Network for Research and Development in Africa

ISSN: 2384-5849. Volume 6, Number 6. September 2020 - July 2021
www.arcnjournals.org

International Academic Journal of Management & Marketing

Special Edition

Network for Research and Development in Africa (NRDA)

International Academic Journal of Management and Marketing

Special Edition

ISSN: 2384-5849. Volume 6, Number 6. September 2020 – July 2021

Network for Research and Development in Africa (NRDA)

https://arcnjournals.org/index.php/2-uncategorised/57-nrda-journals

International Academic Journal of Management and Marketing

Special Edition

ISSN: 2384-5849. Volume 6, Number 6. September 2020 – July 2021

Published by: Africa Research Corps Network (ARCN)

Submissions

Manuscripts adhering to author's guideline should be submitted for double-blind peer-review process to the Editorial Board. Manuscripts should be submitted electronically to: arcnjournals@gmail.com

s/n	Contents	Pages

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 1-10 (September, 2020)
nrdajpapers@gmail.com

Brand Association and Customer Satisfaction of Fast Food Firms in Rivers State

Mackintosh, Ashton Chukwumela[1] and Didia, James U. D.[2]
Department of Marketing, Rivers State University
[1]godwinkattey@gmail.com
[2]didia_jud@yahoo.com

Abstract: *This study examined the connection between brand association and customer satisfaction. The population of the comprised customers of fastfood firms in Rivers State. The explanatory research design was adopted in the study; while a structured questionnaire designed in Likert scale served as the instrument of primary data collection. Data collected from three hundred and sixty-nine (369) respondents was used in the final analysis of the study. The Pearson Product Moment Correlation served as the test statistic. The Statistical Package for Social Sciences (SPSS) version 22.0 aided the data analysis. The study found that brand association significantly relates to customer satisfaction of fastfood firms in Rivers State. Particularly, the study found that brand association has a positive and statistically significant correlation with repeat purchase and customer retention of fastfood firms in Rivers State. The study concludes that customer satisfaction of fastfood firms in Rivers State is influenced by brand association and that brand association predicts customer satisfaction in terms of repeat purchase and customer retention. The study thus recommends that fastfood firms in Rivers State that seek increased customer satisfaction should invest in brand communications that plant symbols, cues and other brand attributes that consumers can associate to their brands.*

Keywords: *Brand association, customer satisfaction, customer retention, repeat purchase*

INTRODUCTION

Fastfood firms in Rivers State, much like others anywhere in the world, compete intensely for consumers' attention. This competition is exacerbated by the similarity of their core offerings. Indeed, the difference among fastfood firms is mostly in their branding. Branding thus constitutes one avenue through which fastfood firms improve their marketing performance and achieve gainful competitive advantage. The urge to improve marketing performance primarily, dictates marketing decisions and programmes of firms (Ateke & Iruka, 2015), because marketing performance is essential to the wellbeing of businesses and their survival in the business-scape. Marketing performance thus enjoy unending attention from business practitioners and theorists; and concerted efforts have been made to determine how individual marketing programmes affects various aspects of marketing performance (Ateke & Iruka, 2015; Adejoke & Adekemi, 2012 among others). This is especially so, as marketers increasingly realize that business sustainability no longer rely only on providing offerings to a market and amassing tangible assets; but also on brands as significant intangible assets (Liu, Hu, & Grimm, 2010). Thus, Ateke, Onwujiariri, and Nnennanya (2015) aver that branding is consequential to business performance because it modifies customers' attitude towards a firm and its products. Petek and Ruzzier contend that strong brands strengthen a firms' brand equity by increasing consumers' willingness to evaluate additional communication from the firm positively, and recall the communication or its accompanying cognitive or affective reactions easily (Ateke & Nwulu, 2017).

Mustapha, Fakokunde, and Awolusi (2014) hints that consumers may not be satisfied with the offerings of a brand, yet continue to patronize the brand because they: (1) are unaware of the existence of other brands; (2) do not possess adequate knowledge of the expertise of other brands; or (3) do not feel the strength of the presence of other brands. Such brands that are unknown to consumers cannot be recognized or recalled easily; their existence and availability is totally lost on consumers. This buttresses the position of Keller (2003) that building a strong brand requires right knowledge structures in the minds of consumers, so that they respond positively to a firm's marketing programmes. Through effective branding, brand awareness and positive brand image is built (Keller, 2003); these then, form brand knowledge structures that trigger differentiated responses that constitute brand equity (Madhavaram, Badrinarayanan, & McDonald, 2005). Brand equity represents the value of a brand, as determined by consumers' perception and experience with the brand. Jalilvand, Samiei, and Mahdavinia (2011) conceive brand equity as the incremental utility or added value to a product from its brand name which contributes to a firm's sustained profitability.

Brand equity may be positive or negative. A brand enjoys positive equity if consumers think highly of it; and suffers negative equity if consumers feel disappointed by its value delivery and abstain from recommending it to others. Brand equity is a multidimensional construct that has enjoyed vigorous research attention. The model of brand equity developed by Aaker (1991) which has brand awareness, brand association, perceived quality and brand loyalty as dimensions, is however the most popular and most researched. In this study, we focus on brand association, the second dimension in Aaker's model. A good number of prior studies have dwelt on how the brand equity dimensions of brand awareness, perceived quality and brand loyalty impact various aspects of marketing performance. However, the brand association element of brand equity has not enjoyed as much research coverage. This study thus seeks to complement extant literature by investigating the connection between brand association and customer satisfaction. Fig. 1.1 below conceptualises the study. Brand association is the predictor variable while customer satisfaction, which is measured as repeat purchase and customer retention is the criterion variable.

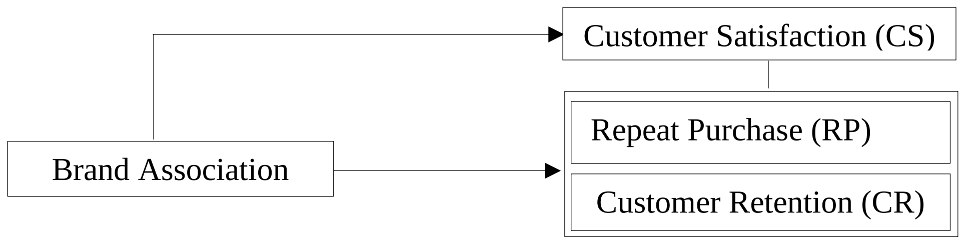


Figure 1: Conceptual framework of the relationship between brand association and customer satisfaction
Sources: Researchers' conceptualization from literature review (2020).

The Concept of Brand Association

Brand association is anything in the memory of consumers that is linked to a brand (Aaker, 1991). Any deep-seated cue in customer's mind about a brand; or attributes of a brand that come into consumers mind when the brand is talked about may be regarded as brand association. It relates to implicit and explicit meanings consumers associate with a specific brand name. Aaker's (1991) brand equity model has brand association immediately after brand awareness, because consumers are thought to develop association only when they are aware of the brand. Feelings, thoughts, experiences, perceptions, images and beliefs that are linked in memory to a particular brand are brand associations (Aaker, 1991); and they form the foundation of purchase decisions (Aaker, 1991). Brand association is also related to positive or negative information that consumers have in mind about a brand. A set of associations, usually organized in some meaningful way, forms a brand image. Consequently, brand image is costumer's perception about a particular brand as a result of their association with the brand.

Brand association is categorized into product associations and organizational associations (Jalilvand *et al*., 2011). Product associations include functional attribute associations and non-functional associations. Functional attributes are the tangible features of a product consumers link to a brand (Fayrene & Lee, 2011). If a brand fails on its promises, it will enjoy low brand equity (Jalilvand, 2011). Non-functional attributes include symbolic attributes which are the intangible features that meet consumer's needs for social approval, personal expression or self-esteem. Organizational associations include corporate ability associations, which relates to a firm's expertise in producing and delivering value and corporate social responsibility associations, which include organization's activities with respect to its perceived societal obligations (Fayrene & Lee, 2011).

Brand association acts as an information-collecting tool to execute brand differentiation and brand extension (Aaker, 1991); and is key to developing brand relationship, because it produces brand loyalty and enhance brand-word of mouth (Mohammad, & Anisa, 2017). Keller (2003) argues that any information that comes across in brand association is connected to the brand name in consumer recall, and reflects the brand's image. Brand association is the platform of brand relationship development which guides brand managers on how to use the sources of brand equity to develop brand relationship with customers (Mohammad, & Anisa, 2017). Unique brand associations are essential sources of brand equity that drive customer behaviour. Mayer (2003) suggests that brand association is not only an individual brand theory, but also has measurable feature to test the effectiveness of brand equity. This is because customers' feelings and cognitive capacity produce their brand association toward the performance of a brand in the market (Mohammad, & Anisa, 2017).

Although a brand may be related to a category of product, there are associations in some categories that may be related to the brand in terms of either the overall attitudes or beliefs. Jalilvand *et al*. (2001) contends that brand associations are visible in all product aspects or features that are independent on it. Brand associations aid in the processing, retrieval and differentiation of a brand. It creates positive feelings and feedback that provide customers with a reason to purchase (Aaker, 1991). Social responsibility associations are those associations that are perceived by customers as societal obligations (Jalilvand *et al.*, 2011). Corporate social responsibility is important especially in dealing with corporate brands. This is because the public would like to know how, where and what brands give back to society. Thus firms have realized that corporate social responsibility can improve or reduce their value. Aaker (1991) suggest that brand associations are formed through (1) ccustomers' contact with the organization and its employees; (2) advertisements; (3) word of mouth publicity; (4) price at which the brand is sold; (5) celebrity/big entity association; (6) product quality; (7) competitors' products and schemes; (8) product class to which the brand belongs; and (9) point of purchase displays; etc.

Customer Satisfaction

Today's customers are quite sophisticated in their needs and desires; they are versatile in information gathering; more demanding, and expects more benefits from the services they buy (Achumba, 2006). In order to satisfy customers and ensure survival, firms must adapt to changing environmental conditions, including changes in consumers' requirements, by instituting market-oriented policies. Satisfaction is individuals' feeling of pleasure or disappointment resulting from comparing a product's perceived performance in relation to expectations (James, 2003). Customer satisfaction thus measures how products supplied by an organization meet or surpass customers' expectation. Solomon, Bamossy, Askegaard, and Hogg (2006) defined customer satisfaction in terms of the overall feeling an individual has about a product after having purchased it.

In competitive markets, customer satisfaction is a key differentiator and a key element of business strategy (Farris, Neil, Phillip, & David, 2010). Customer satisfaction is enhanced by placing the needs of customers at the centre of a business and by integrating customers into the business processes, people, strategy and technology of the organization. Customer centrism has thus evolved as the most viable approach to contriving marketing, programmes, policies and strategies. The significance of customer satisfaction is also captured in the statement that "happy customers constitute free advertising". Drucker (1954) opine that the principal objective of an organization is to create satisfied customers; while Anderson, Fornell, and Rust (1994) observe that increased customer satisfaction lead to higher future profitability, as satisfied customers willingly pay premiums, provide referrals, increase patronage (Morgan & Rego, 2005) and are likely to be retained and loyal. Dissatisfaction on the other hand, causes brand switching, damages a firm's image, reduces its ability to make profits and erodes its competitive advantage (Kihoro & Kepha, 2014). The customer satisfaction construct has been operationalized variously. Marco (2008) advanced five measures of customer satisfaction namely: Repeat purchase, customer retention, customer loyalty, resistance to switching and profitability. In this study however, we adopt repeat purchase and customer retention as indicators of customer satisfaction.

Repeat purchase

Repeat purchase involves routinely or habitually re-patronizing the same product or brand. Nwiepe and Ateke (2016) construe repeat purchase as “customers’ propensity to return to a particular firm for more business after a trial”. Wirtz and Lwin (2009) define it as the willingness of individuals to re-patronize a firm. Repeat purchase is manifested when customer place series of orders for a given product or to a particular firm. Repeat purchase often happens when customers derive emotional, social, or functional satisfaction from a brand and its products and feels a connection to the brand’s offerings. Wirtz and Lwin (2009) suggest that repeat purchase is a measure of a customer loyalty, and a principal goal companies strive to attain. Caudill and Murphy as cited in Nwiepe and Ateke (2016) contends that repeat purchase is a reflection of trust, commitment and respect customers have for a brand and its products. Repeat purchase is reinforced by favourable purchase experience: Customers return to a band for further business only if, and as long as they continue to get favourable experience with the brand (Nwiepe & Ateke, 2016). Repeat purchase customers seek quality, value, good customer service, convenience and are often price insensitive. They thus contribute to company profitability.

Customer retention

Customer retention represents customer's liking, identification, commitment, trust and willingness to stick with a brand (Stauss, Chojnacki, Decker, Hoffman, 2001). It implies a long-term commitment on the part of customers to maintain an on-going relationship with a brand (Cook, 2002). Customer retention is crucial because the cost of acquiring new customers can be five times greater than that of keeping current ones (Reichheld & Sasser, 1990); also, retained customers pay less attention to the antics of competing brands, they are less price-sensitive and spread favourable word-of-mouth. Customer retention therefore constitutes an easier and more reliable source of superior performance (Reichheld & Sasser, 1990). Customer retention has been focused upon as a primary goal of marketing. The precise meaning and measurement of customer retention can vary between industries and firms, there is however, a general consensus that focusing on customer retention can yield several economic benefits (Dawkins & Reichheld, 1990; Reichheld, 1990); as the volumes of purchases grow, and customers churn and replacement costs with customer retention. Customer retention could be strengthened by erecting high switching barriers or by delivering higher customer satisfaction. Kotler and Armstrong (2008) posit that losing a single customer does not mean losing a single purchase; rather it entails losing the entire volume of purchases that the lost customer would have made over their lifetime of patronizing the seller.

Brand Association and Customer Satisfaction

Brand association is useful in differentiating a firm and its products and standing them out in the marketplace (Keller, 2003). Brand images like consumer‘s trust on the brand and service quality are very favourable associations linked to a brand. Thus, scholars have carried out studies to ascertain the impact of brand association on customer satisfaction. Ashraf, Sulehri and Abbas (2018) investigated the impact of brand association on consumer buying behaviour of footwear industry in Punjab, Pakistan; and found that the components of brand association have positive impact on consumer buying behaviour. Also, Yoo *et al.*, (2000) found in their research that brand associations have a positive influence on consumer choices, preferences and purchase intention, willingness to pay a price for the brand, accept brand extensions and positive word-of-mouth. Also, the study of Harcourt & Ikegwuru (2018) on brand equity and market performance of food and beverage firms in Rivers State revealed that brand association which a dimension of brand equity has positive impact on marketing performance. The study also revealed that brand association can connect to positive attributes which customers can hold firm, and engage in successful business with the firm, thereby enhancing the company’s performance. Based on the foregoing, the current study hypothesizes that:

Ho_1: There is no significant relationship between brand association and repeat purchase.

Ho_2: There is no significant relationship between brand association and customer retention.

METHODOLOGY

This study investigated brand association and customer satisfaction of fastfood firms in Rivers State. The explanatory research design was adopted to explain the relationship between brand loyalty and customer satisfaction. The population of the study comprised customers of fast food firms in Rivers State. A structured questionnaire, designed in Likert scale was the instrument used to collect primary data from three hundred and sixty-nine (369) respondents. To determine the reliability of the research instrument, a pilot study was conducted and the data were subjected to Cronbach’s Alpha reliability test with a threshold of 0.70 set by Nunally (1978). Table 1 shows the Cronbach’s Alpha reliability results of all the variables in the study. To test the significance of the relationships between the variables, the Pearson Product Moment Correlation was used to test the two alternate hypotheses stated in the study with the aid of the Statistical Package for Social Sciences (SPSS) version 22.0.

Table 1: Reliability Analysis of Items on All Variables

S/N	Variables	Number of Items	Cronbach's Alpha Coefficients
1	Brand Association	4	0.919
2	Repeat purchase	4	0.922
3	Customer retention	4	0.915

Source: Simulation from SPSS output of data analysis on brand association and customer satisfaction (2019).

RESULTS AND DISCUSSION

Table 2: Relationship between Brand Association and Metrics of Customer Satisfaction

		Brand Association	Repeat Purchase	Customer Retention
Brand association	Pearson Correlation	1	.732**	.851**
	Sig. (2-tailed)		.000	.000
	N	369	369	369
Repeat Purchase	Pearson Correlation	.732**	1	.741**
	Sig. (2-tailed)	.000		.000
	N	369	369	369
Customer Retention	Pearson Correlation	.851**	.741**	1
	Sig. (2-tailed)	.000	.000	
	N	369	369	369

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

Source: Simulation from SPSS output of data analysis on brand association and customer satisfaction (2019).

Table 2 shows a P(r) of 0.732** which indicates a strong, positive relationship between brand association and repeat purchase with a p-value of 0.000 which is less than the critical value of 0.01. This indicates that a statistically significant connection exists between brand association and repeat purchase in the studied population. Table 2 also demonstrates a Pearson correlation coefficient (r) of 0.851 on the link between brand association and customer retention. This very high correlation coefficient indicates a very strong relationship between the variables. The positive sign of the correlation coefficient suggests that the relationship between brand association and customer retention is positive; while the p-value of 0.000 which is less than the critical value of 0.01 indicate that the relationship between the variables is statistically significant. Therefore, we reject the two null hypotheses earlier stated.

Our findings support that of Ashraf *et al*. (2018) that brand association have positive impact on consumer buying behaviour and that of Yoo *et al*. (2000) that brand associations positively influence consumers' choices, preferences and purchase intention, willingness to pay a price for the brand, accept brand extensions and positive word-of-mouth. Also, the current findings corroborate the observation of Harcourt and Ikegwuru (2018) that brand association connects to positive attributes customers hold strongly, and successfully engage in business with the firm, thereby enhance the company's marketing performance. Furthermore, our findings align with that of Sweeney and Swait (2008) which observe that brand credibility has a significantly, positive relationship with customer satisfaction and commitment; and that this relationship enhances word-of-mouth and reduces switching behaviours among customers. Furthermore, our findings are coheres with that of Grappi (2016) which report that brand love positively impacts brand performance.

CONCLUSION AND RECOMMENDATIONS

This study investigated the relationship between brand association and customer satisfaction of fast food firms in Rivers State. The empirical analysis reveals that brand association relates to customer satisfaction; as brand association posted positive and statistically significant correlations with both repeat purchase and customer retention which were used as measures of customer satisfaction. The study concludes that customer satisfaction of fastfood firms in Rivers State is influenced by brand association or that brand association predicts customer satisfaction in terms of repeat purchase and customer retention. The study thus recommends that fastfood firms in Rivers State that seek to deliver customer satisfaction should invest in brand communication that plants symbols, cues and other brand attributes that can consumers can associate to their brands.

REFERENCES

Aaker, D. (1991). *Managing brand equity: Capitalizing on the value of a brand name.* New York: Free Press.

Aaker, D. A. (1996). Measuring brand equity across products and markets. *California Management Review, 38*(3), 102 - 20.

Achumba, I. C. (2006). The dynamics of consumer behaviour. Lagos: Mac-Williams.

Adejoke, K. B., & Adekemi, A. O. (2012). Relationship marketing and bank performance: An applied study of commercial banks in South-western Nigeria. *European Journal of Business and Management,* 5(410), 102-110.

Anderson, E., Fornell, C., & Rust, R. T. (1994). Customer satisfaction, productivity and profitability: Differences between goods and services. *Marketing Science, 16*(2), 129-145.

Ashraf, M., Sulehri, H. A., & Abbas, S. (2018). Impact of brand association on consumer buying behaviour of footwear industry: The case of Punjab, Pakistan. *International Journal of Academic Research in Business and Social Sciences, 8*(3), 91-102.

Ateke, B. W., & Iruka, C. H. (2015). Investigating the relationship between customer involvement management and marketing performance in the manufacturing industry. *International Journal of Research in Business Studies and Management*, *2*(9), 22-34.

Ateke, B. W., Onwujiariri, J. C., & Nnennanya, D. A. (2015). The relationship between celebrity endorsement and brand image in the fastfood industry in Port Harcourt, Nigeria. *European Journal of Business and Management*, 7(27), 177-186.

Ateke, B. W., & Nwulu, C. S. (2017). The brand communication-brand awareness nexus. *Business Master*, 5(1), 210-221.

Cook, S. (2002). *Customers care excellence: How to create an effective customer focus*. 4th Edition. Kogan Page.

Dawkins, P.M. & Reichheld, F.F. (1990). Customer retention as a competitive weapon. *Directors and Board*, 42-7.

Drucker, P. F. (1954). *The practice of management.* New York: Harper and Row.

Farris, P. W., Neil, T. B., Phillip, E. P., & David, J. R. (2010). *Marketing metrics: The definitive guide to measuring marketing performance*. Pearson Educational.

Fayrene, C.Y. L., & Lee, G. C. (2011).Customer based brand equity: A literature review. *Journal of Arts Science and Commerce, 2*(1), 33-42.

Grappi, S. (2016). The relationship between brand love and actual brand performance: Evidence from an international study. *International Marketing Review, 4*(1), 1-34.

Harcourt, H., & Ikegwuru, M. (2018). Brand equity and market performance: An empirical study of food and beverage firms in Rivers State. *IIARD-International Journal of Economics and Business Management, 4*(4), 1-14.

Jalilvand, M. R., Samiei, N., & Mahdavinia,S. H. (2011). The effect of brand equity components on purchase intention: An application of Aaker's model in the automobile industry. *International Business and Management, 2*(2), 149-158.

James, K. E. (2003). *Building customer satisfaction, value and retention*. Harlow: Prentice Hall.

Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing, 57*(1), 1-22.

Keller, K. L. (2003). *Strategic brand management: Building, measuring and managing brand equity.* 3rd Edition. New Jersey: Pearson Prentice Hall.

Kihoro, C. M., & Kepha, O. (2014). Effects of competitive strategies on customer retention in G4s security services. *International Journal of Science and Research*, *3*(3), 1-2.

Kotler, P. & Armstrong, G. (2008). *Principles of marketing*.12th Edition. Pearson Prentice Hall.

Kotler, P., & Keller, K. L. (2006). *Marketing management.* 12th Edition. Pearson Prentice Hall.

Liu, X. Hu, M.Y & Grimme, P.E (2010). Affect transfer in brand extensions: The role of expectancy and relevancy. *Journal of Product Brand Management,* 4(19), 317-326.

Madhavaram, S., Badrinarayanan, V., & McDonald, R. E. (2005). Integrated marketing communication (IMC) and brand identity as critical components of brand equity strategy: A conceptual framework and research propositions. *Journal of Advertising, 34*(4), 69-80.

Marco, G. V. (2008). *Measuring customer satisfaction in a service company combining approaches for quality service improvement* (Published Thesis). Javier Santamaría García Department of Terotechnology.

Mohammad, F. K. & Anisa, J. (2017). Consumer based brand equity: A detailed review. *International Research Journal of Management Science & Technology, 8*(2), 398-405.

Morgan, N. A., & Rego, L. L. (2005).The value of different customer satisfaction and loyalty metrics in predicting business performance. *Marketing Service*, *25*(5), 426-349.

Mustapha, M. M., Fakokunde, T. O. & Awolusi, O. D. (2014). The quick service restaurant business in Nigeria: Exploring the emerging opportunity for entrepreneurial development and growth. *Global Journal of commerce & management perspective, 3*(3), 8-14.

Nunnally, J. C. (1978). *Psychometric theory*. New York: McGraw-Hill.

Nwiepe, M. N., & Ateke, W. B. (2016). Customer service management and patronage of GSM services in Rivers State. *Journal of Marketing Development, 1*(1), 98-106.

Reicheld, F. F., Sasser, W.E., (1990). Zero defections: Quality comes to services. *Harvard Business Review, 68*(7), 105-111.

