based on local endowments and competitive advantage
- Creating economic free zones as a strategy for rapid growth, inflow of foreign direct investment, employment generation and maximal utilization of airport infrastructure
- Development of perishable cargo infrastructural facilities, including customs and cargo sheds, cooling rooms, etc.
- Designation of airports for economic leverage
- Capacity development and increasing professionalism in the industry
- Improving staff welfare

### Contribution to Knowledge

FAAN workers are call public servants and not civil servants because its human resource are recruited/selected and remunerated through the organization’s Internally Generated Revenue (IGR) under its determined condition of service. The paper has significantly contributed to knowledge by pointing out this unique characteristic of FAAN as an Authority. Prior to this study, several literatures have made generalizations about the organization’s vision, mission, functions and objectives without actually defining the unique characteristics which makes it different from other organizations. This study has been able to identify this gap.

### General Powers of FAAN

The Authority has the power to do anything, which in its opinion is deemed to facilitate the carrying out of its duties effectively.

### Present Organizational Structure of FAAN

FAAN’s statutory responsibilities is executed through the office of the Managing Director/Chief Executive Officer who by ten Directorates namely,

- Human Resources;
- Administration;
- Airport Operations;
- Legal Services;
- Engineering and Maintenance;
• Projects;
• Finance and Accounts;
• Cargo Development;
• Aviation Security Services;
• Commercial and Business Development.

It is important to note that the office of the MD/CEO directly supervises the following Departments in FAAN. However, the MD/CEO is responsible to the Board and the Honourable Minister of Aviation.
  – Corporate Communications;
  – Protocol and Passages;
  – Internal Audit, ICT,
  – Customer Care (SERVICOM),
  – Procurement, and
  – Board Secretariat.

Airports Managed by FAAN
The Federal Airports Authority of Nigeria is saddled with the responsibility of the management of the twenty three (23) Airports in Nigeria at the moment. For the purpose of clarity, the airport locations are divided into regions (not according to the widely recognized geo-political regions) but for administrative convenience. These include:

SOUTH WEST REGION;
  – Mortal Mohammed Airport, Lagos (Regional Headquarters)
  – Benin Airport, Benin City
  – Ilorin Airport, Ilorin
  – Akure Airport, Akure
  – Ibadan Airport, Ibadan

SOUTH EAST REGION;
  – Port Harcourt Int’l Airport, Omagwa (Regional Headquarters)
  – Margaret Ekpo Airport, Calabar
  – Akanu Ibiam Int’l Airport, Enugu
  – Sam Mbakwe Int’l Cargo Airport, Owerri
  – Akwa Ibom Int’l Airport, Uyo
  – Osubi Airport, Warri

NORTHERN REGION;
  – Mallam Aminu Kano Int’l Airport, Kano (Regional Headquarters)
  – Maiduguri Airport, Maiduguri
  – Yola Airport, Yola
  – Sultan Abubaker III Airport, Sokoto
  – Umar Musa YarÂdua Airport, Katsina

NORTH CENTRAL REGION;
  – Nnamdi Azikiwe Int’l Airport, Abuja (Regional Headquarters)
  – Yakubu Gowon Airport, Jos
  – Kaduna Airport, Kaduna
  – Minna Airport, Minna
  – Gombe Airport, Gombe
  – Makurdi Airport, Makurdi
  – Zaria Airport, Zaria
Observable Characteristics/Findings

It is hoped that these findings, as itemized below will form the future studies about the organization and perhaps as the world is evolving, the scope and functions of the Authority would change to match the emerging trends in the global aviation industry.

– FAAN as a public organization is an entity with explicit or implicit specific objectives. It makes use of its men, money and materials in pursuit of these objectives. As an organization, it has its own internal ability/authority and methodology of achieving results.

– It is a corporate legal personality separate from that of the government that creates it. As a result of this, it can own property, enter into contracts, and sue and be sued.

– FAAN though a servicing organization is made up of entrepreneurial orientation, which is not targeted at profit making but to enhance efficiency, consideration of financial implications and cost reduction in service provision.

– FAAN employees are referred to as public servants and not civil servants because its human resource are recruited/selected and remunerated through its Internally Generated Revenue under its determined condition of service.

– A constituted board usually administers it.

Concluding and Recommendations

From the foregoing discussion, there is no doubt that the Federal Airports Authority of Nigeria is in general a public organization with a peculiar and essential service. It is highly driven by diverse, multifaceted and compacted economic and social factors. Concisely, the Federal Airports Authority of Nigeria has yielded substantial benefits in terms of enhanced efficiency, growth and better service delivery in Nigerian Aviation sector.

However, as the Transformation Agenda is base on a set of priority policies and programmes, which its implementation is, aim at transforming the Nigerian economy for sustainability, the Aviation Sector Master Plan has to be strongly strengthened. This will serve as one of the processes of economic reform and should be implemented with complementary macroeconomic policies in order to achieve desired goals of its vision and mission as:

• To be a world class provider of safe, secure and comfortable air transport sector that is self-sustaining and pivotal to socio-economic growth.

• To transform the aviation industry into an efficient, profitable, self-sustaining, effective and a preferred mode of transportation.

References


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APPENDIX (I): The Logo of the Federal Airports Authority of Nigeria (FAAN)

Source: FAAN Training School Library (2014)
APPENDIX (II): Terminal Building of the Murtala Mohammed International Airport, Ikeja-Lagos, Managed by FAAN

Source: FAAN Training School Library (2014)

AUTHOR’S BACKGROUND

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