Solomon, M., Bamossy, G., Askegaard, S., & Hogg, M. K. (2006). *Consumer behaviour: A European perspective*. Harlow: Prentice Hall.

Stauss, B., Chojnacki, K., Decker, A., Hoffman, F. (2001). Retention effects of a customer club. *International Journal of Service Industry Management*, 12(1), 7-19.

Sweeney, J. Swait, J. (2008). The effects of brand credibility on customer loyalty. *Journal of Retailing and Consumer Services*, *6*(15), 179-193.

Wirtz, J., & Lwin, M. O. (2009). Regulatory focus theory, trust, and privacy concern. *Journal of Science Research, 12*(2), 190-207.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 11-24 (September, 2020)
nrdajpapers@gmail.com

Green Positioning Strategy and Marketing Success of Oil & Gas Companies in Rivers State

Wali, Kemkamma
Department of Marketing, Ken Saro Wiwa Polytechnic, Nigeria
Email: walikems@yahoo.co.uk

Abstract: *The aim of this study was to investigate the relationship between green positioning strategy and marketing success of oil & gas companies in Rivers State. The study applied a cross sectional survey design used in structured questionnaire to collect data from 400 consumers of various host communities of oil & gas companies. In analyzing the relationship between our variables of interest and to test the hypotheses raised in the study, Spearman's Rank Correlation Coefficient statistical tool was used with the help of SPSS version 21.0. Findings revealed a positive and significant relationship between the dimensions of green positioning strategy and measures of marketing success. The study therefore concludes that green positioning strategy is a useful marketing tool for companies to improve marketing success. Based on the above findings and conclusion, the study recommends that oil & gas companies who want to improve marketing success are encouraged to incorporate green value propositions in to their products and services, as this research has proven the possibility of improving consumer commitment and advocacy through green knowledge and emotional attributes.*

Keywords*: Green Positioning, Marketing Success, Environmental Consciousness*

1. INTRODUCTION

Crude oil reserve remains a very important resource for Nigeria, as it is the main economic driver and has contributed immensely to the economic development of the country. The petroleum industry who activities are centered on crude oil exploration and marketing, alone accounts for over 90% of the country's revenue (Yahaya & Bakare, 2018). Despite this huge revenue accrued to the nation's revenue stream, activities in the industry have contributed to an overwhelming and significant proportion of environmental degradation and threatened the various eco-system including human and aquatic lives. This is more evident in the Niger Delta region of the country; notably the Ogoni axis of Rivers State who's environment has been severely damaged by activities of multinational oil & gas companies operating in the region. It was against this backdrop that the United Nations Environmental Programme in 2011 conducted an environmental assessment to ascertain the impact of oil spillages on the living conditions of host communities and thereafter came up with a report and/or blueprint to tackle the menace. Many believe that up till today no meaningful achievement has been recorded in implementing the recommendations in the report by both the Federal Government and oil & gas companies (Adati, 2019).

Consequently, a number of groups particularly non-government organizations such as civil societies and other pressure groups have advocated for programmes and policies that promotes the individuals' well-being in the society and safety of the environment. Many of these groups show great support for company activities such as renewable energy, recycling of used products (packages), healthy products, etc (Chen, 2013). As a result of these voices (movements) and other considerations, it could be arguably stated that oil & gas companies are re-thinking their business model by repositioning their brand essence in an environmental sustainability direction that is underpinned from a green marketing perspective.

According to Sima (2013), designing and implementing green positioning policy is strategic, as it entails a critical assessment of key organizational processes and resources. The author further opined that the starting point in deploying green positioning strategy by petroleum companies is to clearly captured the green marketing initiative in the mission and/vision statement with a view to creating green awareness in it Integrated Marketing Communication (IMC). Any green positioning initiative that does not represent a honest communication may only last in the short-run. As observed by Schweitzer (2010), many petroleum companies with green positioning policies last only in the short-run because what is promised in their IMC is not what is delivered, and in some cases, the greenness of the brand does not reflect across multiple product lines. Companies who are sincere in both communicating and delivering green products and services, affords buyers the opportunity to compare and examine the stock of greenness across product lines, thereby incorporating green considerations in their decision making process (Prakash, 2002). Green consumers are therefore increasingly conscious of environmental safety and this is an important component in shaping their preference and commitment.

The notion of adopting of green ideology in positioning brands in the market has long been explored by many scholars. In this sense, the concept of green positioning has witness divergent views and scholars are yet to come in to terms of a unified definition. Schweitzer (2010) observed that in the bid to position petroleum brands, companies are beginning to re-examine their operations in line with green initiatives by ensuring that the production and marketing of products are carried out with a huge sense of concern for the environment and health of the people. He further observed that companies can build corporate reputation by adhering to environmentally friendly protocols in their day-to-day operations. Also, Suillivan (2009) stated that environmentally conscious consumers have severally made effort to collaborate with environmental activists in order to educate people on the need to support organizations who initiate programmes that promote the quality of our eco system. In line with this point, oil & gas companies can design product attributes that appeal to the conscience and emotions of buyers purchase actions and post purchase behaviour.

A number of studies have been carried out in the area of green positioning as it affects business outcomes. Uthamaputhran and Amin (2016) examined green product positioning and purchase intention in Malaysia. The authors adopted functional attributes and emotional benefit as dimensions of green product positioning. Also, Memar and Ahmed (2012) investigated the influence of specific determinants on consumers' green purchase intentions. While it was an empirical study to evaluate consumer buying intention towards eco-friendly printers in the Swiddish market, however, determinants that were considered in the study are; attitude towards green behaviour, green subjective norms, demographics, environmental laws and guidelines, green knowledge and eco-literacy, willingness to pay for green products, and green brand strength. More so, Mohammad and Abdulrahim (2016) investigated the impact of green brand equity and consumer intention to use green products. The study examined brand trust, brand image, brand awareness, and perceived value; from a green perspective with respect to Jordanian consumers.

In view of the above studies and the need to advance extant studies, this research adopted green brand knowledge and green emotional attributes as dimensions of green positioning strategies in order to examine their effects on customer commitment and advocacy. The research further introduced environmental consciousness as a moderating variable amidst the relationship between green positioning strategy and marketing success as it relates to the oil & gas companies in Rivers State.

1.2 Statement of the Problem

The issue of environmental degradation and its effect on human eco-system in Nigeria has attracted a lot of scholars and practitioners in this area of discourse. This may be due to the fear of total collapse of socio-economic activities which is mainly considered as the bedrock of any meaningful progress in a nation. While some organizations see these issues as disturbing, others view them as opportunities to build competitive advantage. This is due to increasing awareness of environmentally conscious consumers who most times go out of their way in search of eco-friendly products and services (Chen, 2013). In line with this thinking, it may not be far from the truth to state that companies who key into the green initiative by supplying eco-friendly products and services could outpace competitors in the industry.

It is however, against this backdrop this research was set out to investigate whether green positioning strategies could lead to improved marketing success in the oil & gas industry. Specifically, this research is poised to examine if consumers would buy more from a particular oil & gas company who is more concerned in producing and delivering environmentally friendly products and services. Thus, this effort begs for answers on how committed buyers may be in promoting green products and the effect it may have on companies who have similar orientation. This is the thrust of this research.

1.3 Model Specification and Conceptual Framework

The research is on green positioning strategy and marketing success. The independent variable which is green positioning strategy has green brand knowledge and green emotional attribute as dimensions. On the other hand, the dependent variable which is marketing success was measured with consumer commitment and advocacy. Below is the model specification:

MS = f (GPS) (EF)--Model 1

MS = (CC, A)---Model 2

GPS = (GBK, GEA)--------------------------------------- Model 3

EF = EC---Model 4

(CC,A)=f(GBK,GEA)(EF) ------------------------------- Model 5

Therefore,

MS = Marketing Success

GPS = Green Positioning Strategy

EF = Environmental Factor

GBK = Green Brand Knowledge

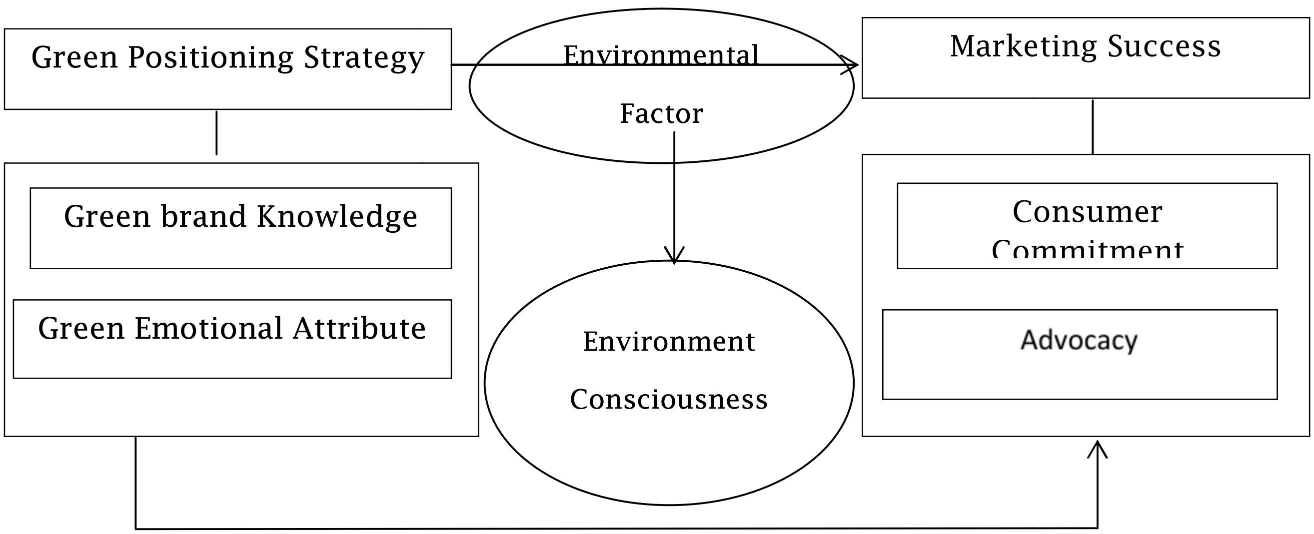
GEA = Green Emotional Attribute

CC = Consumer Commitment

A = Environmental Consciousness

EC

Below is the conceptual framework for this study



Source: Research Desk, 2020; as adopted from Memar & Ahmed (2012).

2. LITERATURE REVIEW

2.1 Theoretical Foundation

The theory upon which this research was anchored is the 'green theory'. The origin of this theory and its popular recognition dates back in 1960s. It was not until this period in which there was public recognition of the global environmental crisis arising from the 'tragedy of the commons', which is the idea that as self- interested individuals, humans will overuse shared resources such as land, air, fresh water and fish. This period coincided with a demand for a green theory to help explain and understand these socio-political issues (Hugh, 2018).

Fundamentally, green theory addresses the interest of nature itself rather than only the interests of humanity in nature. The theory recognizes that environmental issues evoke questions about relations between and among us, the eco system, and others in the context of community and collective decision-making. For green theorists, the answers are found in alternative ideas about political association based on ecological relationships. More so, one of the foremost believe of the green theorists is that global environmental problems require global solutions. This requires those relevant stakeholders, including world leaders; to come together in order to develop an understanding and perhaps look towards championing green social movements rather than individualizing the struggle (Renwick, Redman & Maguire, 2008)

According to Mohammad and Abdelrahim (2016), green theory helps us to understand this, in terms of long-term ecological values rather than short-term human interests. These interests are generally pursued by states through investments in technology, but there is no easy technical solution to human-induced climate change. From the perspective of green theory, this technical impasse requires a change in human values and behaviour and therefore presents an opportunity for political innovation or even a transformative shift in global politics. It is therefore important to mention that because consumers are increasingly advocating for healthy products, alert companies have realized the opportunity to utilize this orientation and build competitive advantages. The green theory is thus, suitable for this research.

2.2 Conceptualizing Green Positioning Strategy

The successful positioning of brands in the mind of target markets has been a debatable issue among interested scholars and its definition is far reaching in terms consensus. Hartmann and Ibanez (2006) defined green brand positioning as the attributes of green brand products that are environmentally friendly and have significant value to consumers. Wang (2016) found that many researchers emphasize about the green brand positioning for the brand to meet green consumers' expectation on valuable attributes. The author was of the view that positioning a brand as eco friendly directs certain expectations and beliefs in the minds of target audience for perceived value found in the product attributes. More so, Suki (2016) observed that green buyers who have a purchase experience for ecological products with huge environmental knowledge, would have a higher tendency to repeat purchase due to brand positioning.

In addition, Hartmann and Ibanez (2006) expressed green brand positioning as value or quality that comes with green products. Green brand positioning entails how a firm adopts green image to represent products and services that would be perceived by the market. The green image that is perceived by the market or consumers therein, as the green image is the green brand positioning (Saha & Darnton, 2005). Elaborating the concept of green brand positioning from a more psychology point of view, Wang (2016) highlighted that green positioning consists of mental picture or description for consumers to tell more about the firm, and get attracted by the firm's green attributes which are reflected in its offerings. Therefore, it is crucial for green firms to attain green sustainability by making its product attributes more significant.

2.3 Marketing Success

Marketing success describes the health of a firm as an outcome of marketing programmes and activities measured against stated marketing objectives or compared to the health of competing firms (Ateke & Kalu, 2016). It is a measure of the extent to which the firm achieves its marketing objectives in relation to its marketing programmes and activities (Ateke & Iruka, 2015). It assesses the contributions of the firm's marketing efforts to its corporate objectives (Buzzel, Gale, & Sultan, 2005). Marketers have developed and used various marketing success measures to assess the impact of marketing. Although financial measures account for a greater percentage of success measures used in marketing practice (Pont & Shaw, 2003), these seem to be inadequate for measuring important elements of marketing success.

Studies have revealed that a combination of quantitative and qualitative measures have become essential in assessing marketing success (Terblanche et al, 2013); and that qualitative measures are better predictors of companies' long-term goals than quantitative measures (Chendall & Langfield-

Smith, 2007). Obtaining a balance between the two perspectives is the key to greater respect for marketing managers in boardrooms, as well as to better learning within the marketing department (Rust, Ambler, Carpenter, Kumar, & Srivastava 2004; Ambler, 2003). Firms pursue a number of different performance objectives simultaneously (Greve 2003). Managers therefore set goals and monitor success from a balanced scorecard perspective using financial, customer, internal, and learning based metrics. The degree of importance attached to a particular metric depends on the firm’s marketing plan and strategy (Ambler, 2003).

There are several marketing success indices available in literature; however, the extent to which a metric is simple enough to be usable and comprehensive enough to assess marketing success determines companies’ choice of marketing performance indices. The current study accommodates consumer commitment and advocacy as measures of marketing success.

2.4 Green Positioning Strategy and Marketing Success

Plethora of researches has been undertaken in relation to the nexus between green positioning and marketing success, including their sub-variables (Smith & Paladino, 2010; Chang & Wu, 2015; Suki, 2016). Though, many variables are available to measure green positioning, however, this research focused on green brand knowledge and emotional attributes. While on the other hand, consumer commitment and advocacy were used to measure marketing success. Smith and Paladino (2010) found that consumers who have information or knowledge about an organic food or product tend to not only purchase the product in future, but recommend such product to families and friends. This is due to positive attitude about the brand on how it delivers the environmental knowledge to the consumers.

According to Suki (2016), green brand knowledge is how a firm provides knowledge or the information about its product’s uniqueness through the attributes of its brand. It is about a promise that the firm will provide to the consumers and environment. Chang and Wu (2015) found out that consumers expect to receive adequate information that are reliable so that they can enhance their knowledge about the green product, which in-turn affects their commitment to purchasing environmentally friendly products. Connel (2010) found that consumers with huge information or knowledge about a green brand are likely to be emotional towards eco friendly brands. The authors reported that green emotional attributes have strong impact on consumer patronage and loyalty. Chang and Wu (2015) revealed in their studies that consumers who have high level of knowledge about the environmental protection would have high emotional drive and propensity to promote such products by referring the product to others to use. In view of the above postulates, we state the following hypotheses:

Ho1: There is no significant relationship between green brand knowledge and consumer commitment of oil & gas companies in Rivers State.

Ho2: There is no significant relationship between green brand knowledge and advocacy of oil & gas companies in Rivers State.

Ho3: There is no significant relationship between green emotional attributes and consumer commitment of oil & gas companies in Rivers State.

Ho4: There is no significant relationship between green emotional attributes and advocacy of oil & gas companies in Rivers State.

2.5 Effect of Environmental Consciousness on Green Positioning Strategy and Marketing Success

Due to environmental damages caused by organizational production processes and natural disasters, environmentalism has over the past three decades, become a crucial issue. According to Hugh (2018), It was not until 1960 that public recognition of the global environmental crisis arising from the 'tragedy of the commons', which is the idea that as self- interested individuals, humans will overuse shared resources such as land, air, fresh water and fish. This period, however, coincided with consumer environmental consciousness, which many be describe as a time of 'awakening'; the 1970s as a 'take action' period; the 1980s as an 'accountable' era; the 1990s as a 'power of the market place' period. During this era, consumers appear to have adequate knowledge of the fact that the environment is fragile and there is limit to which the various natural resources therein can be used (Suki, 2016).

Also, studies have it that consumer consciousness of the environment is an important input in various stages of the consumer decision making process when deciding to purchase a brand. Saha and Darnton (2005) found out in their study that green positioning strategy is more effective in a market that has high environmental alert consumers than the other way round. They revealed that green consumers tend to patronize brands with a high sense of green orientation and can even go out of their way to mobilize others to go for such brands. More so, Chen (2013) found that green consumers are committed and loyal to environmentally friendly products and services and this could serve as a competitive edge to companies with strong green initiatives. It is against this findings we state the hypothesis below:

Ho5: Environmental consciousness does not moderate the relationship between green positioning strategy and marketing success of oil & gas companies in Rivers State.

3. MATERIALS AND METHODS

Due to the nature of this research as to the empirical investigation in to the relationship between green positioning strategy and marketing success of oil & gas companies; hence, the need to deploy survey means by administering questionnaire to elicit information from respondents. This type of arrangement requires a cross-sectional survey in accessing the study's elements. More so, the population of the research consists of host communities and consumers therein who may have been affected by oil & gas operations and/or are conscious of environmental safety. It is important to state that the research relied upon the 2006 Census publication of Rivers State population due to the inability of the research to ascertain the total number of people residing in the various host communities of the State and those who have consciously advocated for environmental sustainability. However, the research considered 10 oil & gas companies in Nigeria who have their operational base in the Niger Delta area. They include; Exxon Mobil, Chevron, Statoil, Shell, Agip, Petrobas, Total, Hardy, Nexen, and Addax.

Consequently, Rivers State has a population of 5198716 (2006 Census Report). However, Taro Yamen formula was used in ascertaining a sample size of 400. On this note, the research conveniently selected accessible respondents that answered questions raised in the research instrument. In addition, primary and secondary sources of data were used in obtaining information from both the field and other publications. A 5-point Likert scale ranging from strongly agree, agree, not sure, disagree, and strongly disagree; was used to design the research instrument. Again, research experts were consulted and Cronbach's Alpha test was used to validate and ascertain the consistency of the research instrument. Lastly, descriptive and inferential statistical tools were adopted to analyze data gotten from the field. Spearman's Rank Correlation Coefficient tool was used with the help of SPSS (version 21.0) in testing the 5 hypotheses formulated early in the study.

4. DATA PRESENTATION AND DISCUSSION

As earlier stated, the research relied on data from questionnaires distributed to respondents. This section was devoted for data presentation and testing of hypotheses.

Table 4.1 Questionnaire Distribution and Retrieval

Questionnaire	Frequency	Percent (%)
Distributed	400	100
Retrieved	372	93
Not retrieved	28	7
Retrieved usable	364	91

Source: field survey data, 2020

Table 4.1 above shows that a total 400 copies of questionnaire were distributed; however, 372 representing 93% were retrieved. More so, 28 copies were not retrieved, but 364 representing 91% were both retrieved and usable.

Table 4.2 Result of Test of Reliability

Variables	Cronbach's Alpha
Green Brand Knowledge	0.839
Green Emotional Attribute	0.819
Consumer Commitment	0.854
Advocacy	0.821
Environmental Consciousness	0.792

Source: SPSS Output, 2020

The table above shows the results of the reliability test. As can be noticed that since the various test results are more than 0.700 (70%) which happens to be the criterion for acceptance of the instrument. Hence, the research instrument is reliable.

Testing of Hypotheses

Hypothesis One

Ho1: There is no significant relationship between green brand knowledge and consumer commitment of oil & gas companies in Rivers State.

Table 4.3 Correlation Analysis between Green Brand Knowledge and Consumer Commitment

Correlations

			Green Brand Knowledge	Consumer Commitment
Spearman's rho	Green Knowledge	Correlation Coefficient	1.000	.811**
		Sig. (2-tailed)	.	.001
		N	364	364

	Consumer Commitment	Correlation Coefficient	.811**	1.000
		Sig. (2-tailed)	.001	.
		N	364	364

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, 2020, SPSS Output.

Decision: The above table shows a Spearman Rank Correlation Coefficient of 0.811 and probability value of 0.001. Since the PV which is 0.001 <0.01, we reject the null hypothesis and accept the alternate hypothesis. This result indicates that there is positive and significant relationship between green brand knowledge and consumer commitment of oil & gas companies in Rivers State.

Test of Hypothesis Two

Ho2: There is no significant relationship between green brand knowledge and advocacy of oil & gas companies in Rivers State.

Table 4.4 Correlation Analysis between Green Brand Knowledge and Advocacy

Correlations

			Green Brand Knowledge	Advocacy
Spearman's rho	Green Brand Knowledge	Correlation Coefficient	1.000	.829**
		Sig. (2-tailed)	.	.001
		N	364	364
	Advocacy	Correlation Coefficient	.829**	1.000
		Sig. (2-tailed)	.001	.
		N	364	364

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, 2020, SPSS Output.

Decision: The above table shows a Spearman Rank Correlation Coefficient of 0.829 and probability value of 0.001. Since the PV which is 0.001 <0.01 we reject the null hypothesis and accept the alternate hypothesis. This result indicates that there is positive and significant relationship between green brand knowledge and advocacy of oil & gas companies in Rivers State.

Test of Hypothesis Three

Ho3: There is no significant relationship between green emotional attributes and consumer commitment of oil & gas companies in Rivers State.

Table 4.5 Correlation Analyses between Green Emotional Attributes and Consumer Commitment

Correlations

			Green Emotional Attributes	Consumer Commitment
Spearman's rho	Green Emotional Attributes	Correlation Coefficient	1.000	.842**
		Sig. (2-tailed)	.	.001
		N	364	364
	Consumer Commitment	Correlation Coefficient	.842**	1.000
		Sig. (2-tailed)	.001	.
		N	364	364

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, 2020, SPSS Output.

Decision: The above table shows a Spearman Rank Correlation Coefficient of 0.842 and probability value of 0.001. Since the PV which is 0.001 <0.01 we reject the null hypothesis and accept the alternate hypothesis. This result indicates that there is positive and significant relationship between green emotional attributes and consumer commitment of oil & gas companies in Rivers State.

Test of Hypothesis Four

Ho4: There is no significant relationship between green emotional attributes and advocacy of oil & gas companies in Rivers State.

Table 4.6 Correlation Analysis between Green Emotional Attributes and Advocacy

Correlations

			Green Emotional Attributes	Advocacy
Spearman's rho	Green Emotional Attributes	Correlation Coefficient	1.000	.879**
		Sig. (2-tailed)	.	.001

		N	364	364
	Advocacy	Correlation Coefficient	.879**	1.000
		Sig. (2-tailed)	.001	.
		N	364	364

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, 2020, SPSS Output.

Decision: The above table shows a Spearman Rank Correlation Coefficient of 0.879 and probability value of 0.001. Since the PV which is 0.001 <0.01 we reject the null hypothesis and accept the alternate hypothesis. This result indicates that there is positive and significant relationship between green emotional attributes and advocacy of oil & gas companies in Rivers State.

Test of Hypothesis Five

Ho5: Environmental consciousness does not moderate the relationship between green positioning strategy and marketing success of oil & gas companies in Rivers State.

Table 4.7 Correlation Analyses among Environmental Consciousness, Green Positioning Strategy and Marketing Success.

Correlations

			Green Positioning Strategy	Marketing Success
Spearman's rho	Green Positioning Strategy	Correlation Coefficient	1.000	.819**
		Sig. (2-tailed)	.	.001
Environmental Consciousness		N	364	364
	Marketing Success	Correlation Coefficient	.819**	1.000
		Sig. (2-tailed)	.001	.
		N	364	364

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, 2020, SPSS Output

Decision: The above table shows a Spearman Rank Correlation Coefficient of 0.819 and probability value of 0.001. Since the PV which is 0.001 <0.01 we reject the null hypothesis and accept the alternate hypothesis. This result indicates that environmental consciousness has a positive and significant moderating effect on green positioning strategy and marketing success of oil & gas companies in Rivers State.

4. DISCUSSION OF FINDINGS

Hypothesis one aimed to examine the relationship between green brand knowledge and consumer commitment of oil & gas companies in Rivers State. The hypothesis was tested using Spearman's Rank Correlation Coefficient and result showed a correlation value of 0.811. This revealed a positive and significant relationship between green brand knowledge and consumer commitment. Therefore the null hypothesis was rejected in favour of the alternate hypothesis. Also, hypothesis two aimed to examine whether there is a significant relationship between green brand knowledge and advocacy of oil & gas companies in Rivers State. The hypothesis was tested using Spearman's Rank Correlation Coefficient and result showed a correlation value of 0.829. Our analysis revealed a positive and significant relationship between green brand knowledge and advocacy. Therefore the null hypothesis was rejected in favour of the alternate hypothesis. The findings however corroborates with the findings of Smith and Paladino (2010) when they revealed in their study that consumers who have information or knowledge about an organic food or product tend to not only purchase the product in the future, but recommend such products to families and friends. This is due to positive attitude about the brand on how the brand delivers environmental knowledge to the consumers.

Hypothesis three aimed to investigate the relationship between green emotional attributes and consumer commitment of oil & gas companies in Rivers State. The hypothesis was tested using Spearman's Rank Correlation Coefficient and result showed a correlation value of 0.842. Our analysis revealed a positive and significant relationship between green emotional attribute and consumer commitments. Therefore the null hypothesis was rejected in favour of the alternate hypothesis. Hypothesis four aimed at investigating the relationship between green emotional attributes and advocacy of oil & gas companies in Rivers State. The hypothesis was tested using Spearman's Rank Correlation Coefficient and result showed a correlation value of 0.879 our analysis revealed a positive and significant relationship between green emotional attribute and advocacy. Therefore the null hypothesis was rejected in favour of the alternate hypothesis. These findings were however in agreement with the results of Connel (2010) when the author found that consumers with huge information or knowledge about a green brand are likely to be emotional towards eco friendly brands. The authors reported that green emotional attributes have strong impact on consumer patronage and advocacy.

Hypothesis five aimed to examine the moderating effect of environmental consciousness on the relationship between green positioning strategy and marketing success of oil & gas companies in Rivers State. The hypothesis was tested using Spearman's Rank Correlation Coefficient and result showed a significant value of 0.819. Our analysis revealed that environmental consciousness has a strong moderating influence on the relationship between green positioning strategy and marketing success of oil & gas companies in Rivers State. Therefore the null hypothesis was rejected in favour of the alternate hypothesis. In line with the above finding; Saha and Darnton (2005) found out in their study that green positioning strategy is more effective in a market that has high environmental alert consumers than the other way round. They revealed that green consumers tend to patronize brands with a high sense of green orientation and can even go out of their way to mobilize others to go for such brands.

5. CONCLUSIONS AND MANAGERIAL IMPLICATIONS

It is evident that despite the huge contribution of the oil & gas industry to the Nigerian economy, however, activities of these companies have more often than not endanger the environment; therefore necessitated calls for environmentally friendly processes and procedures by several groups, including consumers. Consequently, findings of this research have indicated that oil & gas companies that adhere to eco friendly protocols or regulations in delivering products and services, not only attract environmentally conscious buyers to such brands, but also, key stakeholders, including host communities. In this regard, green positioning activities is viewed as a strategic instrument to compete favourably even in the long run.

More so, it is pertinent to further point that companies that position their products on green equity have huge advantage to command commitment from relevant stakeholders to act as apostles and/or advocates in spreading the good news of green value propositions to others. More so, business outcomes in terms of sustainable patronage would be improved in situations where target markets (consumer groups, association, or government) have adequate knowledge and consciousness of the need for environmental sustainability. When the target market knows and understand the importance of adhering to green policies, then their purchase decision would be directed to companies who engage and promote green programmes. In addition to the findings, this research therefore recommends that oil & gas companies who want to improve marketing success are encouraged to incorporate green value propositions in to their products and services, as this research has proven the possibility of improving consumer commitment and advocacy through green brand knowledge and emotional attributes.

Having address the problem identified earlier in the problem statement section, this study has successfully solved pressing contemporary environmental issues. Also, this research has added to extant literature by introducing alternative variables in operationalizing both the criterion and predictor variables. In this sense, the research has therefore contributed to existing thoughts in the area of green positioning and marketing success of oil & gas companies.

REFERENCE

Ambler, T. (2003). *Marketing and the bottom line.* London: Prentice Hall.

Ateke, B.W. & Iruka, C.H. (2015). Investigating the relationship between customer involvement management and marketing performance in the manufacturing industry. *International Journal of Research in Business Studies and Management,*2(9), 22-34.

Ateke, B.W. **&**Kalu, S.E. (2016). Collaborative marketing and business wellness of global system of mobile-communication (GSM) service providers in Nigeria. *International Journal of Marketing and Communication Studies,*1(1), 14-26.

Buzzell, R.D., Gale, B.T., & Sultan, R.G.M. (2005). Market share: A key to profitability. *Harvard Business Review,* 53, 97-106.

Chang, M. C. & Wu, C. C. (2015). The effect of message framing on pro-environmental behaviour intentions: An information processing view. *British Food Journal*, *117*(1), 333-357.

Chen, Y. S. (2013). Towards green loyalty: Driving from green perceived value, green satisfaction, and green trust. *Sustainable Development of* green theory in international relations. University of Leeds, United Kingdom.

Chendall, R.H. &Langfield-Smith, K. (2007). Multiple perspectives of performance measures. *European Management Journal,*25(4), 266-282.

Connell, K. Y. H. (2010). Internal and external barriers to eco-conscious apparel acquisition. *International Journal of Consumer Studies*, *34*(3), 279-286.

Greve, H.R. (2003). *Organizational learning from performance feedback.*Cambridge, UK: Cambridge University Press.

Hartmann, P. & Ibanez, V. A. (2006). Green value added. *Marketing Intelligence and Planning*, *24*(7), 673-680.

Memar, N. & Ahmed, S. (2012). Determinants which influence the consumers' green purchase intention: An empirical study of consumer buying intention towards eco friendly printers in the Swedish market. School of Sustainable Development of Society and Technology.

Mohammad, S. A. & Abdelrahim, M. Z. (2016). Impact of green brand trust, green brand awareness, green brand image, and green perceived value on consumers' intention to use green products: An empirical study of Jordanian consumers. *International Journal of Advanced Research,* 4(2), 1423-1433.

Renwick, D., Redman, T. & Maguire, S. (2008). Green human resource manager: A review process model and research agenda, Sheffield: Universityof Sheffield Management School.

Saha, M. &Darnton, G. (2005). Green companies or green companies: Are companies really green, or are they pretending to be. *Business and Society Review*, *110*(2), 117- 157.

Suki, N. M (2016). Green product purchase intention: Impact of green brands, attitude, and knowledge. *British Food Journal*, *118*(12), 2893-2910.

Terblanche, N.S., Gerber, C., Erasmus, P., & Schmidt, D. (2013). A marketing perspective on the impact of financial and non-financial measures on shareholder value. *SAJEMS,* 16(2), 216-230.

Uthamaputhran, S. & Amin, N. (2013). Green product positioning and purchase intention in Malaysia. Proceedings of International Conference on Technology Innovations and Industrial Management, Phuket, Thailand.

Wang, H. J. (2016). Green brand positioning in the online environment. *International Journal of Communication*, *10*(2), 1405-1427.

Yahaya, K. A. &Bakare, T.O. (2018) Effect of petroleum profit tax on economic growth in Nigeria. *Joural of Public Administration, finance and law*, 13, 100 – 121.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 25-33 (September, 2020)
nrdajpapers@gmail.com

Reward Systems and Employee Engagement of selected Deposit Money Banks in Port Harcourt, Rivers State, Nigeria

Chioma, Blessing Ezinne
Department of Management, Faculty of Management Sciences, Rivers State University, Port Harcourt, Rivers State, Nigeria

Abstract: *This study examined the relationship between financial rewards and employee engagement of selected Deposit Money Banks in Port Harcourt, Rivers State, Nigeria. The study employed cross sectional survey method for social research, while the theoretical framework was drawn from the social exchange theory. The primary data were collected using self-administered questionnaire. A sample of one hundred and eighteen(118) respondents were drawn from a population of one hundred and seventy (170) across the six selected deposit money banks in Port Harcourt, Rivers State, Nigeria using Krejcie and Morgan (1970) table. The sample subjects were obtained using the stratified random sampling techniques. However, one hundred and one (101) out of the one hundred and eighteen (118) copies of questionnaires were retrieved from respondents and utilized for data analysis. The data analyses were aided by the use of SPSS version 23.0 to determine the strength and direction of the relationship between variables. We employed the inferential statistical analysis using Spearman's rank order correlation coefficient in testing all the hypothetical statements in the null form. We found that reward systems have a significant and positive relationship with all the measures of employee engagement studied. We therefore, recommended that managers of deposit money banks should develop and implement appropriate incentives of financial rewards that will enhance employees' engagement in their organizations.*

Keywords*: Financial rewards, Employee Engagement, Physical engagement, Cognitive engagement and Emotional Engagement*

INTRODUCTION

The concept of employee engagement is the employees' state of being dedicated to assist in the achievement of the organizations' goals, level of identification, involvement and loyalty (Lawler, 2003). It is an emotional response that can be measured through people's behaviour, beliefs and attitudes and can range anywhere from very low to very high (Albrecht, 2010). It is engagement that gets the job done. This intense dedication is more powerful in bringing the best of the employees in the organization (Schaufeli and Salanova, 2007). This means that without engagement, barriers are not breached; passion, impact and opportunities may be lost (Markos and Sridevi, 2010). According to Armstrong (2010), management support, encouragement, rewards and opportunities for development of employees are important elements of an employee engagement. Warkin (2001) expressed that participation in decision making promotes job satisfaction. According to research conducted by Mone, Eisenberger, Guggenheim, Price and Stine (2011) employee engagement is defined as an employees' sense of purpose and focused energy that is evident to others through the display of personal initiative, adaptability, effort, and persistence directed toward the organization's goals. In their research they describe employee engagement as defined by Guest (2009) as having a deep and broad connection with the organization that results in the willingness to go above and beyond what is expected to help the organization succeed.

Financial rewards consists of job-based pay, which provides pay related to the value of the job, and person-based pay, which provides rewards that recognize the individual's contribution, competence or skill (Armstrong, 2007). They also include employee's salary, allowances and benefits. The management of a reward systems requires decisions on levels of pay, how jobs should be valued, designed and operation of grade and pay structures and the choice of benefits could be managed. The most powerful argument advanced for financial rewards is that those who contribute more should be paid more.

Financial rewards in terms of salary would absolutely influence the employee job satisfaction According to Vroom (1964), it clearly stated that employee's effort is increased when financial rewards are offered.

However, Kessey (2007) carried out research on financial rewards and employee satisfaction in Manufacturing firms in Nigeria and the study indicate that there is a positive effect on employee performance. Against this backdrop, this study examined the relationship between financial rewards and employee engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria. Hence the objectives are as follows :

i. To examine the relationship between financial rewards and Physical engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

ii. To examine the relationship between financial rewards and cognitive engagement of deposit money banks in Port Harcourt, Rivers State,Nigeria.

iii. To examine the relationship between financial rewards and emotional engagement of deposit money banks in Port Harcourt, Rivers State,Nigeria.

The following research questions were asked to guide and provide focus to the study of the relationship between financial rewards and employee engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria. The questions present a framework within which the earlier stated in purpose of the study can be achieved. They are as follows :

i. How does financial rewards relate with physical engagement in deposit money banks in Port Harcourt, Rivers State,Nigeria?

ii. How does financial rewards relate with cognitive engagement in deposit money banks in Port Harcourt, Rivers State, Nigeria?

iii. How does financial rewards relate with emotional engagement in deposit money banks in Port Harcourt, Rivers State, Nigeria?

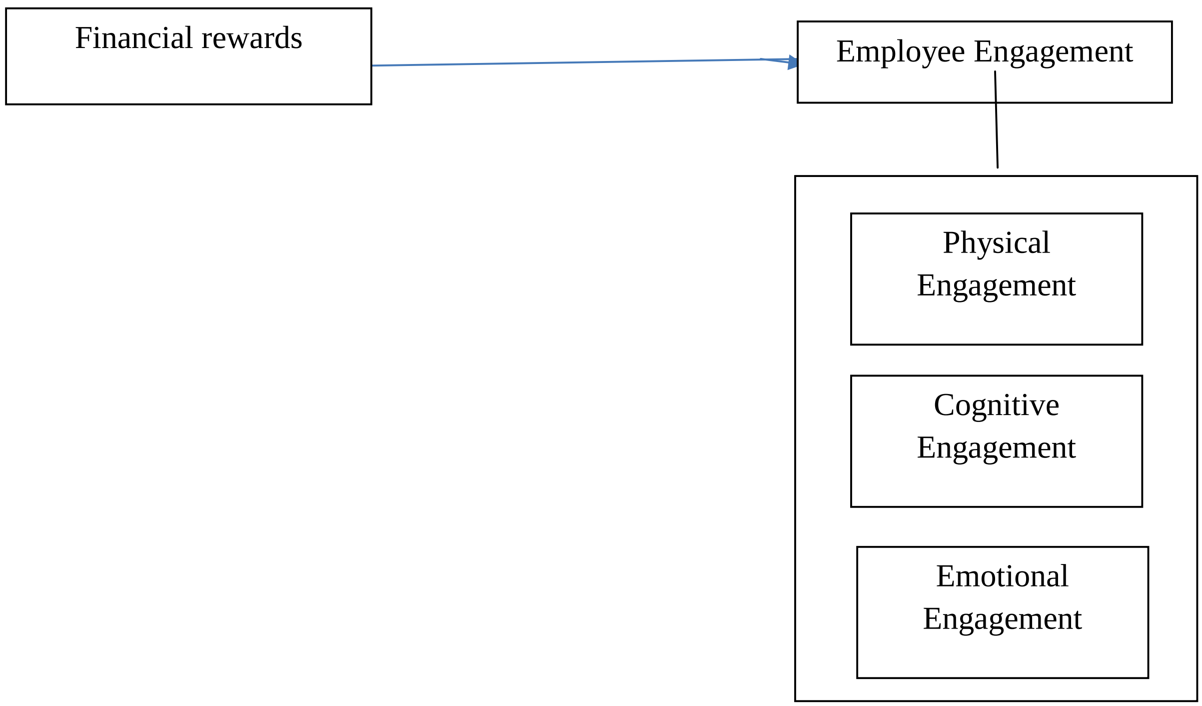


Fig. 1: Conceptual Framework

Source: Researchers' Conceptualization from Review of Literature

LITERATURE REVIEW

Financial rewards

Financial rewards consists of job-based pay, which provides pay related to the value of the job, and person-based pay, which provides rewards that recognize the individual's contribution, competence or skill (Armstrong, 2007). They also include employee's salary, allowances and benefits. The management of a reward systems requires decisions on levels of pay, how jobs should be valued, designed and operation of grade and pay structures and the choice of benefits could be managed. The most powerful argument advanced for financial rewards is that those who contribute more should be paid more. It is right and proper to recognize achievement with a financial and tangible reward. This is in accordance with the principle of distributive justice, which states that rewards should be provided equitably, it means that rewards does not require to be equal except when the value of contribution is equal. Financial rewards can also be used to high light the key performance areas, to indicate the behaviours that are valued and generally to emphasize the importance of high performance. Ali and Ahmed (2009) supported the idea that every employee serving in any organization expects that his organization will provide him healthy working environment, a fair wage to fulfill his needs and will treat him equally without any biases. Financial rewards are those which are given to the employees in the form of money and help to improve the employee's financial position. Organizations also offer rewards to its employees on the basis of their membership or high performance (DeCenzo, Stephen and Robbins, 2006). Rewards management is used to motivate and retain employees and ultimately it aims at improving the overall effectiveness of an organization. An organization develops its rewards structures in accordance with its goals, objectives and strategies (Al-Nsour, 2012).

Employee Engagement

The concept of employee engagement is often seen as employee's willingness to go the extra mile. The term 'employee engagement' can be used in a specific job-related way to describe what takes place when people are interested, positive, even excited, about their jobs, exercise discretionary behavior and are motivated to achieve high levels of performance (Macey and Schneider, 2008). Erickson (2005) described the job as the key antecedent of the state of engagement. Truss, Soane, Edwards, Wisdom, Croll and Burnett (2006) stated that engagement means employees feeling positive about their job. They went on to explain that the engaged employee is the passionate employee, the employee who is totally immersed in his or her work, energetic, committed and completely dedicated. Sparrow (2009) defined engagement as the individual's involvement and satisfaction as well as enthusiasm for work. Other sources have defined engagement on similar lines, often emphasizing the importance of discretionary behavior as the key outcome or distinguishing feature of an engaged employee. Alfes, Shantz, Truss and Soane (2010) stated that engaged employees perform better, they are more innovative than others, and are more likely to stay with their employers, enjoy greater levels of personal wellbeing and perceive their workload to be more sustained than others.

Physical Engagement

Physical engagement concerns the physical energies exerted by individuals to accomplish their job roles. Thus, according to Kahn (1990), physical engagement means to be psychological as well as physically present when occupying and performing an organizational role. Saks (2006) also argued that the level of engagement of the employees is largely dependent upon the facilities and resources which they receive from their organization. By making full involvement and dedication in their work, physical energy is an important way for every employee to respond to organization actions (Maslash, Schaufeli and Leiter, 2001). Physical engagement entails the physical energies employed by individuals to accomplish their role, such energies help the employees in their job roles and as well bring the best in them (Konrad 2006).

Brown and Leigh (1996) asserts that sense of employee physical fit is by increasing or enhancing their abilities to meet the demands of their job, by adjusting themselves to meet the demand of their jobs and be satisfied by what the job supplies, or actively changing to the job that is better fit for them.

Cognitive engagement

Cognitive engagement refers to employees' beliefs about the company, its leaders and the workplace culture. The cognitive aspect of employee engagement deals with the employee's beliefs about organization factors such as, how it is led, by whom and the working conditions which exist within the organization. Research conducted by employee research consultancy firm, Thomas and Velthouse (1990) revealed that cognitive engagement of employees must support company's strategy and the direction it is taking, this is a strong driver of organizational financial performance. Kahn (1990) expresses it (indirectly) as a notion of lively awareness, intellectual vigilance and a sense of heightened perception and interest. In much of the practitioner literature, it is referred to as rational engagement, or the intellectual engagement people have to their organizations (Corporate Leadership Council, 2004; Perrin, 2003).

Emotional engagement

Emotional engagement is how employees feel about the company, the leaders and their colleagues. It is employees behavioural factor, their value, effort and how they feel in their work (Locke, 1976). Emotional engagement refers to the experience of feeling or responsive connection to one's organization. (Kahn,1990). The term emotional infers an instinctual reaction to stimulation. Markos and Sridevi (2010) considers it to be post-cognitive: In his view, an emotional reaction, such as liking, disliking, trust or commitment, is based on a prior cognitive process in which a variety of content discriminations are made and features are identified, examined for their value, and weighted for their contributions. Markos and Sridevi (2010) argues that an observer's emotional reactions to a target are an outcome of cognitive appraisals. Specifically, emotional engagement focused on individuals' relationships with their work roles (Maslach, Schaufeli and Leiter, 2001; Salanova, Agut, and Peiro, 2005).

Financial rewards and employee engagement

The success and the survival of any organization is considerably linked to the way the workers are compensated and rewarded (Lawler, 2003). The motivating incentive systems go a long way in ascertaining the level of employee engagement with work. However, for any organization to effectively achieve its objective in any competitive society, employees must therefore be motivated through adequate reward systems and this will invariably encourage them to be more innovative, proactive and also bear desirable attitudes towards their jobs, thereby promoting organizational performance, productivity and survival (Armstrong, 2010). Financial rewards have been observed to be one of the mediums through which organizations can motivate and enhance their employees' engagement in their work places. Meanwhile, financial rewards are designed to get the maximum performance and engagement of employees in their jobs and to retain the most productive among them (Arnold, 2013). Given the foregoing, the study therefore hypothesizes as follows:

$H0_1$: Ho_1: There is no significant relationship between financial rewards and physical engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

Ho_2: Ho_2: There is no significant relationship between financial rewards and cognitive engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

$H0_3$: There is no significant relationship between financial rewards and emotional engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

METHODOLOGY

In this study, we adopted the cross sectional survey method, this involves a situation where the researcher obtained data once at a time from a sample selected to represent a larger population (Ahiauzu&Asawo, 2016). The population of this study was drawn from six (6) deposit money banks with their Regional Offices in Port-Harcourt which comprises the managers, marketing officers, tellers and customer services of the organizations. The six (6) deposit money banks were taken based on their more number of branches network in Port Harcourt and they were dully registered and licensed by the Central Bank of Nigeria. The Krejcie and Morgan (1970) table was used to determine the sample size from the population of One hundred and Seventy (170) employees of Deposit money banks in Port-Harcourt, Rivers State, Nigeria. Thus, 118 respondents were adopted as the sample size of 170 population size. Primary data collection instrument was the structured questionnaire. Field data were analyzed using Spear Man Rank Order Correlation and Co-efficient (SROCC) *with the aid of Statistical Package for Social Sciences (SPSS).*

Table 1: Reliability Statistics for the instruments

Study variables	Cronbach's Alpha	Number of items
Financial Rewards	0.792	3
Physical Engagement	0.706	3
Cognitive Engagement	0.704	3
Emotional Engagement	0.781	3

Source: Research data output, 2019

The table 1 illustrates the reliability results for the study. The result indicates that the instruments for the variables (financial rewards and employee engagement) are well reliable and can be considered as replicable across the units measured.

DATA ANALYSIS AND RESULTS

Bivariate Analysis

In determining the statistical technique to suit our purpose, we considered Kothari (2004) who argued that when there exists association or correlation between two variables, correlation technique should be used and when there exists cause and effect relationship between two variables in the case of the bi-variate population or between one variable on one side and two or more variables on the other side in case of multivariate population, partial correlation technique is appropriate. This was the basis for our choice of the Spearman Rank Order Correlation Co-efficient to test our hypothesized relationships in our study.

Table 1: Correlations Matrix for Financial Rewards and Measures of Employee Engagement

			Financial Rewards	Physical Engagement	Cognitive Engagement	Emotional Engagement
Spearman's rho	Financial Rewards	Correlation Coefficient	1.000	.818**	.695**	.758**
		Sig. (2-tailed)	.	.000	.000	.000
		N	101	101	101	101
	Physical Engagement	Correlation Coefficient	.818**	1.000	.700**	.837**
		Sig. (2-tailed)	.000	.	.000	.000
		N	101	101	101	101
	Cognitive Engagement	Correlation Coefficient	.695**	.700**	1.000	.601**
		Sig. (2-tailed)	.000	.000	.	.000
		N	101	101	101	101
	Emotional Engagement	Correlation Coefficient	.758**	.837**	.601**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	101	101	101	101

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

Table 1: illustrates the test for the three previously postulated bivariate hypothetical statements.

The result reveals that financial rewards correlates with physical engagement, cognitive engagement and emotional engagement ($r= 0.818, 0.695, 0.758$ $p=0.000<0.05$). The correlation coefficient represents a high correlation indicating a strong relationship. Therefore, based on empirical findings the three null hypothesis earlier stated are hereby rejected and the alternate upheld. Thus, there is a significant and positive relationship between financial rewards and measures of employee engagement (physical engagement, cognitive engagement and emotional engagement) of deposit money banks in Port Harcourt, Rivers State, Nigeria.

DISCUSSION OF FINDINGS

The test of the hypotheses examining the relationship between financial rewards and employee engagement, and measures of employee engagementare physical engagement, cognitive engagement and emotional engagement) depicts that a very strong and positive relationship exist between financial rewards and each of the measures of employee engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria. The positive large value of (0.818), (0.695) and (0.758) shows the strength of the relationship between the variables. This finding confirms previous findings of Kaplan (2006), who confirms that incentives are additional benefits that managers visualize on how an employee gets well out of his jobs. Another work in agreement to findings of this study is the works of Nelson (2001) who stated that when an employee is rewarded by financial incentives he is more inclined towards organizational goals and targets which lead to enhance the performance, productivity, valued experienced, profitability, retention rate of employee and lower absenteeism.

CONCLUSION AND RECOMMENDATION

Hence the study concluded that financial rewards are a significant predictor of employee engagement in the sampled deposit money banks in Port Harcourt, Rivers State, Nigeria. As such, financial rewards significantly enhance employee engagement measures such as physical engagement, cognitive engagement and emotional engagement.

The study recommended that management of deposit money banks should develop and implement appropriate incentives of financial rewards that will motivate and enhance employee engagement in the organization.

REFERENCES

Alexander, J. (1990). Structure, value, action. *American Sociological Review,* 55, 339-345.

Alfes, K., Shantz, A., Truss, C., &Soane, E. (2013). The link between perceived human resource management practices, engagement and employee behavior: A moderated mediation model, *The International Journal of Human Resource Management,* Truss: C.,*24*(2), 330-351.

Al-Nsour, M. (2012).Relationship between incentives and organizational performance for employees in the Jordanian Universities, *International Journal of Business and Management*, 7 (1), 78-89.

Armstrong, M., &Murlis, H. (2007). *Reward management: A handbook of remuneration strategy and practice,* (5th eds.). London: Kogan Page Ltd.

Bakker, A. B., &Demerouti, E. (2008).Towards a mode of work engagement.*Career Development International, 13*(3), 209-223.

Balain, S., & Sparrow, E. (2009).*Engaged to perform: A new perspective on employee engagement.* Lancaster: Lancaster University Management School.

Ballentine, A., McKenzie, N., Wysocki, A., & Kepner, K. (2009).*The role of monetary and non-monetary incentives in the workplace as influenced by career stage.*

Bandiera, O., Barankay, I., &Rasul, I. (2010).Social Incentives in the Workplace. *Review of Economic Studies,* 1(77), 417–458.

Cable, D.M., & Judge, T.A. (1994).Pay preferences and job search decisions: A person - organization fit perspective, *Personnel Psychology*, (47), 317-348.

Cacioppe, R. (1999). Using team – individual reward and recognition strategies to drive organisational success.*Leadership & OrganizationDevelopment Journal, 20*(6), 322-331.9.

Campbell, C. M. (1993). Do firms pay efficiency wages? Evidence at the firm level.*Journal of Labour Economics,1*(3) 442-469.

Deci, E. L., & Ryan, R. M. (2002). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry, 11*, 227-268.

Deeprose, D. (1994). *How to recognise and reward employees*. New York: AMACOM.

Eisenberger, R., Fasolo, P., & Davis-La Mastro, V. (1990). Perceived organizational support and employee diligence, commitment and innovation. *Journal of Applied psychology*, 75, 51-59.

Fairlie, P. (2011). Meaningful work, employee engagement and other key employee outcomes: Implications for human resource development. *Advances in Developing Human Resources,* 13(2), 508-525.

Flynn, G. (1998). Is your recognition program understood? *Workforce*, *77*(7), 30-35.

Gallup, P. (2006). Gallup study: Engaged employees inspire company innovation: National survey finds that passionate workers are most likely to drive organisations forward, *The Gallup Management Journal*, accessed at http://gmj.gallup. com/content/ 24880.

Latham, G. P., & Baldes, J. (1975).The practical significance of Locke's theory of goal setting.*Journal of Applied Psychology,* 60(4), 122-124.

Lawler, E. E. (2003). *Treat people right*. San Francisco: Jossey-Bass Inc. McGraw-Hill Irwin.

MaceyW,& Schneider B. (2008). The meaning of employee engagement.*Industrial an Organizational Psychology*, *1*, 3–30.

Mone, E., Eisenberger, C., Guggenheim, K., Price, B., & Stine, C. (2011). Performance Management at the Wheel: Driving employee engagement in organisations, *Journal of Business and Psychology*, 26 (2), 205-212.

Shaufeli, W. B., & Bakker, A.B. (2004). Job demands, job resources, and their relationship with burnout and engagement: a multi sample study. *Journal of Organisational Behaviour*. *1*(25), 293-315.

Sullivan, T. J. (2001). *Methods of Social Research*. Harcourt College publishers Orlando.

Vance, R.J. (2006)..Employee engagement and commitment. New York: SHRM Foundation. Accessedat:http://www.vancerenz.com/researchimplementation/uploads/1006employeeengagementonlinereport.

Wright, V. (1991).*Performance-related pay, in E Neale, The performance management Handbook*, London, Institute of Personnel Management.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 34-40 (October, 2020)
nrdajpapers@gmail.com

Effect of Promotional Mix Elements on Market Shares of Milk Marketers in Abia State, Nigeria

Rachael Chibiko[1], Obinna Okereke[2], Candid Nwala[3] and Okpe Kelechi Thecla[4]
[1&2]Department of Management Sciences, Michael Okpara University of Agriculture, Umudike
[3]Teacher Education Department, National Institution for Nigeria Languages, Aba
[4]Department of Marketing, Business and Management Technology, Federal Polytechnic Nekede Owerri, Imo State

Abstract: *The effect of promotional mix elements on the market shares of milk marketers in Abia state, Nigeria was studied. A sample size of 82 was randomly selected from the two major towns in Abia Stale being Umuahia and Aba. Descriptive statistics and regression analysis were used to determine factors that affect promotional mix on market shares of marketers of milk drink products. Promotional budget provision, product life cycle, competition and government regulations were factors that affect the number of promotional activities embark upon by the marketers of milk drink products while advertising, sales promotion, personal selling, direct marketing were promotional tools that affect market shares of marketer of milk drink products. It was observed that personal selling is the promotional activity mostly practiced among the marketers of milk products. It was recommended that marketers of the products in the study areas see allocation of funds to promotional activities a can investment and not a cost and more so do well to get approval from the right government agency to enable them harness the promotional opportunities.*

INTRODUCTION

Our bodies need protein to work properly and to grow or repair tissues within the system. Calcium helps to keep our bones and teeth strong. The calcium in daily foods is particularly good for us because our bodies absorb it easily (Chinenye, 2009).The total fat content of milk drink products can vary a lot. Fat in milk provides calories for children, but for adults, much fat intake is tantamount to excess energy intake which can cause overweight, cholesterol in the blood, and increased risk of heart attack (Sonny, 2012). Thus, several milk producers and marketers have come up with a variety of milk drink that is befitting for both adult and youth. However, adjustment to suit any class of person(s) that may wish to take the milk product cannot on its own lead to either increased sales or viable market share, but intimating the customers about the change, is the ultimate. Promotion is among the basic variables which the marketing manager uses to reach and influence the decisions of their target audience. Promotion is an exercise in information, persuasion and influence. So, the purpose of promotion is to reach the targeted consumers and persuade them to buy (Anyanwu, 2003). Promotion has its variables which are known as promotional mix. The promotional mix describes a blend of promotional variables chosen by marketers to help a firm reach its goals. Activities identified as elements of the promotional mix vary, but typically include the following: advertising, personal selling, sales promotion, Public or publicity, direct marketing, corporate image, sponsorship, guerilla marketing, product placement etc. These are variables that when used effectively can make a customer look toward a product (Kotler, 2003). The milk drink producers and marketers have to convey the message about their offerings to the customers by adopting one or more of the promotional mix tools. In selecting appropriate promotional mix, the milk producers and marketers must consider the target audience, the stage of the products' life cycle, characteristics of the products, and decision stages of the products and the channel of distribution (Kotler, 2000). This study therefore seeks to evaluate the effects of promotional mix elements on market shares of milk marketers in Abia State:

The main objective of the study is to determine the effect of promotional mix tools on market shares of marketers of milk products in Abia State, Nigeria.

RESEARCH METHOD

This study was carried out in Abia State. Abia is one of the five states that make up the South East geopolitical zone of Nigeria and it is located between longitude 04° 45' and 06° 17' North and latitude 07' 00' and 08° 10' East. The population stood about 2,883,99 persons with a relatively high density of 580 persons per square Kilometer (NPC, 2007).

Abia has seventeen (17) local governments with two notable towns which are Aba and Umuahia and there are few industries and big supermarkets that deal on milk drink products on the above mentioned local governments. Major occupations of the people of Abia State are farming and trading as it is pre-dominated by Igbo speaking tribe. The population for this study consists of milk drink marketers in Abia State. A multi-stage- sampling techniques was used to select marketers of milk drink product. These comprised of those selling loya milk, soya milk, nunu milk, peak milk, cowbell etc in Aba and Umuahia Metropolis. Fifty (50) sellers/marketers of milk drink were randomly selected from each ofthe town given total number of a hundred (100) respondents.

Both descriptive statistics and econometrics tools were used in the analysis. objective (i) was analyzed using descriptive statistics such as mean, frequency tables and percentage while objective (ii) and (iii) were analyzed using multiple regression model.

Model Specification

The model used in determining factors that affect promotional mix of milk products enterprises is thus given:

$Y = b_0 + bX_1 + bX_2 + bX_3 + bX_4 + bX_5 + Ui$………………………….. 3.1

Y = Promotional mix (promotional activities 1, otherwise ,0)

b_0 = the slope of the regression

b_1-b_5 = the coefficient of the X's(independent variables)

X_1 = budget available (Yes 1, No 0)

X_2 = product life circle (New product= 1, otherwise =0)

X_3 = Types of product (Yes=l, No=0)

X_4 = competition (number of rivalry around the marketers)

X_5 = regulations (Yet approved products =1, otherwise 0)

Ui = error term

The model used in determining the effect of promotional mix on market shares of milk drink products is explicitly written:

MS = f(X_1,X_2,X_3,X_4, X_5, X_6, X_7)………………………………………………2

MS = Market Shares (Number of customers)

X_1 = advertising (N)

X_2 = sales promotion(N)

X_3 = personal selling(N)

X_4 = public relation(N)

X_5 = Direct Marketing(N)

X_6 = Experience (number of years in the business)

X_7 = Education

RESULTS AND DISCUSSIONS

The results of the analysis done on data obtained for this study are presented and discussed below.

Objective 1: *Types of promotional tools mostly applied by the producers and marketers of milk products.*

Table 1 : types of business and mostly applied Promotional strategy

Items	**Frequency**	**Percentages**
Personal selling	35	43
Advertising	16	19.5
Sales promotion	9	10.5
Direct marketing	22	27
Total	82	100
Types of business		
Distribute milk product	21	26
Own retail store	61	74
Total	82	100

Result shows that Promotional strategy mostly applied by the respondents is personal selling 35(58%) followed by direct marketing 22(27%), advertising 16(19.5%) and sales promotion 9(10.5) respectively. The type of business of the respondents were exclusive distributors of milk products and own retail store of milk products. Exclusive distributors of milk products have respondents of 21(26%) while own retail stores of milk products were 61(74%).

Objective 2: *Factors affecting the number of promotional tools used by producers and marketers of milk drink products in the study area*

Table 2: Analysis of factors that affects the number of promotional mix marketers of milk products use.

	Linear	**Exponential**	**Semi-log**	**Exponential**
Constant	**101.008 (4.012)*****	**020.234 1.654)***	**009.321 (1.543)***	**231.22 (2.098)****
Budget available X_1	054.765 (6.341)***	81.098 (1.612)*	012.013 (0.908)	22.091 1.453)
Product life cycle X_2	067.876 (1.845)*	23.004 (1.22)	143.111 (2.130)**	11.921 (1.81)*
Types of product X_3	020.876 (0.941)	12.134 (1.211)	671.43 (0.091)	123.21 (1.012)
Competition X_4	17.981 (1.723)*	009.002 (1.087)	123.03 (0.987)	021.213 (1.89)*
Regulation X_5	-091.22 (1.907)*	22.120 (4.213)***	0.654 (1.456)	12.043 (2.341)**
R^2	0617	0.439	0.301	0.410
F-ratio	13.932***	1908*	5.823***	1.870*

Values in parenthesis are t-values* Statistical significant at 10%,** Statistical significant at 5% *** Statistical Significant at 1%.

Linear functional form was chosen as the lead equation. This is base on the number of variables that where significant, the correspondence of the a priori expectation in the model, the high level of R_2 and the goodness of fit of the model (f- ratio).

Budget available was positively related to promotional mix and statistical significant at 1% level. This means that an increase in the budget of the marketers concerning promotion will lead to additional promotional mix to be adopted by the marketers. Product life circle was significant at 10% level and positively related. This indicates that a newly introduced product will increase the number of promotional strategies adopted by the marketers of milk products. Competition was positively related and statistical significant at 10% level showing that the number of rivalries in the marketing of milk product will also increase the number of promotional strategies adopted by the marketers. Regulations was statistical significant but negatively related to promotional mix at 5% level, indicating that unapproved milk drink products will be less promoted to avoid the government attraction since such products may not have been approved.

Coefficient of determination (R2), which determines the variations in the dependent variable accounted for by the independent variables included in the model, was 0.617(61%). The F ratio (13.932), which indicates the goodness of fit of the model was statistical significant at 1% level

Objective 3: *Determining the effect of promotional mix on market shares of marketers milk products*

Table 3: Analysis of effect of promotional mix on marketers' market shares

	Exponential	**Linear**	**Double-log**	**Semi log**
Constant	**342.092 (4.341)*** **	**023.124 (3.213)*** **	**12.345 (2.123)** **	**032.109 (2.098)** **
advertising X_1	231.009 (3.094)***	102.132 (1.978)*	009.198 (2.212)**	62.012 (0.123)
Sales promotion X_2	0.89.231 (4.28)***	1.342 (1.760)*	098.23 (1.431)	12.311 (2.981)***
Personal selling X_3	14.091 (2.121)	007.20 (1.909)*	031.21 (2.110)**	132.01 (1.232)
Public relation X_4	087.99 (1.448)	120.8765 (1902)*	187.121 (1.870)*	853.101 (2.876)**
Direct marketing X_5	092.009 (1.897)*	987.001 (0.009)	007.32 (1.409)	143.109 (1.980)*
Experience X_6	033.090 (1.558)*	21.1231 (1.092)	27.021 (1.00)	110.089 (0.002)

Education X_7	912.323 (0.020)	092.992 (2.123)**	162.32 (1.110)	0.028 (0.002)
R^2	0.775	0.612	0.413	0.512
F-ratio	39.574	11.102	10.24	5.810

Source: Survey Data. 2016.

Values in parenthesis are t- values

* Statistical significant at 10% , ** Statistical significant at 5%, *** Statistical Significant at 1%

Based on the number of variables that where significant, the correspondence of the a priori expectation in the model, the high level of R' and the goodness of fit of the model (f- ratio) Exponential functional form was chosen as the lead equation.

The variables significant in the model were Advertising, sales promotion, personal selling, direct marketing and experience. These variables were positively related to market shares indicating that an increase cost in any of the significant variables will lead to an increase in the market shares of marketers of milk product in the studied area. The variables were statistical significant at 1% (Advertising), 1% (sales promotion), 5% (personal selling), 10% (direct marketing) and 10% (experience).

CONCLUSION AND RECOMMENDATIONS

The impact of promotional mix elements on the market shares of milk drink products in Abia state, Nigeria showed that cost of advertising, cost of sales promotion, cost of personal selling, cost of direct marketing and experience were found to have significant impact on the market shares of the milk product marketers. Factors that affect number of promo tools used by the marketers of milk drink products were budget availability, product life circle, and competition and government regulations. Government regulations was negative related to promotional mix indicating that Government policy and activities affect the choice and number of promotional activities a marketer/producers of milk drink product might embark on. If a marketer made availability budget for its promotional activities that will increase the choice of more promotional tools as new product will require increased number of promotional activities to facilitate patronage from customers. Personal selling strategy is the most applied by these marketers in there promotional activities. The business remains profitable and competitive as several brands are there in the market.

Based on the outcome of this study, the researchers recommend thus:

i. Marketers of milk product should see allocation of funds (budgeting) to promotional activities as an investment and not a cost. Better budgetary provision for promotion will bolster the awareness and acceptance of milk products which can culminate in increased market share.

ii. Marketers of milk products should come to terms with the fact that every product has a life cycle, and therefore assess the stage at which their products are in the cycle to enable them adopt the appropriate promotional activity for each stage.
iii. Salesmen should be trained and adequately armed with sufficient knowledge of the products, market conditions, and other information so as to net-in the expected results.
iv. Marketers of milk product should ensure that their products get the required approval from regulatory agencies to avail themselves of the opportunities of using any suitable promotional tool to reach their potential customers.

REFERENCES

Adedeye, L.H(2011). "Research Needs and Future Directions in Advertising and Promotion Evaluation." Dairy Product Demand Symposium, Atlanta GA, October 27-28, 1987.

Amstrong, .L., (2000), Strategic Brand Management: Building, Measuring, and Managing Brand Equity, (New Jersey: Prentice Hall).

Aneke (2011). "Effectiveness of Fluid Milk Advertising Since the Dairy and Tobacco Adjustment Act of 1983." Am. J. Agr Econ., 71.3(1 989):730-739..

Anyanwu,A. (2003), analysis of Marketing Channels and Efficiency of Marketing System in Nigeria.

Anyanwu, A. (2010). "A paradigm for developing better measures of marketing constructs', Journal of Marketing Research, Vol. 16, pp.64 73.

Chinenye (2009). "Effectiveness of Generic Milk Advertising: ATcn Region Study." Agricbusiness, 2(1 986):77-89.

Chinenye, L., Joc. H. and Carl, M. (2009) Essentials of Marketing, Cengage Learning, Discuss the elements of the promotional mix, Retrieved Aug. 26, 2014, (see page 514+)

Emeji (201 2). Marketing: Connecting with Customers. Chicago Education Jrcss. p.286.

Kotler, P. (2000). Marketing Management (9th cd). USA: Prentice Hall, Inc. Lever Brothers Nig PLC: Annual Sales Report.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 41-51 (October, 2020)
nrdajpapers@gmail.com

Customer Relationship Marketing, A Necessity for Business Success in the Year 2020 and Beyond: Theoretical and Practice Perspectives

Okereke Obinna[1] and Okpe Kelechi Thecla[2]
[1]Department of Marketing, Faculty of Management Sciences, Nnamdi Azikiwe University Awka, Anambra State, Nigeria
[2]Department of Marketing, Business and Management Technology, Federal Polytechnic Nekede Owerri, Imo State

Abstract: *Business Organizations strive to produce goods and services which are meant to enhance customers satisfaction. Devising a strategy to sustain customers satisfaction is very crucial for survival and growth of a business. At the long-run it will lead to customer loyalty. This paper reports in details the concept of customer relationship marketing; approaches and tools required to build strong relationship and satisfaction. It also examines when and how to use customer relationship marketing. More so, from practical view point research findings are included on how some companies in emerging economies like Nigeria have adopted customer relationship marketing to retain their customers and other stakeholders.*

INTRODUCTION

Customers are the greatest assets of any business concern because the success of business is a function of customers' patronage. As a result of proliferation of companies, business environment is besieged with stiff competition. In other to have a competitive advantage, innovative firms should be able to carve out a niche and strategic manoeuvres to ensure survival and growth in the market place, aggressive marketing strategies such as price cutting, advertising, sales promotion and strategy distribution have been used by companies to stay in business and reduce the impact of competition. Although some firms now practice the marketing concept which stresses the consumer orientation, a new concept called Relationship marketing has recently emerged and many companies see it *as* a more viable and strategic weapon to capture the support customers and excel in business operations in the face of acute competition.

Customer Relationship marketing as a concept in marketing is relatively new in the developing countries like Nigeria. This paper seeks to find out how customer relationship marketing can contribute immensely to firms growth and profitability increase their market share and performances. We shall approach the topic by examining the historical development of the concept from the advanced countries. Then we shall also discuss the subject matter under the following subheadings:-

- Levels of Relationship in Customer Relationship Marketing (CRM)
- Approaches/Tools in building strong Relationship and Satisfaction
- Theoretical underpinning
- Why CRM is necessary
- When and how to use CRM
- CRM 2020 and beyond
- Conclusion, suggestions and recommendation

CONCEPT OF CUSTOMER RELATIONSHIP MARKETING

Customer Relationship marketing is given various names by different management schools of thought. While one group calls it national account management, another prefers to call it customer relationship management. No matter the name given to it, one thing is clear. It is based on the premise that important accounts or customers need focused continuous attention. Kotler and Armstrong (1994) assert that; “relationship marketing involves creating, maintaining and enhancing strong relationship with customers and other stakeholders".

Berkowitz *et al.,* (1994) posit that Relationship marketing is an organization's effort to develop a long-term, cost effective link with individual customers for mutual benefit.

Groonross and Revald (1996) maintain that; "the core of relationship marketing is relations, maintenance of relation between the company and the actors in its micro-environment, i.e suppliers, market intermediaries, the public and of course customers as the most important actors. The idea is first and foremost to create customer loyalty so that a stable mutually profitable and long-term relationship is enhanced"

All the proponents agree that the focus in customer relationship marketing is shifting from the activity of attracting customers to the activity which centre on having customers and taking care of them. CRM builds on and needs both information technology and micro-marketing. Relationship is positively correlated with customer services and satisfaction. Customer service refers to the manner in which marketers or organizations treat their customers and the related activities that enhance the value of customers purchases. The core component of customer services are customers relations, delivery services, repairs and warranties.

CUSTOMER SATISFACTION - ESSENTIAL INGREDIENT

Customer satisfaction plays an integral role in CRM. This satisfaction can be built through the offering of high quality products, values and services. A customer is satisfied if the product performance meets his expectation. However, if performance exceeds expectation the customer will be highly satisfied and delighted. Where the contrary is the case, the customer will not be satisfied.

Value is considered an important constituted of CRM. By adding more value to the core product, the product quality is improved; supporting services are include:: in the offering. This will make the just noticeable difference to be perceived by customers as being high in terms of product quality. In this way, customer Patronage will be high.

THEORETICAL UNDERPINNINGS

Theoretical framework of this study is based on three theories namely commitment thrust theory, stakeholders theory and Agency theory of relationship.

1) **The Commitment Thrust Theory** of relationship by Morgan and Hunt (1994). This theory states that two elements are crucial for relationship to be successfully, these are trust and commitment. Hence, trust (i.e willingness to rely on partners on whom one has confidence) helps business relationship to continue. Also commitment which involves long term desire to maintain valid partnership enhances relationship between organization and customers. Relationship marketing involves forming bonds with customers, meeting their needs and commitment.
2) **Stakeholders Theory:** Zirkhan (2002) opines that creation of successful marketing strategy may require that a wide range of stakeholders group (e.g government, suppliers and public) to be considered. Learning is a key aspect of sustaining relationships, organizations need to learn which action will have a positive effect on the partner. For instance, manufacturer may discover that sales and profits may be increased by advertising, sales promotion and offering of incentives to sales force e.g trip to U.S.A.
3) **Agency Theory Relationship:** this theory was propounded by Stephen Ross and Barry in (1974). It explains the relationship which exist between principals and agents when doing business. It also deals with different type of risk between principal and agents. Marketing managers and other products supervisors are agents on behalf of their clients and the stakeholders investments.

RESEARCH FINDINGS

Recent studies in Nigeria show that some companies are adopting customer relationship marketing. During the birthday or special events performed by their clients, they usually send greeting cards and gifts to their customers in order to show that they valued their patronage. Overall customers' satisfaction is a good predictor of intention to rebuy. More so, customers satisfaction is a function of performance and expectation. In the words of Groonross (1996) a satisfied customer is supposed to effect purchase and be loyal to the company. Howard, Kotler and others maintain that satisfaction is a function of value and that perceived value is the ratio of perceived benefits relative to the perceived sacrifice (costs).

Furthermore Kotler (1992) asserts that CRM is most appropriate with those customers and publics who can most effect the organization's future. He stated that a marketer who can build and manage strong relationship with key customers will have much future sales from those customers.

Boone and Kurtz (1992) posit that proper handling of customers' complaints is an important aspect of good customer relations. Companies should furnish their customers with complaint cards to help them expose their grievances. This will also enable them to know actually their present needs. In addition to this, dissatisfied customers should be rewarded. This may influence the customer and make him loyal. Some companies in far away US are reported to have successfully done this.

The objective of CRM is mainly to deliver long-term value to customers and the measure of success is long-term customer satisfaction. Other objectives include cost efficiency and market efficiency. In order to gain customers patronage and maintain good relationship, salesmen working with key customers must do more than call when they think a customer might be ready to place an order. They should also monitor each key account, know their problems and be ready to serve them in a number of ways. In addition, they should visit frequency those accounts make useful suggestions on how to improve the customers business, take him to dinner and also take special interest in the customers as people.

Recognition of the importance of CRM in advanced countries has increased rapidly in the past few years. Companies now realize that they can earn a higher rate of return from resources invested in relating to their customers than from money spent to attract new ones. Companies are forming strategic partnerships, making skilled relationship marketing essential. CRM involves total quality management which requires that all the other departments in a company should work together with marketing as a team to serve the customer well.

LEVELS OF RELATIONSHIP IN CRM

Customer Relationship marketing involves building relationship at many levels - economic, social, technical and legal resulting in high customer loyalty. Kotler and Armstrong (1994) outlined five different levels of relationship that can be formed with customers who have purchased such a company's product as an automobile or a piece of equipment. These levels include;

A. **BASIC:** The company sells the product but does not follow up in any way.
B. **REACTIVE:** The salesperson sells the product and encourages the customer to call whenever he has any questions or problems.
C. **ACCOUNTABLE:** The salesperson phones the customer a short time after the sale to check whether the product meets the customers' expectations. The salesperson also solicits from the customer any product improvement suggestions and any specific disappointments**.** This information helps the firm to improve its product continuously.
D. **PROACTIVE:** The sales person or the company staff phones the customer regularly with suggestions about improved product use or helpful new products.
E. **PARTNERSHIP:** The company works continuously with the key customers and others to discover ways to deliver better value.

These levels are illustrated in the diagram below.
Fig 1: Relationship levels as a function of profit margins and number of customers

PROFIT MARGINS

NUMBER OF CUSTOMERS	High	Medium	Low
Many	Accountable	Reactive	Basic
Medium	Proactive	Accountable	Basic
Few	Partnership	Accountable	Reactive

Source: Philip Kotler and Gary Armstrong (P 56.1) Principles of Marketing.

The above diagram shows that a company's marketing strategy will depend on how many customers it has and this will determine the extent of its profitability. For example, a company with many low margin customers will practice Basic marketing. At the other extreme, in markets with few customers and high margins, most sellers will move to partnership marketing etc.

METHODS OF BUILDING STRONG CUSTOMER RELATIONSHIP AND SATISFACTION

There are so far three strategies of building strong abiding and satisfactory relationship. The first relies on adding financial benefits to the customer relationship. Examples of these abound in the Nigerian market place. Some companies give a discount/rebate of 5 -10% if a customer buys up to a certain quantity of goods. Hotels reserve better rooms for their regular or frequent guests.

The second approach is to add social benefit as well as financial benefits. Here the company's personnel work to increase its social bonds with customers by learning their individual needs and wants and then personalizing their products and services. In this way customers are turned into clients.

The final method is to add structural ties to the first two strategies. For example a marketer might supply customers with special equipment like computer linkages to help them manage their orders, payrolls or inventories. The Nigerian Bottling Company now has sign boards with the names of the key customers and products depicted on them. Almost all the Breweries in the country - NBL, Consolidated, Guiness, GG etc do give special package to their major customers and distributors every year. Such gifts as Calendar, Diaries and Wall Clocks are usually distributed at the end of a grand dinner party organized by the firm for its principal customers in a big hotel. This annual event geneʳates and perpetuates good customer relationship and loyalty.

The service organizations like the banking industry are not left out in this activity. The old banks - First Bank, Union Bank and UBA have customers suggestion Boxes and complaint Boxes placed in the middle of the service centres. They also hold annual dinners where they entertain their shareholders and share the dividends. The new generation banks like Diamond Bank have gone a step further by offering insurance cover for their customers.

There are, however, many firms in the developing countries which have not yet embraced Customer Relationship Marketing. Their practice may be termed transaction marketing which could be compared to the selling concept with little or no attention to the interest of the customers. The ultimate consequence of this kind of business activity is loss of customers and poor turn-over.

THE ORIGIN OF CUSTOMER RELATIONSHIP MARKETING

At this juncture it would be necessary to examine the remote and immediate cause of CRM. What actually led to its birth or appearance on the business management scene? Berkowitz *et al.,* (1994) state that two sources of marketing problems helped to trigger the rise of relationship marketing.

The first is **MORE DEMANDING CONSUMERS**. Studies have shown that consumers

a) Want "personalized" offerings. They increasingly seek the combination of product and service that are tailored to their unique wants and needs.
b) (b) Desire high quality and value products. The consumers are willing to pay a premium for quality with such characteristics as reliability, durability, ease of use, of maintenance, a trusted brand name and if possible of low price.
c) Require "Caring" customer-service. Effective customer service means having the seller's representative and implementing the golden Rule VZ treating the customers as they want to be treated.
d) Have reduced loyalty to sellers: For today's consumers, the issue is not that a product, brand or store served their need last year, but whether it will serve their needs today. Sellers have discovered that defecting customers exact a terrible price in lost revenues which re-emphasizes the importance of the continuing customers links of relationship marketing.

The second origin of CRM is **EXCESSIVE BUSINESS COST**. Some of the important sources of excessive business costs that have driven today's manufacturers and retailers to use relationship marketing include among others - new product failures, poor quality, high distribution cost and misdirected promotional effort.

Poor product quality can lead directly to new product failure, customer disloyalty and millions of naira in lost revenues and profit.

STEPS IN ESTABLISHING CRM

Kotler (1992) once more indentified five steps in establishing customer relationship marketing in any organization.

1. "**IDENTIFY THE KEY CUSTOMERS MERITING RELATIONSHIP MARKETING**". A company can choose the largest or best customers and designate them for closer relationship. Other customers who show exceptional growth or who can pioneer new industrial development can be added.
2. "**ASSIGN A SKILLED RELATIONSHIP MANAGER TO EACH KEY CUSTOMER**". The salesperson currently servicing the customer should receive training in relationship management or be replaced by some one more skilled in that area. The relationship manager should have characteristics that match or appeal to the customer
3. **DEVELOP A CLEAR JOB DESCRIPTION FOR RELATIONSHIP MANAGERS.** Describe their reporting relationships, objective, responsibilities and evaluation criteria. Make the relationship manager the focal point for dealing with the client. Give each relationship manager only one or a few customers to take care of.
4. **APPOINT AN OVERALL MANAGER TO SUPERVISE THE RELATIONSHIP MANAGERS.** This person will develop job description evaluation criteria and resource support to increase the effectiveness of their function.
5. **EACH RELATIONSHIP MANAGER MUST DEVELOP LONG-RANGE AND ANNUAL CUSTOMER RELATIONSHIP PLANS**. The annual relationship plan will state objectives, strategies, specific actions, and required resources.

SITUATIONS IN WHICH CRM CAN FUNCTION/OPERATE

Relationship marketing works extremely well in the right situations It can pay off handsomely with customers who have long-time horizons and high brand switchers - for example buyers of high involvement goods (shopping and specialty goods), office equipments and electronics.
In CRM, both the customers and suppliers invest a lot of time and money in building the relationship. The customer will find it very expensive and risky to switch to another supplier and the seller would find that loosing this customer would be catastrophic to his business. Thus each seeks to develop a cordial long-term relationship with the other. It is with such customer that relationship marketing has the greatest benefit because both the seller/supplier and customer regard themselves as indispensable partners. CRM can, infact, be effective with the right type of customers, viz those who make hefty commitments to a specific system and then expect high quality consistent services over the long term. To win and keep such accounts, the marketer will have to invest heavily in relationship marketing.

Information is a very strategic weapon in executing and achieving effective relationship marketing. There is need for information technology which involves designing and managing a communication system e.g computer to satisfy an organization's requirement for information access and processing. In other words, the cultivation and practice of data base marketing and

marketing information system is a requirement for success in CRM. For McCarthy E, J. (1978), Marketing Information System is; "a structured, interacting complex of persons, machines and procedures designed to generate an orderly flow of pertinent information collected from both intra-and extra-firm sources for use as the bases for decision-making in specific responsibility areas of marketing management"
In order to develop CRM, marketing managers need huge amounts of raw data - individual customer data bases or one central data pool of customers - about consumers and their households, their demographics, psychographics, business data, TV viewing habits, use of other promotional media e.g, (magazines and News Papers).

However, the problems associated with collecting data are cost and potential bias in the data collected. The use of multiple customer data bases containing duplicate records makes gross inefficiencies (STONE and Foss 2001). As the marketing staff use the central data base, they have accurate customer profiles at their finger tips. The marketing campaigns are better targeted and more effective, sales people make better sales pitches to prospective customers and service level will automatically improve.

Keynes (2001) outlined the effect of having a central customer data base include;

- Better proliferation of prospects/customers
- Better understanding of prospects/customers' need
- More effective Segmentation
- Better targeting of Prospects/customers
- Better chance of Prospects/Customers responding
- Better chance of securing sales.

IN SUMMARY: Improved Process Efficiency + Improved People efficiency + Improved Customer Loyalty = Improved Financial Performance.

IMPLEMENTATION OF CUSTOMER RELATIONSHIP MARKETING
One of the propounders of the concept, Berkowitz stated that three elements are needed to implement relationship marketing successfully. These include.

A. Building and continuously updating a data base to store relevant information about current and potential customers.
B. Using Innovative media to communicate with customers on a one-to-one basis.
C. Monitoring long-term relationship with individual customers to assess their life-time value to the organization. This stresses the importance of continuously reassessing the relationship with each current and potential customer to ensure that the potential revenues from maintaining the relationship outweigh its costs. An organization that properly implements relationship marketing begins to focus on managing its customers as well as its products. Experience has amply demonstrated that some marketing practitioners are good at managing relationships and getting repeat business while others specialize or are better at managing projects and not relationship.

CRM, 2020 AND BEYOND

The best, easy and surer method of ascertaining the relative importance of the CRM in the business world, from 2020 and beyond, is to consider the Strength, Weakness, Opportunities and Threat^ of the concept in its current usage.

In a market-directed economy like ours, people as consumers/ customers make the society's production decisions as they make their product choices in the market place. No business can exist or prosper without sales. Satisfaction of the customers needs and wants leads to making of sales and the overall result is survival, continuity and profitability for the company. A satisfied customer continuously comes for repeat purchase and this leads to customer loyalty. Customers' benevolence and continued patronage, therefore is the strongest weapon a company needs to forge ahead in the heat of spiraling inflation and cut-throat competition. Can 33 beer or House brand soap survive the next day without customer patronage? It, therefore, follows that any business in the forseeable future that fails to take up the challenges and implement the thinkings and actions of Customer Relationship marketing is doomed to a dismal failure.

The new generation churches spend thousand of naira to the media noises houses, demonstrating the miraculous healings of the century, the incredible and supernatural feats performed by their spirit-anointed human pastors - all in a bid to propagate relationship marketing which yields good fruits to them.

Finally CRM is strongly linked to growth and progress and in the event of adversity or bad weather the company will be alerted by the customers. Hence organizations that uphold and seriously practice relationship marketing will be a profitable survivor come 2020 and beyond.

On the other hand no compliance to the new CRM concept will lead to stagnation and eventual exit from the industry. Consumers are becoming wiser, more sophisticated and co-ordinated on daily basis than before. They are now backed up by more stringent government regulations to protect them from the exploitations of the manufacturers and unscrupulous businessmen. Hence companies who fail to embrace this new philosophy and latest concept in marketing -ay rot last beyond the year 2020.

CRM offers a wonderful opportunity to industrialists, entrepreneurs and marketing practitioners who infuse the thinking in both the decision and actions of their organizations. To the consumers it helps them for self-actualization and increased standard of living. Hence it is an incontestable and irreplaceable asset in the year 2020 and beyond.

SUGGESTION/RECOMMENDATION

We have so far exposed considerably the concept of Customer Relationship Marketing. Suffice it to say that there are some aspects that have not been properly handled. For the full realization and utilization of the concept, we would like to proffer the following suggestions at this point.

1. **IMPLEMENTATION OF TOTAL QUALITY SERVICE (TQS)**

Anyanwu (1999) defined TQS as a fusion or combination of Total Quality management and marketing concept. Total quality is the key to creating customer value and satisfaction. Thus customers satisfaction and company profitability are linked closely to product and service quality. Higher levels of quality result to greater customer satisfaction. The task of improving product and service quality should be the company's top priority. Companies today have no choice but to adopt Total Quality Service (TQS) if they want to stay in the race. This is the only way of strengthening relationship marketing.

2. Relationship marketing should be extended to commodity markets, i.e customers who practice transaction marketing and purchase convenient or low involvement goods instead of restricting it to customers of high involvement goods only. Any class of goods that is meant for sale within a firm's offering should be seen as value "carrier" being distinct from that of competitors in order to have competitive advantage.

CONCLUSION

The benefits derivable from the implementation of CRM principles and tenets are inexhaustible. The practice of the concept generates the goodwill and favourable disposition of the customers and general public towards the organization. This automatically leads to the creation of dissonance free environment because the customers who are satisfied tend to be loyal and through word-of-mouth will promote the image of the company effectively.

Marketing, per se, is often regarded as the powerhouse of industrial growth. As one of the latest concepts in marketing, therefore, CRM has a multiplier effect, t attracts wealthy customers and entrepreneurs to invest heavily en the business of the firm; this may eventually lead to partnership arrangements. Where the system works efficiently, it will attract government subsidies and individual subscriptions for the expansion of the business as the customers glorify the image of the organization. The ultimate result is the creation of employment opportunities for the populace.

Consequently, as a hedge against competition, for growth and prosperity beyond the year 2020, companies in the developing countries like Nigeria should embrace CRM like their counterparts in advanced countries.

In the words of Levison (1989) customers have specific values probably different from each other. They have expectations based on what has been communicated to them through the offerings. They are prepared to pay a lot of money for a product or service provided the quality merits the price. Consequently they are anxiously looking for a relationship of trust. As the bedrock of any business organization, therefore, customers are indispensable as long as the business exists. By implementing religiously the concept and principles of Customer Relationship Marketing in their thinking, decision and actions and by enjoying the customers' trust and patronage, business organizations from 2020 and beyond will experience long-term success, progress, growth and profitable return on investment.

REFERENCES

Anyanwu, A. (1999): *Marketing Management* 1st ed. Barloz Publishers Ltd Owerri.

Berkowitz *et al.,* (1994): *Marketing* 4th ed. U.S.A Richard D. (Irwin Inc).

Boone, L. and Kurtz; (1992): Contemporary Marketing 7th ed Dryden Press U.S.A

Gerald, A. and Groomroos, C. (1996): Value Concept and Relationship Marketing, *European Journal of Marketing* vol 30 (2) Inlb. University Press.

Gromroos and Ravald (1996): Value conceptual Relationship Marketing. *European Journal of Marketing* vol 30 (2).

Keynes, J.M (2001): Theory of Money and Attack on the classical model.

Kotter and Armstrong, (1994): *Principles of Marketing* 6th ed. (New Jersey Prentice Hall Inc).

Kotter, P. (1992): *Marketing Management* 5th Edition Prentice Hall International U.S.A.

Levinson Conrald, (1989): *Guerrilla Marketing attach New Strategies tactics and Weapons for winning big profits from your small business*, Hough Iro Mifflin Company Boston.

McCarthy, E.J (1978): *Basic Marketing* R.D Irwin Inc.

Miecarshy and Shapiro (1978): Ontario Irwin Dorsey Ltd.

Stone, M. and Foss, B. (2001): Customer Relationship Market Strategies, New tools for getting closer to your customer. *European Journal of Business and Economics.* Italian.

Zinkhan, G.M (2002): Relationship Marketing Theory: *Journal of Market focused management;* vol 5. Pg. 53 – 89.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 41-54 (October, 2020)
nrdajpapers@gmail.com

Inflation and Monetization of Fringe Government Benefits - The Nigeria Experience

Azojiri Emmanuel .N.[1] and Jonathan Chibiko Nzube[2]
[1]Department of Banking and Finance, Michael Okpara University of Agriculture Umudike, Umuahia
[2]Department of Accountancy, College of Mangement Sciences, Michael Okpara University of Agriculture Umudike, Umuahia

Abstract: *This paper examined the relationship between inflation and monetization of fringe benefits in Nigeria. The focus of the paper is on the impact of monetization on inflation the paper examines two periods which are the period before monetization (1990 – 2002) and period under monetization (2003 – 2015) Ex-post-facto design was used. Recurrent Expenditure (REX), consumption Expenditure (COEX) and Compensation of Employees (COMP) are the proxies for fringe benefits. Using ordinary least square it was found that monetization has not influenced inflation in Nigeria the insignificant relationship between recorded expenditure, money supply, consumption expenditure and compensation expenditure with inflation could be as a result of the CBN policy of inflation targeting. Therefore, the paper recommends that government needs to ensure high level of fiscal discipline in its monetization policy while excessive spending should be minimized to cut-down the volume of money in circulation.*

Key words: *monetization, fringe benefits, financial implication*

1.0 Introduction

The issue of inflation in economies has remained a source of national and international debates with varying opinions on causes and the actual effect. In this end, inflation is rise in the price of goods and services. Going by the definition of Umaru and Zubairu (2012), inflation is the persistence rise in the general price level of broad spectrum of goods and services in a country over a long period of time.

To Solomon (2016), inflation is not only a sign of instability; it is also a sign of more money pursuing fewer goods. Inflation is considered harmful to economic growth and welfare (Desta, 2016). When there is inflation, the currency loses purchasing power, that is, the purchasing power of a given amount of naira will be smaller over time when there is inflation in the economy. Inflation has been apparent in Nigeria from the outset of our national life. Inflation does not just appear from the moon, it is caused by varying factors as indicated by various studies (Masha, 1995; Itua, 2000; Bayo, 2005; Orji, Onyeze, & Edeh, 2014). Although, there are numerous literatures and studies in government expenditure or financial size as a determinant of inflation in Nigeria, there is however insignificant literature on the relationship between inflation and monetization of fringe benefits especially in Nigeria.

In 2003, the government of President Olusegun Obasanjo revisited the monetization policy. Conceptually, monetization as a policy has been very difficult to define in concrete terms. To Amuwo (1991), monetization is the conversion of benefits previously available in kinds to public officers into cash payments, a view supported by Mobolaji (2003) who views the policy as government initiative involving systematic cash payments for benefits previously available in kinds to public officers. Monetization is a form of monetary policy which means benefits being enjoyed by public servants would be paid enbloc (monetized) (Saka, 2012).

Fringe benefits on the other hand are costs of keeping an employee other than salary and these benefits rates are typically calculated using fixed percentages that vary depending on the employee's classification and often change from year to year" (Ebru, 1995; & Adeleke, 2010). Chukwu (2006) posit that monetization of fringe benefits entails the use of cash to settle non-cash benefits i.e. the conversion of hitherto, non-cash benefits to cash; consequently, they cease to appear in the overhead cost of government.

Ekaette (2003) & Ramachandran (2003) documented that the purpose of the policy as contained in the government white paper is to remove: the burden of providing basic amenities for public officers who have contributed significantly to the continuous increase in government recurrent expenditure, leaving very little for capital development; it is further argued that it will encourage efficient allocation of resources and equity in the provision of amenities for public officers; it will reduce the high cost of accommodation fee since the policy would encourage civil servants to build their own houses.

To Adeleke (2010), monetization policy which was formally introduced into the Nigerian Public Service in 2005 led to monetization of those physical benefits which were added to the basic salary of workers. She stressed further that the exercise of monetization of fringe benefits of workers is simply an addition to the salary of workers.

Fayemi (2013) notes that the main components of Monetization Policy as it affects the fringe benefits of the public servants according to the Policy Act 2002 include residential accommodation, furniture allowance, utility allowance, motor loan, transport allowance, medical allowance, leave grants, medical subsidy and entertainment allowances. The computations of these components are based on the percentage of the annual basic salaries of workers.

It is evident from the review of literature that there is dearth of studies on the link between monetization of fringe benefits and inflation, hence the essence of this study.
Monetization of fringe benefits may seem as a laudable policy by the government by its effect have become a source of debate. Monetization policies not only increase recurrent expenditure over capital expenditure, it also implies that government has to spend more on overhead which is an ingredient for more money into the economy. While most studies have tried to find its associate impact of Monetization on economic growth, few studies have made attempt to find

out its relationship with inflation. Based on this, there is therefore little knowledge on the relationship between monetization policy and inflation hence the reason for this study.
The aim of this study is therefore to find the relationship between inflation and monetization of fringe benefits in Nigeria.

2.0 Conceptual Framework

The Glossary of Current Industrial Relations and Wage Terms (1968) defined fringe benefits as "supplement to wages received by workers at a cost to employers. The terms encompasses a number of benefits such as paid vacation, pension, health and insurance plans, etc which usually add up to something more than a "fringe" and is sometimes applied to a practice that may constitute a dubious benefits for workers". Also, the International Labour Organization (1950) has defined it as "wages augmented by special cash benefits in kind that form part of the wages for expenditure on the goods and services. In addition, workers commonly receive such benefits as holidays with pay, low-cost meals, low-rent housing, etc."

Saka (2012) listing some of benefits opined that they include leave grant, meal subsidy, entertainment allowance, duty tour allowances for domestic servants, residential accommodation, provision of vehicles (including fueling and maintenance), provision of medical treatment, utilities (electricity, water and telephone) and personal aides. To Saka, the idea of monetization of fringe benefits in the public service is intended to cut costs, because over the years capital projects which is the main driving force of the economy towards achieving sustainable growth and development have not been implemented due to high cost of running political, public and judicial office holders. Stressing further, he started that the government is implored to pay an amount that would be equal to the workers benefits in terms of material item which should have been at their disposal in the course of performing government functions.

2.1 Theoretical Framework

The idea of monetization can best be explained by the Keynesian Theory and the Piguo effect theory. Keynes in 1934 proposed a policy which allows government intervene in the capitalist economy and by so doing uses such policy as fiscal tools to direct the economy. He explains that increasing spending can help the economy during depression while reduction in spending can help the economy during inflated economy.

Thus, it is therefore in the light of the above, one needs to examine the relationship between monetization of fringe benefits and inflation.

2.3 Monetization and its Financial Implication to Nigeria Economy

Writing on the economic implications of the monetization policy in Nigeria, Bakare (2011) believes that the policy did not contribute to an increase in gross domestic output, that the positive benefits of the policy are disputable, that the policy did not fulfill its goals and targets; therefore, the monetization policy is a failure. Mimiko (2003) submitted that the monetization policy was precipitate of government concern with the continued escalation of the cost of running the machinery of government as a result of the huge bureaucracy with which the economy is delivered. In his contribution, Saka (2012) view the monetized fringe benefit as an innovation in the public sector in Nigeria is envisaged to improve productivity and efficiency in resource allocation since the country is inching towards full economic liberalization.

It is argued that if the workers' interests were not taken into due consideration in the execution of the policy, public servants might feel that the programme was designed to short change them. The amount of monetized benefits should be commensurate with the property or other materials expected to be enjoyed by the public servant as his benefits. Thus, there has to be a balance in the execution of the monetization policy so that we do not send any counterproductive or destructive psychological signal to the minds of the public servant who might feel he is being cheated by this policy.

Fasoranti (2008) viewed monetization policy in Nigeria as a socially worthwhile initiative. He opined that the cash payment of benefits may act as an incentive to the employee to work harder. For example, the provision of a personal car for a civil servant has implications on his social status that can motivate him to work harder since there will be no need for him to look for loans to acquire this asset.

Ogugua (2009) argued that the challenges of monetization policy are how well the policy could be implemented. He suggested that sizable resources required to fulfill monetization policy should be mobilized for it to be effective. In addition to this, he advised that the government should create positive atmosphere that will allow public servants, whose evolvement were not always market driven, the opportunity to successfully bid for and own the government asset to be traded in monetization policy .

In order to establish the financial implication of the monetization programme for the 996,744 Nigerian public workforces, it arrived at using salary grade level 5 step 8 of each worker. The calculation came to the estimation of N300 – N350 billion of Nigerian currency. One wonders how the Government could raise such a colossal amount to fund the policy. In order to overcome this great challenge, the government took the following steps to finance the programme as documented by Fayemi (2013):

a. To spread the monetized benefits over the 12 calendar months of a year, instead of the earlier decision to pay it en-bloc to the workers.
b. The transport loan of 350% of the annual basic salary of each worker in the monetization agenda was struck out, and directed that only worker who desire vehicle loan should arrange it with his/her bank while the interest payment is pegged at one digit number.
c. Utilize revenue accruable from the outright sale of the government property like houses and vehicles which have been monetized for workers.
d. Government parastatals that were self-financing or not drawing from the government annual budget were directed to service the payment of the monetization of benefits of their staff i.e. the National Maritime Authority (NMA), Nigerian National Petroleum Corporation (NNPC), Central Bank of Nigeria (CBN).

e. Mass retrenchment of workers that are tagged as “outsourcing” that were lower cadre of salary Grade Levels 01 - 07 such as gardeners, cleaners, drivers, clerical assistants etc while other criteria were used to ease out other cadres of Grade Level 08 and above from the public service of Nigeria.”

2.4 Monetization and its Relationship with Inflation in Nigeria

Most studies have indicated that monetization of fringe benefits raises recurrent expenditure as that is the channel through which government makes allocation for such policies since it has to do with wages, salaries and overhead cost (Bakare, 2011; & Saka, 2012). From the foregoing, it can be said monetization increases the level of recurrent expenditure.

Mehrara, Soufiani & Rezaei (2016) using the dynamic system showed more detailed analysis on the relationship between inflation and higher government expenditure by stating that if government expenditure increases, this increase makes the budget situation worse and leads to deficit. They stated further that increasing government debt to central bank (as a source of monetary base) will bring increase in monetary base, and will lead to increase money supply and with regard to the positive relationship between the general level of prices and liquidity, increasing the money supply will lead to an increase in inflation.As documented by

Fayomi (2013), the major thrust of the policy was the government’s resolve to dispose the government houses being occupied by workers before the policy to the occupants of such houses unfortunately these residential houses were offered to workers at outrageous cost beyond their reach. In his study, Fawoyi notes that initially workers were asked to pay 10% of the cost of such houses for commitment while subsequent payments would be directly deducted from the workers’ salaries for between 10 to 15 years period. Against this expectation, the government directed the house occupiers to private Finance Houses for mortgage loans with the Finance houses and mortgage banks paying en-bloc the costs of the houses to the Government. In his study he stressed further that the fate of the workers were left in the hands of the Finance Houses who were now paying through their noses because of high interest rate, administrative cost and other charges and had been mandated to move their salary accounts from the conventional banks to the various finance and mortgage banks.

The policy document on monetization expected that the policy would reduce waste, cost of government and corruption in the public administration. Findings by Fayomi (2013) indicated that the cost of governance and corruption was still on the high side. From the above, one can therefore say that increasing government expenditure as a result of higher recurrent expenditure has contributed to the growth of inflation.

For the few years past in Nigeria, government expenditure has kept a rising profile and the trend of inflation rate appears to be on the path of increase. Central Bank of Nigeria’s Statistical Bulletin shows percentage innovations in aggregate government size as 9.52, -9.66, 20.59, 6.90 and -9.42 for 1981, 1991, 2001, 2010 and 2015 respectively with inflation rates responding as follows: 7.7 for 1981, 5.72 for 1991, 18.87 for 2001, 13.72 and 9.42 for 2015.

2.5 Empirical Review

Early studies such as Akinifesi (1984) cited in Egbe (2015) identified factors such as increase in government expenditure financed by monetization policy and credit from the banking system has been responsible for the expansion of money supply which in turn with a lagged-in-effect contributed immensely to inflationary tendencies.

Okpara (1988) in his study on government expenditure, money supply and prices in Nigeria, found a very poor and insignificant relationship between government expenditure and prices. He concluded that inflation in Nigeria is a monetary phenomenon.

Han & Mulligan (2002) investigated the relationship between inflation and the size of government. They found that inflation is significantly and positively related to the size of government mainly when periods of war and peace are compared. Also they show a weak positive peacetime time series correlation between inflation and the size of government and a negative cross-country correlation of inflation with non-defense spending.

A study by Ezirim & Muoghalu (2006), suggested that the magnitude of government size as a proportion of gross domestic product (GDP) reflects the level of taxation in the economy. They were of the view that when the size of the public sector (measured by the share of expenditure on GDP) exceeds a certain threshold, incentives to produce are discouraged (because of high tax burden). According to them, this will lead reduction in aggregate supply, scarcity of goods and services making for excess of demand over supply. The net effect of such a bad adjustment between demand and supply is an inflationary spiral.

Ezirim, Muoghal & Elik (2008) studied the relationship between public expenditure growth and inflation in the U.S using the co integration analysis and Granger Causality Model applied to time series annual data from 1970 – 2002. The results indicate that public expenditure and inflation have a long-run equilibrium relation between them. Inflation significantly influences public expenditure decisions in the U.S. Public expenditure growth aggravated inflationary pressures in the country, where reduction in public expenditure tends to reduce inflation.

Mohammad, Wasti, Lal & Hussain (2009) tried to find out long run relationship among M2, inflation, government expenditure impact and economic growth in case of Pakistan. For this purpose they have used Johnson co integration and Granger causality test to find out long run association and causality. They found a negative relation between public expenditure and inflation. They attempted to explain that most of public expenditure is non-development and inflation is due to adverse supply shock (cost push inflation) in case of Pakistan.

Magazzino (2011) examined the nexus between public expenditure and inflation for the Mediterranean countries during the period 1970-2009, using a time-series approach. He found a long-run relationship between the growth of public expenditure and inflation for some countries. Furthermore, Granger causality tests results show a short-run evidence of a directional and bidirectional relationship from expenditure to inflation for all countries.

Olaiya, Nwosa & Amassoma (2012) examined the causal relationships among economic growth, government expenditure and inflation rate in Nigeria over the period 1970 to 2010. Using the Augmented Dickey-Fuller (ADF) and the Philip Pearson tests it found that in the short run a unidirectional causality existed from economic growth and government expenditure to inflation rate while no feedback from inflation rate was observed. Based on these findings, this study recommends that government should implement policies that would moderate government spending in order to reduce inflation rate.

Ogbonna (2014) using co-integration and vector error correction model (VECM) methods to determine the correlation between government size and developments in consumer price index in Nigeria indicates a long run equilibrium relationship between consumer price index and government size in Nigeria but concludes that in the short run changes in inflation.

Oniore, Obumneke & Torbira (2015) in their study using Augmented Dickey-Fuller (ADF) Unit Root test, Johansen Co-integration test and the Granger Causality test to determine the causal relationship existing between public expenditure growth and inflation in Nigeria found that there is no statistically discernible relationship between the variables.

Mehrara, Soufiani, & Rezaei (2016) based their study on nonlinear relationship between inflation and government spending using quarterly data over the period of 1990-2013. The study used Smooth Transition Regression Model for a two regime model by using inflation, government expenditure growth, GDP growth and liquidity growth with findings indicating a lag of liquidity as transition variable. It also showed that in regime of tight money or low growth of liquidity, government expenditure is not inflationary.

3.0 Research Methodology

3.1 Design

The focus of this study is on the impact of monetization on inflation; in order to achieve this, the study examines two periods which are the period before monetization (1990-2002) and period under monetization (2003-2015). The expost de facto research design was therefore adopted since the data are already in existence and comprise data from 1990-2015. This study employed data obtainable from the Central Bank of Nigeria (CBN) Statistical Bulletin from 1990 to 2015.

3.2 Model Specification

The model specifications indentified in the hypotheses are:

Inflation =F (fringe benefits) ……… ….i

Fringe benefits is proxy by recurrent expenditure (REX), consumption expenditure (COEX) and compensation of employees (COMP) since monetization reduces wastage and reduction in recurrent expenditure and consumption expenditure while also leading to higher payment of compensation to laid off staff. The model can therefore be restated as

INF= F (RCEX, COEX, COMP, BMS)

BMS is money supply as an exogenous variable since increase in recurrent expenditure as a result of sales of government assets leads to increase in money supply.

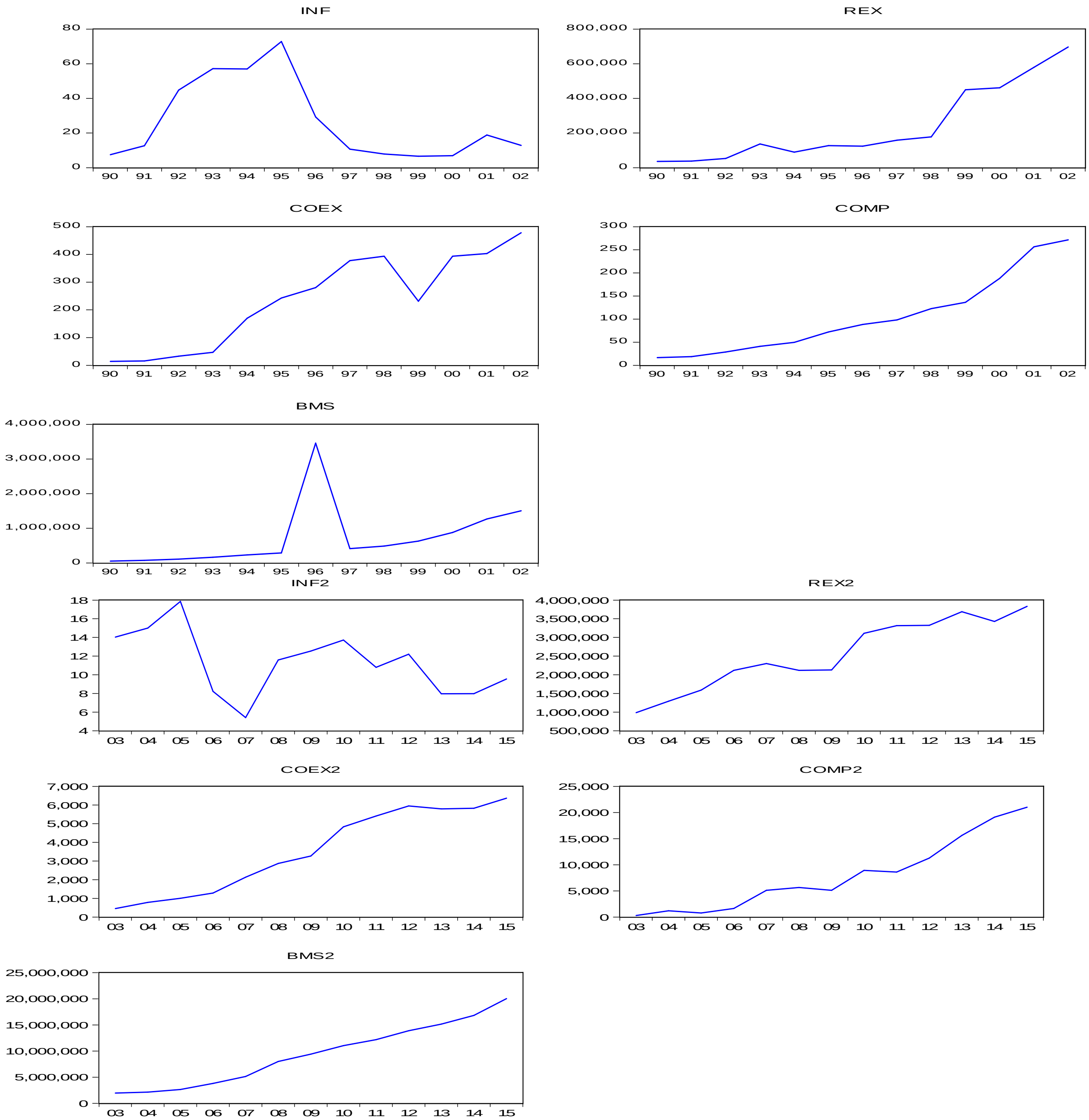
Therefore, $INF = b_0 + b_1REX + b_2COEX + b_3COMP + b_4BMS$

INF>0 implies a positive relationship between the variables; INF<0 implies a negative relationship between the variables.

4.0 Data Analysis and Discussion

The figure 1-2 above shows that trend to movement in the same line direction.

Figure 2 which is the period of monetization shows that REX2, COEX, COMP2 and BMS2 witnessed upward trend which is an indication that monetization policy actually raised the amount spent on recurrent expenditure, consumption expenditure, and compensation expenditure and therefore there is no evidence of less wastage. Rather, wastage remained high during monetization policy. Moreover, there is also evidence of increased money supply within this period and the line of the inflation moving in almost the same direction with recurrent expenditure is evidence that monetization may influence money supply.


INF
REX
COEX
COMP
BMS
INF2
REX2
COEX2
COMP2
BMS2

	YEAR	INF	REX	COEX	COMP	BMS
1990	1990	7.500	36219.6	13.97739	16.56198	52857.02
1991	1991	12.700	38243.5	15.90481	18.78358	75401.18
1992	1992	44.800	53034.1	33.11511	28.73336	111112.30
1993	1993	57.200	136727.1	46.79650	40.97642	165338.70
1994	1994	57.000	89974.9	169.6692	49.64731	230292.60
1995	1995	72.800	127629.8	242.7375	72.30291	289091.10
1996	1996	29.300	124491.3	280.3800	88.56976	3458554.00
1997	1997	10.700	158563.5	377.7790	98.30061	413280.10
1998	1998	7.862	178097.8	393.5472	122.8075	488145.80
1999	1999	6.618	449662.4	231.2920	136.2556	628952.20
2000	2000	6.938	461600.0	393.5472	188.3937	878457.30
2001	2001	18.869	579300.0	403.1043	256.5279	1269322.00
2002	2002	12.883	696800.0	478.2933	271.7081	1505964.00

	YEAR2	INF2	REX2	COEX2	COMP2	BMS2
2003	2003	14.033	984300.0	450.4901	296.0386	1952921.
2004	2004	15.001	1290202.	785.8194	1203.620	2131819.
2005	2005	17.856	1589270.	1003.104	770.4849	2637913.
2006	2006	8.218	2117362.	1283.403	1639.624	3797909.
2007	2007	5.413	2300194.	2131.811	5104.100	5127401.
2008	2008	11.581	2117362.	2871.376	5654.272	8008204.
2009	2009	12.543	2127972.	3269.928	5118.411	9411112.
2010	2010	13.720	3109379.	4832.148	8918.569	11034941
2011	2011	10.800	3314513.	5412.006	8597.129	12172490
2012	2012	12.200	3325156.	5953.206	11283.45	13895389
2013	2013	7.960	3689061.	5796.440	15614.73	15158622
2014	2014	7.980	3426898.	5826.893	19097.02	16818487
2015	2015	9.550	3831947.	6365.602	21018.96	20029831

CBN 2015

Regression analysis

Table 1: Pre-monetization (1990-2002)

Dependent Variable: INF
Method: Least Squares
Date: 01/20/17 Time: 11:58
Sample: 1990 2002
Included observations: 13

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	38.44099	12.91718	2.975959	0.0177

REX	-3.59E-05	0.000173	-0.207657	0.8407
COEX	-0.022588	0.124431	-0.181528	0.8605
COMP	0.018465	0.611037	0.030219	0.9766
BMS	1.96E-07	9.36E-06	0.020908	0.9838

R-squared	0.166039	Mean dependent var	26.55154
Adjusted R-squared	-0.250942	S.D. dependent var	23.32595
F-statistic	0.398192	Durbin-Watson stat	0.748086
Prob(F-statistic)	0.804966		

Source: E-view version 8.0

Table 2: Post-monetization (2003-2015)

Dependent Variable: INF2
Method: Least Squares
Date: 01/20/17 Time: 12:09
Sample: 2003 2015
Included observations: 13

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	20.79121	5.307813	3.917095	0.0044
REX2	-7.18E-06	3.89E-06	-1.846858	0.1020
COEX2	0.002902	0.002680	1.082848	0.3104
COMP2	-0.000296	0.000627	-0.472253	0.6494
BMS2	1.04E-07	1.21E-06	0.085847	0.9337

R-squared	0.507079	Mean dependent var	11.29654
Adjusted R-squared	0.260618	S.D. dependent var	3.440979
F-statistic	2.057444	Durbin-Watson stat	1.805550
Prob(F-statistic)	0.178777		

Source: E-view version 8.0

In table 1, it was observed that REX and COEX have negative relationship with INF, that is the higher the variables the lower the inflation rate. COMP and BMS have positive relationship with INF, that is, the higher the variables the higher the inflation. However, the independent variables have no significant impact on inflation.

Table 2 analysis which shows the period of monetization indicates that REX2 (-7.18E-06) and COMP2 (-0.000296) have negative relationship with inflation, that is, the higher the recurrent expenditure and compensation, the lower the inflation. Furthermore, COEX2 (0.002902) and BMS2 (1-04E-07) have positive relationship with inflation, that is, the higher the consumption expenditure and money supply, the higher the inflation. Recurrent expenditure has a prob value of 0.1020 indicating that it has less impact on inflation. Consumption expenditure has a prob value of 0.3104 which also indicates an insignificant influence on inflation. Compensation has a prob. Value of 0.6494, an indication that it has no significant effect on inflation while broad money supply which has a prob. Value of 0.9337 is an insignificant determinant of inflation.

The policy implication of the result tends to show that despite the graph indicating almost the same direction of movement among the variables, the analysis provides that there is insignificant relationship between the monetization variables and inflation which may not be unconnected to the policy of the CBN over the years aimed at tackling inflationary trend in the economy. The money supply growth rate for the period of monetization points that monetization influences money supply.

5.0 Conclusion and Recommendations

From the foregoing, the essence of monetization of fringe benefits in the public sector was aimed to reduce cost of governance, expenses, and wastages and make the public and civil servants live a better life after retirement. But the macroeconomic effect of this policy has been the focus of this study. The macroeconomic variable in particular was inflation. Empirical analysis shows that monetization has not influenced inflation in Nigeria but it moves in the same direction with money supply which is an ingredient for inflation. The insignificant relationship between the recurrent expenditure, money supply, consumption expenditure, compensation expenditure with inflation could be as result of the CBN policy of inflation targeting. From all indication, monetization policy seems a welcomed development but its long term effect needs to be checked since inflation reduces the value of currency in the future. That is, the value of money worth today may be less under a growing inflation rate tomorrow. Workers may then be worst off as they may have to pay more and receive little value for what they are saving for.

Therefore the problem of inflation should remain the topmost agenda of the government and Central Bank of Nigeria. Government needs to also ensure fiscal discipline in its monetization policy while excessive spending should minimized to reduce the volume of money in circulation. This can be done by investing in assets that are beneficial to the workers, while amortization of the assets should be spread and done in way not to increase to much money in the hanks of financial institutions.

References

Adegoroye, G. (2005). Public service reforms: Implications for Ekiti State under current democratic administration. *Ekiti State Public Lecture.* Ado-Ekiti: Ekiti State Government.

Adeleke, O. A. (2010). Exploration of the implications of monetization of workers' fringe benefits in a Nigerian higher institution. *Research Journal of Social Sciences*, 5(1): 35-51.

Aluko, M. E. (2003). Monetization of Fringe Benefits in the Nigeria Public-Service. Retrieved from http://www.dawodu.com/aluko61.htm.

Bakare, A. S. (2011). The Economic Implication of Monetization Policy in Nigeria. *Journal of Economics and Sustainable Development,* 2 (3) 60-71.

Bayo, F. (2005). Determinants of inflation in Nigeria: An empirical analysis. *International Journal of Humanities and Social Science,* 1(18): 262-271.

Chukwu, C. O. (2006). Economic effects of monetization on the Nigerian economy. *The Nigerian Journal of Management Research* 1(1), 201 – 211.

Desta, S.B. (2016). Inflation and the role of macroeconomic policy in Ethiopia. *Journal of Economics and Sustainable Development*, 7 (7), 71-82

Ebru, K. (1995). Job satisfaction of the librarian in the developing countries. 61st IFLA General Conference Proceedings Aug 20-25.

Ekaette U (2003). Monetization of fringe benefit for public officers*. The Punch*. Thursday December 11.

Ezirim, B.C. & Muoghalu, M.I., (2006). Explaining the size of public expenditure in less developed countries: theory and empirical evidence from Nigeria. *ABSU Journal of Management Sciences*, 2 (2), 134-154.

Ezirim, C.B., Muoghalu, M. I., & Elik U. (2008). Inflation versus public expenditure growth in the US: An empirical investigation. *North American Journal of Finance and Banking Research* 2(2); 26-40.

Francis O (2004). Monetization of fringe benefits in the public service. Issue of policy implementation, monitoring and strategy, the Nigerian Accountant. *Official J. Inst. Chartered Account. Nigeria*. January/March, 2004 edition, 37:1.

Georgantopoulos A. & Tsamis A. (2010). The interrelationship between money supply, prices and government expenditures and economic growth: A causality analysis for the case of Cyprus. *International Journal of Economic Sciences and Applied Research*, 5(3), 115-128.

Han, S., & Mulligan, C. B. (2002). Inflation and the size of government. *Divisions of Research & Statistics and Monetary Affairs*, 2 (1) Federal Reserve Board.

Iji A (2003). Monetization. *The Punch*. Thursday December 11.

Itua, G. (2000). Structural determinants of inflation in Nigeria (1981 – 1998). Unpublished *Thesis*, ABU, Zaria.

Jimoh, A. (2007). Monetization of fringe benefits of public servants. In H. Saliu (Ed.), *Nigeria's reform programme: Issues and challenges.* Ibadan: Vantage Publishers Ltd.

Klein, G. (1995). *Dictionary of banking.* London: Financial Time Pitman Publishing.

Mehrara, M., Soufiani, M.B. & Rezaei, S. (2016). Impact of government spending on inflation through the inflationary environment, STR approach. *World Scientific News,* 37 (2016) 153-167.

Mimiko, M.O. (2003) Beyond the monetisation of fringe benefits: A critique of Nigeria's extent of economic reform agenda. Annual Lecture of the Academic Staff Welfare Association. Federal School of Science and Technology, Ikare.

Mohammad S.D, Wasti S.K, Lal I, Hussain A. (2009). An empirical investigation between money supply, government expenditure, output & prices: The Pakistan evidence. *European Journal of Economics, Finance and Administrative Sciences, 17*

Ogbole, F. O., Amadi, N. A. and Essi, I. D. (2011). Fiscal policy: Its impact on economic growth in Nigeria, 1970 to 2006. *Journal of Economics and International Finance*, 3(6), 407-417.

Ogbonna, B.C. (2014). Inflation dynamics and government size in Nigeria. *International Journal of Economics, Commerce and Management*, 2 (12), 1-12.

Ogugua, F.E (2009). *Implementation of deregulation of fringe benefits in the public service,* Spectrum books Ltd.

Okafor, L. C. (2014). The monetization policy and organizational citizenship behaviour in Nigeria: A situation analysis. *International Journal of Arts and Commerce,* 3 (9), 27-39.

Okoye, J.C., Anazodo, R.O., Izueke, E.M. & Eze, S.C. (2012). Monetization of workers fringe benefits: The journey so far in Nigeria Federal Civil Service. *Public Administration Research*, 1 (1), 50-60

Okpara, G. C. (1988), Government expenditure, money supply and prices in Nigeria (1970-87): An econometric analysis. M.sc Dissertation, Presented to Department of Economics, *University of Jos.*

Olaiya, S. A., Nwosa, P.I. & Amassoma, D. (2012). A trivariate causality test among economic growth, government expenditure and inflation rate: Evidence from Nigeria. *Research Journal of Finance and Accounting*, 3 (1), 65-72.

Olayungbo , David Oluseun (2013), Government Spending and Inflation in Nigeria: An Asymmetry Causality Test, *International Journal of Humanities and Management Sciences*, 1(4).

Oni L. B., Aninkan, O. O. & Akinsanya, T. A. (2014). Joint effects of capital and recurrent expenditures in Nigeria's economic growth. *European Journal of Globalization and Development Research,* 9 (1), 530-543.

Oniore, J. O., Obumneke, E. & Torbira M. T. (2015). Public expenditure growth and inflation in Nigeria: The causality approach. *SSRG International Journal of Economics and Management Studies (SSRG-IJEMS),* 2 (1), 26-25.

Orji, U. O., Onyeze, C. N. and Edeh, L. (2014). Inflation dynamics and fiscal deficit in Nigeria: Examination of causal relationship. *IOSR Journal of Economics and Finance (IOSR-JEF),* 5 (2), 79-86.

Pigou, A. C.(1928), *A study in public finance*. 3rd ed. 1947.London: Macmillan.

Saka, A. (2012). The macroeconomic impact of monetization on the Nigerian economy. *Journal of African Studies and Development*, 4(8), pp. 185-192.

Solomon, O. (2016). Stock market indicators and inflation dynamic in Nigeria. Retrieved June 9, 2016, from *www.independent.academia.edu*

Talba, M. I. (2004). *Building Effective Government.* Retrieved February 27, 2004, from *http/www.Victoria.ac.nz/commonwealthseminar/paper/*

Umaru, A. and Zubairu, A. A. (2012). Effect of inflation on the growth and development of the Nigerian economy (An empirical analysis). *International Journal of Business and Social Science,* 3(10): 83-191.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 55-66 (November, 2020)
nrdajpapers@gmail.com

Competence and Organizational Commitment of Breweries in Rivers State, Nigeria

Orafre-Amaegbe, Josephine Enenimienyo
Department of Management, Faculty of Management Sciences,
Rivers State University, Port Harcourt.

Abstract: *This study examined the relationship between competence and organizational commitment of breweries in Port Harcourt Rivers State, Nigeria. The study adopted a cross-sectional survey method in the investigation of the study variables. The population of the study was 1,142 employees of 5 breweries in Port Harcourt, with a sample size of 296. Primary data for the study was collected through structured self-administered questions. The reliability of the instrument was determined using the Cronbach Alpha Coefficient with all the items scoring coefficients above 0.7. Data generated and collected for the purpose of the study were analyzed using Pearson's Product Moment Correlation Co-efficient with the aid of statistical package of social science (SPSS version 23.0). The study revealed that there is a positive relationship between competence and organizational commitment. Therefore, the research concludes that competence positively and significantly influences organizational commitment of breweries in Port Harcourt to a very great extent. The study recommends that breweries need to create an organizational culture that supports, facilitates and improve the competence of employees. Such culture includes monetary motivation, building trust, training and skills development and career growth progression in the organization.*

Keywords: *Competence, Active continuance commitment, Value commitment, Affective commitment*

INTRODUCTION

Modern day technological/industrial Revolution being experienced in the Business being experienced in the Business world has compelled Organizations to extend then primary goods from profit making and market scale needs to that of survival". The survival etc of Business Organization has become a key objective as a result of highly increased level of competition among organizations in every business section. There is therefore an imminent need for a committed workforce that will give organizations a competitive edge over their industry Rivals. Major competitive edge derived from Employee commitment are reduced staff turnover achievement of targets or set goals, leading to increased productivity. It is worthy to note that Employee's Psychological disposition and their attitudes towards their work have a tremendous influence on their performance and Productivity. When Employees are dissatisfied with their work, they are less committed and will look for other opportunities to quit. If opportunities are unavailable they may emotionally or mentally withdraw from the Organization (Crawford, 2003). Organizational Commitment therefore is reverse situations where employees are emotionally and mentally attached to their organization see themselves as members of the organization without looking for opportunities to quit. Mayer and Allen (1991), defines Organizational commitment as a Psychological state that (a) Characterize the employees relationship with the organization and (b) has implications for the decision to continue or discontinue membership in the organization. Organizational commitment has also been defined as holding conviction to organization goals and values, having tendency towards significant efforts leading to achievement of such goals as well as consuming interest to continue with the organization.

The success of today's business organizations depends not only on it managerial skills, nor the skills of its employees nor the level of sophistication of its production equipment but also, mainly on its employee's organizational commitment. According to Agada and Zeb-Obipi (2014) committed employees have a sense of binding or link to the organization with an obligation to remain and contribute unsparingly to the success of the group they belong. They established that organizational goals are unattainable without the enduring commitment of members of the organization. They also argued that employees who are committed to their organization give it in crucial competitive advantages such as light productivity and lower turnover. It is also worthy of note that organizational commitment precipitates.

Employee's loyalty wherein individuals workers demonstrate their dedication to the organization irrespective of its success and failure (Mayer & Allen 1997). Wong (2004) sees organizational commitment as the obligation of an employee to the organization, hence, established the five component organizational commitment model. According to Wong there are five measures of organizational commitment which are:
Affective commitment: The strong feelings and emotional attachment an employee has for the organization and to his job
Continuance commitment: The employees' belief system and acceptance of the organizational goals, vision and mission
Normative commitment: The willingness to exert effort and represent the organization in its job performance.

On the other hand employee empowerment, according to Fernandez (2007) and Mayer and Allen (1997) several studies show the fact that involving and empowering employees greatly influences organizational commitment. They argues that empowered employees have a high level of commitment and involvement in the day to day process of decision making and contribute actively towards achieving organizational goals. Recent developments have shown that employees are more prone to leave their organizations for competitors who are offering better opportunities or conditions of work, hence placing business organizations in a position of losing their best hands. This by implication constitutes a serious threat to their survival, performance and the achievement of other goals within their industry of operation. One very strategies solution to this imminent threat is organizational commitment. This purpose examined the relationship between competence and organizational commitment of breweries in Rivers State.

The specific objectives of this study include.

i. To examine the relationship between competence and affective commitment of breweries in Rivers state.
ii. To investigate the relationship between competence and value commitment of breweries in Rivers state.
iii. To determine the relationship between competence and active continuance commitment of breweries in Rivers state.

The research questions are as follows

i. What is the relationship between competence and affective commitment of breweries in Rivers State?
ii. What is the relationship between competence and value commitment of breweries in Rivers State?
iii. What is the relationship between competence and active continuance commitment of breweries in Rivers State?

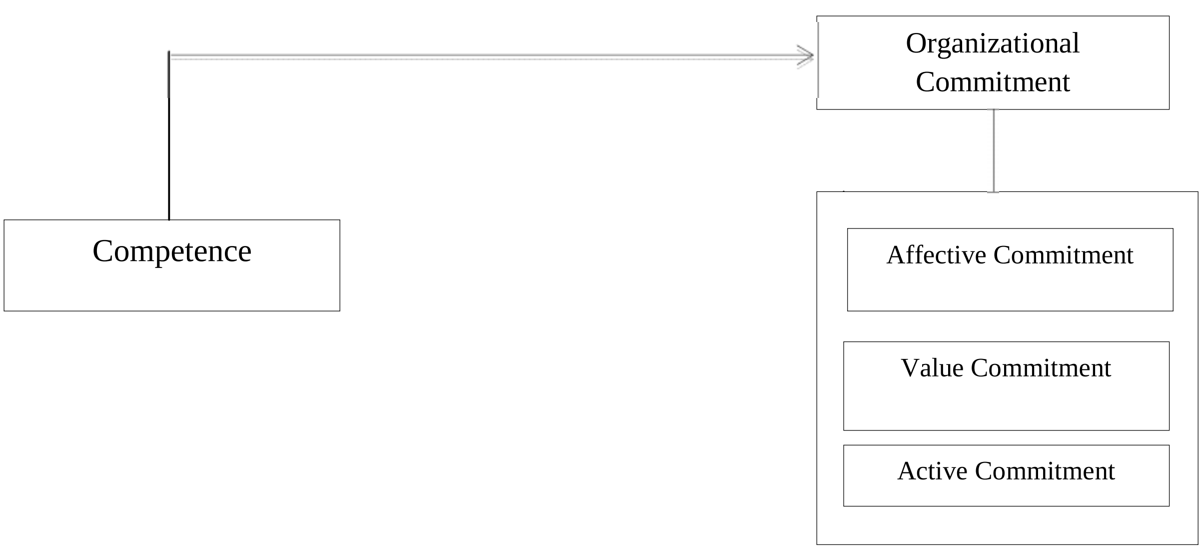


Fig.1: *Conceptual framework for the relationship commitment and organizational commitment*

Source: *Desk Research (2019)*

LITERATURE REVIEW

Theoretical Foundation

The underlying theory of the study can be drawn from one of Fayol's principles of management being initiative (1841-1925). Fayol's management principle of initiative establishes that managers must encourage employees to exercise initiative which is the ability to act on their own without direction from a supervisor. He opined that initiative can be a major source of strength for an organization because it leads to creativity and innovation. He also believes that initiative fosters commitment and loyalty among employees. The theoretical foundation of employee empowerment and organizational commitment can also be drawn from the contributions of McGregor's theory Y. The theory establishes that: That manager does not need to closely control worker's behaviour in order to make them perform at a high level because worker will exercise self - control when they are committed to the organizational goals.

It is the mangers task to create a work setting that encourages commitment to organizational goals. That manager should provide opportunities for workers to be imaginative and exercise initiative and self – direction. Employee empowerment on organizational commitment and the relationship that exists between them is a recent area of study. Some of the studies carried out on these concepts include: The effect of empowering and engaging employees on organizational commitment in public, private sector banks operating in Chennai. The study established that empowered employees are said to be posit on making quick decisions and respond to any changes in the environment. The study also found out that engaged and empowered employees have a high level of commitment and involvement in the day to day processes of decision making and contribute actively towards achieving the goals of the organization.

Another study which believes that employee empowerment influences organizational commitment was on enhancing organizational commitment through employee empowerment. "Empirical evidence from Telecom sector employees by Muhammad, Khalid, Khan, Areesa, Tariqua, AsadAfzal, Hamayoun and Bhutta, (2014). The study found out that organizations that implement employee empowerment can motivate and retain their employees. They identified empowerment as the sharing of power from top management to low level management. Empowerment is concerned with decision making, motivation, job satisfaction and organizational commitment leading to improved productivity.

Finally, the study established that employees are more committed and play their role towards organizations effectiveness and success. Being a management style in which managers and sub-ordinates are brought together to be involved in the organizations work process, to participate in decision making, creates the room for employees to respond swiftly to changes and threats from today's highly volatile and competitive Business Environment. Most of the studies carried out on employee's empowerment and organizational commitment were done outside the shores of Rivers State and Nigeria. The studies also were limited to the banking. Telecommunications and ICCT sectors of the economy. It is on this premise that the researcher intends to close this gap by carrying out the study on employee empowerment and organizational commitment in Brewing companies within the food and brewing industry. Other similar researchers carried out on these concepts focused mainly on business outside the African but this study intends to focus on Rivers State paying close attention to peculations that influences the attitudes of employees in this geographical area that are distinct from those in advanced business societies.

Concept of Competence

It is the sense of belief that the employees have in their skills and capability to perform their work better (Spreitzer, 1995). It is also defined as the degree to which a-individual employee is able to perform the task activities skillfully (Thomas & Velthouse, 1990). If the employees lack a sense of confidence in their skills and capability then they will feel not empowered by their superiors. Competence has been defined as a cluster of related abilities, commitments, knowledge and skills that enables a person or an organization to act effectively in a job or situation. Employee empowerment plan that increases their feeling of competence in the job they perform will lead to employee empowerment and improve organizational learning. It can also be defined as an individual's belief or confidence in his or her capability to perform tasks or work activities skillfully. Also known as sense of competence, is that believe an individual has about his ability to perform activities (Carless, 2004).

Competence can be referred to as the extent to which an employee can carry out assigned tasks skillfully when efforts are put in. Human Resource policies that pay attention to employee's professional development identify their personal competences; will help organizations determined positions that will best fit each employee for optimum performance.

Choi (2006) argues that empowerment is a process which improves self-conception. Self-conception is the belief that an employee can carry out assigned job tasks effectively. Employee empowerment means creating an environment that enables employees by motivating them, through access to resources, and information, specialized and required training. These increase the sense of competence in employees giving rise to their feeling of empowerment. According to Lamei (2003). Feeling is not something granted by mangers to employees, rather, it is a situation in which employees decide and act in the best manager. It is a sense of freedom or autonomy about how individuals do their own work. Spreitzer (1995); Thomas and Velthous (1990), noted that if employees feel a sense of empowerment, they must have a substantial autonomy or power to make decisions about their work. When employees believe that they are just following the order from their superior, then they will not feel a sense of empowerment due to the little autonomy and freedom given.

Concept of Organizational Commitment

Organizational commitment can be seen as a behavioural attitude that reflects the loyalty of employees to their organization commitment is the emotional bond that exists between the employees and the Organization. Commitment is defined as the extent of an individual's loyalty and attachment to the organization, linked to the degree of efforts an individual will exert to support of the organizations goals. (Ashraf, *et al,* 2012).

According to Khan, Tarig, Hamayoun and Bhutta (2014). Organizational commitment is an attitude that reflects an employee's loyalty to the organization and this is an on-going process through which members of organization can express their concern for the organization and its continued success and well-being. Agada and Zeb-Obipi (2018), defined organizational commitment as a sustainable binding force or mind-set that propels an individual to stay and work dedicatedly and whole-heartedly to achieve organizational or unit goals. They argued that employee commitment is of a critical importance for the success of the organization. Employee commitment is the emotional bond or attachment between the employees and their organization (Baridam, 2017). He established that committed employees are those that perceive the needs of the organization as their personal needs and work towards meeting those needs willingly. He said those types of employees are considered to be the most valuable asset any organization can possess.

According to Obi, Onyekwelu, Onwubiko and Mohammed (2016), organizational commitment represents something beyond mere passive loyalty to the organization. It is a relationship employees have with their organization in which they are willing to give something of themselves in order to help the organization. Organizational commitment is an intriguing, challenging and most frequently researched concept in industrial organizational psychology and organizational behaviour. It has been an important subject of research among Human Resources Management Practitioners and organizational scientists.

Measures of Organizational Commitment

Affective Commitment

Can be defined as an employee's affection for his job. This occurs when an employee feels a strong emotional attachment to the organization and the tasks he is assigned to. It can also be referred to as an employee's affection for his job. It is a situation where an employee identifies with the organization's goal and values and is genuinely willing to remain in the organization. According to Ejirogehene, Bagshaw and Blue-Jack (2017) Employees with high effective commitment to an origination see themselves as integral part of the organization. Anything that threatens the organization an imminent danger to them as well.

Value Commitment

It is the feeling of value an employee places on his organization. It is a situation where employees are willing to exert extra effort beyond that normally expected of him in order to ensure their organization. Value commitment has to do with employee's support of organizational goals and their belief in and acceptance of those goals. (Mayer &Schoorman, 1992).Wong (2004) believes that employees follow and accept organizational goals in order to maintain stable employer employee relationships. This stable relationship enhances organizational commitment.

Active Continuance Commitment

An employee's willingness to continue working in his organization as a result of on-the-job opportunities he enjoys that helps them realize constitutes a source of motivation to the employee. Workers are motivated to continue working for the organization because the organization provides on-the-job training opportunities for them such as promotions and rewards and also gives them own goals. Here employees also realizes that they could make full use of various skills, talents and abilities they have acquired in the organization employees are also given challenging jobs that are aimed at developing their skills and abilities.

Competence and Organizational Commitment

Competence been the degree to which an individual employee is able to perform the task activities skillfully Thomas and Velthouse (1990) is a feeling that can be enhanced in employees by management, as an employee empowerment plan. Choi (2006) argued that empowerment process which the feeling of competence in employees is an essential part of, results to high performance by employees and creates them a sense of satisfaction with their jobs. Competence gives employees freedom or autonomy about how they carry out their assigned tasks and decisions made about such assigned task. Howard and Foster (1999) sees competence as a sense of autonomy over the initiation, and continuation of work behaviour and processes.

In view of the foregoing argument, the following hypotheses were drawn.

Ho_1: There is no significant relationship between competence and affective commitment in the brewery companies

Ho_2: There is no significant relationship between competence and value commitment in the brewery companies

Ho_3: There is no significant relationship between competence and active continuance commitment in the brewery companies

METHODOLOGY

The study adopted a cross-sectional survey method in the investigation of the study variables. The population of the study was 1,142 employees of 5 breweries in Port Harcourt, with a sample size of 296. Primary data for the study was collected through structured self-administered questions. The reliability of the instrument was determined using the Cronbach Alpha Coefficient with all the items scoring coefficients above 0.7. Data generated and collected for the purpose of the study were analyzed using Pearson's Product Moment Correlation Co-efficient with the aid of statistical package of social science (SPSS version 23.0). The reliability of the instrument is depicted by the table below:

Table 1: Reliability Coefficients of the variables

S/No	Dimension/Measures of the study variable	Number of items	Number of cases	Cronbach's Alpha
2	Competence	3	250	0.707
4.	Affective Commitment	4	250	0.882
5.	Value Commitment	3	250	0.803
6.	Active Continuance Commitment	3	250	0.787

Source: *SPSS Output*

DATA ANALYSIS AND RESULTS

Bivariate Analysis

The Spearman's Rank (rho) coefficient was employed to test the hypotheses that were stated in the null form. The 0.005 significance level was adopted as the basis for accepting or rejecting the null hypotheses at (p0.005) or rejecting the null hypotheses at (p0.005).

Table 2: Correlation Matrix for Competence and Measures of Organizational Commitment

			Competence	Affective Commitment	Value Commitment	Active Continuance Commitment
Spearman's rho	Competence	Correlation Coefficient	1.000	.895**	.604**	.723**
		Sig. (2-tailed)	.	.000	.000	.000
		N	250	250	250	250
	Affective Commitment	Correlation Coefficient	.895**	1.000	.902**	.930**
		Sig. (2-tailed)	.000	.	.000	.000
		N	250	250	250	250
	Value Commitment	Correlation Coefficient	.604**	.902**	1.000	.863**
		Sig. (2-tailed)	.000	.000	.	.000
		N	250	250	250	250
	Active Continuance Commitment	Correlation Coefficient	.723**	.930**	.863**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	250	250	250	250

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

Source: Research Data 2019, (SPSS output version 21.0)

$Ho_{1:}$ There is no significant relationship between competence and affective commitment of breweries in Rivers State.

From the result in the table above, the correlation coefficient shows that there is a positive and relationship between competence and affective commitment. The *correlation coefficient* 0.895 confirms the magnitude and strength of this relationship. The correlation coefficient represents a very high correlation between the variables indicating a very strong. The tests of significance indicates that the relationship is statistically significant at p 0.000<0.05. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate accepted. Thus, there is a significant relationship between competence and affective commitment of brewing companies in Rivers State.

$Ho_{2:}$ There is no significant relationship between competence and value commitment of breweries in Rivers State.

From the result in the table above, the correlation coefficient shows that there is a positive relationship between competence and value commitment. The *correlation coefficient* 0.604 confirms the magnitude and strength of this relationship. The correlation coefficient represents a high correlation between the variables indicating a strong relationship. The tests of significance indicates that the relationship is statistically significant at p 0.000<0.05. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate accepted. Thus, there is a significant relationship between meaning and value commitment of brewing companies in Rivers State.

$Ho_{3:}$ There is no significant relationship between competence and active continuance commitment of breweries in Rivers State.

From the result in the table above, the correlation coefficient shows that there is a positive relationship between competence and active continuance. The *correlation coefficient* 0.486 confirms the magnitude and strength of this relationship. The correlation coefficient represents a moderate relationship between the variables. The tests of significance indicates that the relationship is statistically significant at p 0.000<0.05. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate accepted. Thus, there is a significant relationship between competence and active continuance commitment of brewing companies in Rivers State.

DISCUSSION OF FINDINGS

The study revealed that there is a positive relationship between competence and organizational commitment in the brewery sector in Rivers State, using Spearman's order correlation co-efficient tool and at 95% confident interval. The results of the tests of hypotheses 1, 2 and 3 on table 1 shows that there is a positive relationship between competence and measures of organizational commitment (0.895, 0.604 and 0.486 respectively). The tests of hypotheses revealed that there is a significant and positive relationship between competence and organizational commitment of brewing companies in Rivers State. This finding reinforces views by Gist (1987) that competence, or self-efficacy, is an individual's belief in his or her capability to perform his activities with skill in relation of employee competence to organizational growth and success. The study shows that successful, competent leaders reflect and model these core competencies. They recognize the importance of integrating core competencies in the day to day operations of the company through aggressive training and skill development of employees at all levels throughout the organization. In this regard, leaders have a strong and definitive influence on the depth and breadth of employee competency with the organization. The quality of leadership's knowledge of and relationship with its employees will enhance, impede or reduce employee competence. Poor leadership-employee relationship negatively impact employee competence, causing declining Spirals in morale, customer satisfaction and ultimately the success and growth of the organization. The manager who excels in interpersonal skills and possesses a strong commitment to organizational stewardship will ensure that employees feel valued and are empowered to strive in their own competency development.

CONCLUSION AND RECOMMENDATIONS

Employees are the most crucial asset that any organization can boost of, hence initiating and implementing policies and programmes that will develop their skills and ability to carry on their job effectively becomes crucial and worthwhile. The study has revealed that a positive relationship in the workplace between managers and employees most times contributes to the success of both the organization. The study concluded the quality of leadership's knowledge of and relationship with its employees will enhance, impede or reduce employee competence. From the findings, we make the following recommendations:

i. Breweries should offer employees opportunity to participate in the decision making of the organization especially regarding their skills development.
ii. Leaders within the organization should communicate goals and common aims of the organization to employees plainly and clearly and strategies should be collaboratively advance to achieve her goals.
iii. Breweries need to create an organization culture that supports and facilitates employee competence. Such a culture includes building trust, changing management perspectives, providing opportunities for skill development, and opportunities for career growth within the organization.

REFERENCES

Agada, E., & Zeb-Obipi, I. (2018).Work-place social infrastructure and Employee Empowerment. *International Journal of Human Resources Management*, 2(1), 2319-4936.

Ahiauzu, A. I., & Asawo, S. P. (2016).*Advanced social research methods*. Port Harcourt: CIMRAT Publications.

Ahiauzu, A. I. (2006).Advanced research methods in the management sciences lecture-notes for Ph.D Class, Rivers State University of Science and Technology.

Akinade, E. A., & Owolabi, T. (2009).*Research Methods: A Pragmatic Approach for Social Sciences, Behavioural Sciences.* 11(4) 366-77

Ashforth, B. E. & Sacks, A. M. (1996). Socialization tactics longitudinal effects on new come Adjustment. *Academy of Management Journal* 3(9), 149-178.

Baridam, D. A. (2017).Emotional intelligence and organizational commitment. *International Journal of Advanced Academic Research* 3(9), 24-29.

Carless, A., &Sally, S. (2014). Does psychological empowerment mediate the relationship between psychological climate and job satisfaction. *Journal of Business and Psychology* 18(4), 405-450.

Choi, J. (2006). A motivational theory of charismatic leadership. *Journal of leadership and Organizational Studies* 13(10), 24-43.

Ejiroghene, D., Bagshaw, K. B. & Blue-Jack, A. (2017). Self-enhancing humuor practice and employees commitment. *Nigerian Business and Social Review* 9(1), 50-80.

Fernandez, C. (2007). Employee engagement. *Journal of Public Health Management and Practice*

Khan, R., Tarig, A., Hamayoun, U., & Bhath, L. (2014). Enhancing organization commitment through Employee Empowerment. *Middle east Journal of science research,* 21(1),148-157.

Lamei, A. (2003). Total quality management, principles, applications lessons from an Experience. *Management and Administration Science Review,* 4(1), 87-100.

Mayer, J. P & Allen, J. N. (1991).*A Three component conceptualization of organizational commitment management review, 1*(2), 61-89.

Mayer, J. P., & Allen, J. N (1997). A three-component conceptualization of organizational commitment. *Human Resource Management,* 2(2), 78-99.

Obi, O., Onwubiko, K., & Mehammed, L. (2016). Understanding human behavour in organization, 6(10), 965-967.

Spreitzer, G. M. (1995). Psychological empowerment in the workplace: *Dimensions, Measurement, and Validation Academy of Management Journal, 38*(5), 10.

Thomas, K. B., & Velthouse, B. A. (1990). Cognition elements of empowerment an interpretive model of intrinsic task motivation. *Academy of Management Review, 8*(3), 11-19

Wong, A. (2014). Evaluation of organizational commitment models and their components. *International Journal of Human Resources Studies,* 4(2), 101-109.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 67-78 (November, 2020)
nrdajpapers@gmail.com

Collective Bargaining Agreements and Industrial Harmony in Rivers State-Owned Tertiary Institutions

Azubuike Achoson Ehoro and Dr. K.T. Konya
Department of Management, Faculty of Management Sciences, Rivers, State University, Nkpolu-Oroworukwo, PMB 5080, Port Harcourt, Nigeria

Abstract: *This study investigated the relationship between collective bargaining and industrial harmony in Rivers State- owned tertiary institutions. The study adopted the cross-sectional survey in its investigation of the variables. Primary data was generated through self- administered questionnaire. The target population of this study consists of 1,796 academic staff of 4 Rivers State- owned tertiary institutions. The sample size of 327 was determined using Taro Yamane sample size formula. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring coefficients above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Statistics. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. The study findings revealed that there is significant relationship between collective bargaining and industrial harmony in Rivers State- owned tertiary institutions. The study recommends that management of tertiary institutions should show more commitment and respect for collective bargaining agreements as a way of fostering industrial harmony in the educational sector.*

Keywords: *Collective Bargaining, Industrial Harmony, Absence of Unrest, Reduced Level of Grievance*

INTRODUCTION

Over the years, industrial harmony has been the concern of organizations, researchers, employees and other stakeholders because of its importance on productivity (Fajana, 2012). Industrial harmony is important in the tertiary education industry like other industries because it promotes employees' commitment which enables the achievement of organizational goals.

Collective bargaining is at the heart of trade unionism and industrial relations. Generally, Collective bargaining rests on four fundamental principles. First is the principle of collectivism as opposed to individualism that together there can be purposeful achievement. This means that the numerous workplace problems facing workers can be best resolved by trade unions. The second principle is cooperation as opposed to competition. The third is solidarity as opposed to survival of the fittest. The fourth principle underlying collective bargaining is economic and social justice and fairness or equity (Budd & Bhave, 2008).

Collective bargaining is central to any industrial relations system since it is a tool through which regulated flexibility is achieved (Godfrey, Theron & Visser, 2007). A number of studies show that where workers had their terms and conditions of employment determined through collective bargaining and where management supported unions, there was an improved industrial relations environment (Edwards, 2002). Adewole and Adebola (2010) asserted that frequent eruption of industrial conflicts between employers and employees in general can be effectively managed through collective negotiation and consultation with the workers' representatives. Collective bargaining has been noted to help promote cooperation and mutual understanding between workers and management by providing a framework for dealing with industrial relations issues without resort to strike and lockouts. Therefore, fair and legal process will result in successful collective bargaining, hence maintenance of industrial discipline and peace and vice-versa (Gomez et al. 2003).

According to Bronwyn (2010), the process of collective bargaining is bipartite in nature involving negotiations between employers and the employees, usually, without a third party's intervention. A trade union(s) may negotiate with a single employer typically representing a company's shareholders or with a federation of businesses to reach an industry-wide agreement (Carrell & Heavrin, 2012). The result of the negotiations is usually referred to as a collective bargaining agreement (CBA) or a Collective Employment Agreement (CEA) by the negotiating parties. Bronwyn (2010) writes that CB enables working people who are union members to negotiate with their employers to determine their terms of employment including; pay, work hours, leave, health and safety policies, ways to balance work and family and much more.

A large stream of empirical research has examined the concept of industrial harmony using various predictor variables. Sholokwu and Olori (2016) examined the relationship between management practices and industrial harmony in oil and gas firms in Rivers State. Nwokocha (2015) considered Employers and the Enhancement of Industrial harmony in Private Sector Organizations in Nigeria. Also, Kormena, Accra-Jaja and Ukoho (2017) investigated the relationship between Reward Strategy and Industrial harmony among manufacturing firms in Port Harcourt, Nigeria. However, there has been relatively little empirical research report that details how firms can achieve industrial harmony, through effective collective bargaining agreements within this geographical sphere. Therefore, this study intends to empirically fill that gap examining the relationship between trade union activities and industrial harmony in Rivers State-owned tertiary institutions. This study therefore examines the relationship between collective bargaining and industrial harmony in Rivers State-owned tertiary institutions. Furthermore**,** this study will also be guided by the following research questions:

i. What is the relationship between collective bargaining and absence of unrest in Rivers State-owned tertiary institutions?
ii. What is the relationship between collective bargaining and reduced level of grievance in Rivers State-owned tertiary institutions?

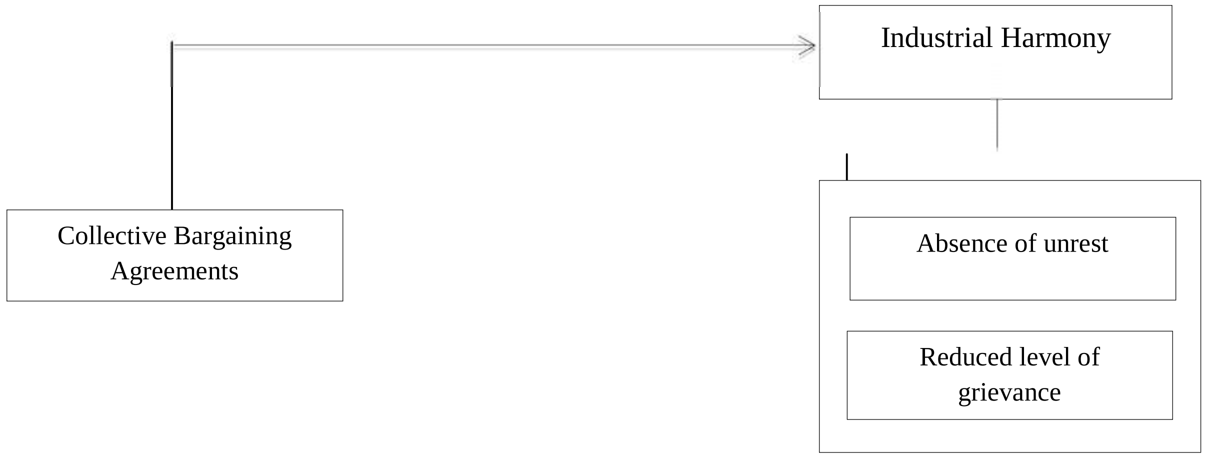


Fig.1 Conceptual Framework for the relationship collective bargaining agreements and industrial harmony

Source: Desk Research, 2020

LITERATURE REVIEW

Theoretical Foundation

Unitarist Theory

The unitarist theory is a basis of the relationship between management and trade unions in particular or employees in general as stated/originated from (Fox's, 1966). According to Armstrong (2006) the unitary view is typically held by management who saw their function as that of directing and controlling the workforce to achieve economic and growth objectives. To this end, management believed that it is the rule making authority. Management tended to view the enterprise as a unitary system with one source of authority itself and one focus of loyalty to the organization. It extolled the virtue of teamwork, where everyone strives jointly to a common objective, everyone pulls their weight to the best of their ability, and everyone accepted their place and function gladly, following the leadership of the appointed manager or supervisor.

To a unitarist, an organization is an integrated, friendly and collaborative whole. They believe that loyalty to such an organization would detract from employee loyalty to a company (disrupting the bond between employer and employees). The Unitary Model is without doubt the least sympathetic to the presence of trade unions or collective bargaining in the workplace, which are regarded as interference in the efficient performance of the managerial functions and unnecessary for the protection of employee interests (Farnham, 2000). It embodies a central concern of HRM, that an organization's people, whether managers or lower-level employees, should share the same objectives and work together harmoniously. From this perspective, conflicting objectives are seen as negative and dysfunctional. Consequently, trade unions activities are deemed as unnecessary since the loyalty is between the industry.

Salamon (2000) states that the unitary perspective assumes the organization is or should be an integrated group of people with a single authority/loyalty structure and a set of common values, interest and objectives shared by all members of the organization. Management prerogative is regarded as legitimate, natural and accepted and any opposition to it formal or informal, internal or external is seen as irrational. Consequently, trade unions are deemed unnecessary and conflict is perceived as disruptive and pathological. According to Cooper *et al.* (2011), the unitary perspective views the organization as pointing towards a single or unified authority and loyalty structure. Emphasis under the unitary perspective is placed on common values, interest and objectives. Those subscribing to this view see all organizational participants as a team or family thereby implicitly emphasizing on shared values, shared goals and common destiny. Unitarism in essence implies the absence of factionalism within the enterprise (Fajana, 2000).

Pluralist Theory

Pluralist theory as it originated from Fox's (1966) states that trade unions activities have an important role to play in representing those interests by regulating both market and managerial relations. This approach does not deny the common long term objective of employers and workers for the survival of business which unitary approach advocates, but it emphasizes inevitable and inherent conflict between employers and workers. The employers are more concerned about their profit and investment, whereas workers are concerned about their wages and standard of living. These different kinds of interests lead to traditional conflict between employers and workers. It emphasizes on the representative function of management and trade unions, and it reinforces the value (and legitimacy) of collective bargaining. Pluralists recognize organizations within management and within unions as legitimate. They believe that management's primary function is to coordinate, communicate and persuade, rather than control or demand (Kessler and Purcell 2003).

In pluralism, the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. In particular, the two predominant sub-groups in the pluralist perspective are the management and trade unions. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees, conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and, if managed, could in fact be channeled towards evolution and positive change (Giles 1989). The employers want to maximize profit at the expenses of the employee and employee want to enjoy social benefits inform of increased in wages and conducive environment. Therefore, conflict is inevitable and the need for trade union to protect the interest of both parties. Also, there is dual authority/loyalty in this approach. Therefore, employees are loyal to the management as well as their labour leaders (Gennard & Judge, 2002).

This perspective views society as being post capitalist. That is a relatively widespread distribution of authority and power within the society, a separation of ownership from management and a separation, acceptance and institutionalization of a political and industrial conflict (Salamon, 2000) noted that this perspective assumes that the organization is composed of individuals who organize themselves into a variety of district sectional groups, each with its own interests, objectives and leadership. The organization is thus multi-structural and competitive in terms of leaderships, authority and loyalty within the groups consequently there is a complex of tension and competing claims, which is managed in the interest of maintaining a viable collaborative structure. Conflicts that often result represent total range of behaviours and attitudes that express opposition and divergent orientation. In a nutshell, there is recognition of divergent interests, trade unions and conflict is functional (Oginni & Faseyiku, 2012).

Collective Bargaining Agreements

Collective bargaining is a process through which trade union represent their members and negotiate terms of employment such as; wages, benefits, and working conditions with their employers (American Federation of Labor and Congress of Industrial Organizations, 2016). According to Kochan (2012), collective bargaining is employee relationship between unions and their employers. Finnemore and Van der Mewe (1994) defines collective bargaining as "A collective agreement means a written agreement concerning terms, conditions of employment or any other matter of mutual interest concluded by one or more registered trade unions and one or more employers and or registered organisations. Labor unions in the United States use collective bargaining agreements to determine a framework for working conditions; it will include productivity and output (Rolfsen, 2013). According to Zhavoronkov (2015), trade Unions negotiate collective bargaining agreement to protect and increase the rights of their members to receive better pay and workplace protections. Odhong and Omolo (2014) noted that collective bargaining provides an important channel and framework used to determine employment terms and conditions. In addition, collective bargain provides a structure that provides a clear job description and work performance. Gyesie (2017) investigated exploring the impact of collective bargaining agreements on employee performance management. It was established that collective bargaining influences performance.

Godfrey *et al.* (2007) did a study on collective bargaining which meant that CB is central to any industrial relations system since it is a tool through which regulated flexibility achieved. A number of studies showed that where workers had their terms and conditions of employment determined through collective bargaining and where management supported unions, there was an improved industrial relations environment (Edwards, 2002). Adewole *et al.* (2010) asserted that frequent eruption of industrial conflicts between employers and employees in general could be effectively managed through collective negotiation and consultation with the workers' representatives. Collective bargaining was noted to help promote cooperation and mutual understanding between workers and management by providing a framework for dealing with industrial relations issues without resort to strike and lockouts. Therefore, fair and legal process would result in successful collective bargaining, hence maintenance of industrial discipline and peace and vice versa (Gomez *et al.* 2003).

Concept of Industrial Harmony

Industrial amicability alludes to a situation of peace in relative sense in any industrial organization, which includes; nonappearance of strikes, and doubt among work gatherings or unions, tranquil relationship amongst unions and administration of the organization, and additionally representative positive view of his or her commitment as member not as subject inside the organization. Industrial harmony is an exceptionally basic element of organizational profitability and execution. Industrial agreement in its optimal structure, presupposes an industry in a state of relative balance where relationship amongst people as well as gatherings are heartfelt and profitable. Sayles and Strauss (1981) noticed that with the unavoidable contrasts among gatherings inside an organization, struggle and varying destinations saturate cutting edge organizations. This kind of contention keeps the presence of industrial agreement which mirrors a condition of authoritative shakiness (Sayles and Strauss, 1981). Furthermore, as Hanson (1972) noted, industrial agreement speaks to nonappearance of conflict by industrial unions which will undoubtedly bring about viable and proficient organization.

Measures of Industrial Harmony

Absence of Incidence of Strike

To the industrial striker, strike speaks to the activity of his major right to pull back his administrations. Circumstances which seem to negate his own desire and yearning or which debilitates the satisfaction of the requirements of the individual are being enrolled during the time spent striking. All the more vitally, it is these individual rights that are outfit by the exchange union to set out on strike activity. The union quality in an industry, in this manner generally lay on the force of the strike. The strike is an extremely strong apparatus and can be intense if the workers on strike speak to key work or if the creation lost brought about by the business amid the strike is exceptionally huge. The strike likewise makes the administration to unite genuinely in future transaction; in that capacity, effective strikes improve the dealing position of the union for next arrangement. The strike if effective, enhances the financial prosperity of the individuals from exchange union as they can pay increments as a consequence of strike activity.

Striking workers additionally stand the danger of losing considerable wage amid the time of the strike. This on account of the Nigerian business may frequently summon the no-work-no-pay law. The Nigerian Government has reliably constrained the privilege to assault in the oil business. A portion of the applicable enactment could be located in the Trade disagreement Acts of 1969, 1976, and 1996. The Trade Unions (Amendment) Decree of 1996 made trade union registration contingent on a "no strike" proviso all through the lifetime of an aggregate understanding. Without a doubt, it unmistakably expressed that businesses were not allowed trade union levy to the trade union concerned, unless union individuals consented to this 'no strike' statement.

Absence of Grievance Frequency

Grievance manifests in employment relations when employees or union perceive ill- treatment or violation of terms of contract agreement by employers (Bemmels &Foley, 1996). Grievance relates to a feeling that infringement has occurred in contract relationship. In such instance, three options are available for employees. These include: the worker may choose not to report grievance officially, in which case, he wallows in his pains and frustration; or quit the job; or courageously report his grievance officially following an official laid down procedure in defiance of any consequence (Petterson & Lewin, 2000). Hirschman (1970) postulated exit, voice and loyalty‟ theory. The crux of this theory is that the tendency for an employee who officially reported grievance to get positive response or management retaliation in terms of job relieve is predicated on his loyalty or importance and the criticality of his job to the organization. What this means is that an employee who feels his job is not critical to his employer may be constrained from initiating grievance filing even when unfair treatment is present. In a unionized workplace, grievance procedure serves as official platform for aggrieved employees to report perceived unfair treatment and seek redress. The procedure outlines steps and stages which should be followed in order to effectively manage conflicts (Colvin 2003; Lewin, 2005). Similarly, Colvin (2003) believes that collective bargaining is a process through which disputes are managed and employees receive fair response in a unionized setting. However, Bingham (2004) maintains that alternative dispute resolution (ADR) which covers open-door systems, early mutual investigation, review panels are some useful paths to managing disputes in a non-unionized situation.

Relationship between Collective Bargaining Agreements and Industrial Harmony

Cole (2002) explains that, the process of negotiating collective agreement does not occur in a vacuum. The aim of the process, so far as employees representatives are concerned, is to achieve a workable relationship with management, found on mutual respect, in which tangible benefits are realized on agreed terms and not just on management’s whim. On their part, management representatives see collective bargaining as one method of attaining corporate objectives relating to pay and conduct of employee relations. Collective bargaining is therefore a rational process in which appeal to facts and to logic reconciles conflicting interests in the light of common interest of both parties (Bendix, 2001). Hence, the application of the agreed set of rules to govern the substantive and the procedural terms of employment relationship between the employer and employee will influence industrial relations environment. The amount of trust built up between management and the trade union representatives, in particular, and management and workforce generally, during the process is a major factor in the quality of industrial relations. Where the trust is high, it is less likely that one side or the other will resort to sanctions (Cole, 2002).

From the foregoing point of view, the study hereby hypothesized thus:

Ho_1: There is no significant relationship between collective bargaining agreements and absence of unrest in Rivers State-owned tertiary institutions.

Ho_2: There is no significant relationship between collective bargaining agreements and reduced level of grievance in Rivers State-owned tertiary institutions.

METHODOLOGY

The study adopted the cross-sectional survey in its investigation of the variables. Primary data was generated through self- administered questionnaire. The target population of this study consists of 1,796 academic staff of 4 Rivers State- owned tertiary institutions. The sample size of 327 was determined using Taro Yamane sample size formula. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring coefficients above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Statistics. The tests were carried out at a 95% confidence interval and a 0.05 level of significance.

DATA ANALYSIS AND RESULTS

Bivariate Analysis

Table 1 bears the result of correlation matrix obtained for collective bargaining agreements and industrial harmony. Also displayed in the table is the statistical test of significance (p - value), which makes us able to generalize our findings to the study population.

Table 1: Correlations for Collective Bargaining Agreement and Industrial Harmony

			CBA	Absence of incidence of unrest	Reduced level of grievance
Spearman's rho	CBA	Correlation Coefficient	1.000	.633**	.844**
		Sig. (2-tailed)	.	.000	.000
		N	134	134	134
	Absence of incidence of unrest	Correlation Coefficient	.633**	1.000	.734**
		Sig. (2-tailed)	.000	.	.000
		N	134	134	134
	Reduced level of grievance	Correlation Coefficient	.844**	.734**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	134	134	134

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

Source: SPSS output, Version 23.0

Ho$_1$: ***There is no significant relationship between collective bargaining agreements and absence of unrest in Rivers State-owned tertiary institutions.***

From the result in the table 1, the *correlation coefficient* 0.633 confirms the magnitude and strength of this relationship between collective bargaining agreements and absence of unrest. The correlation coefficient represents a strong correlation between the variables. The tests of significance indicates that the relationship is significant at p 0.000<0.01. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between collective bargaining agreements and absence of unrest in Rivers State-owned tertiary institutions.

Ho$_2$: ***There is no significant relationship between collective bargaining agreements and reduced level of grievance in Rivers State-owned tertiary institutions.***

From the result in the table 1, the *correlation coefficient* 0.884 confirms the magnitude and strength of this relationship between collective bargaining agreements and reduced level of grievance. The correlation coefficient represents a very strong correlation between the variables. The tests of significance indicates that the relationship is significant at p 0.000<0.01. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between collective bargaining agreements and reduced level of grievance in Rivers State-owned tertiary institutions.

DISCUSSION OF FINDINGS

The findings revealed that there is a significant relationship between collective bargaining agreement and industrial harmony in Rivers State-owned tertiary institutions. This finding agrees with According to Zhavoronkov (2015) trade unions negotiate collective bargaining agreement to protect and increase the rights of their members to receive better pay and workplace protections. Odhong and Omolo (2014) noted that collective bargaining provides an important channel and framework used to determine employment terms and conditions. In addition, collective bargain provides a structure that provides a clear job description and work performance. Gyesie (2017) investigated exploring the impact of collective bargaining agreements on employee performance management. It was established that collective bargaining influences performance.

Godfrey *et al.* (2007) did a study on collective bargaining which meant that CB is central to any industrial relations system since it is a tool through which regulated flexibility achieved. A number of studies showed that where workers had their terms and conditions of employment determined through collective bargaining and where management supported unions, there was an improved industrial relations environment (Edwards, 2002). Adewole *et al.* (2010) asserted that frequent eruption of industrial conflicts between employers and employees in general could be effectively managed through collective negotiation and consultation with the workers' representatives. Collective bargaining was noted to help promote cooperation and mutual understanding between workers and management by providing a framework for dealing with industrial relations issues without resort to strike and lockouts. Therefore, fair and legal process would result in successful collective bargaining, hence maintenance of industrial discipline and peace and vice versa (Gomez *et al.* 2003).

CONCLUSION AND RECOMMENDATION

This study concludes that collective bargaining significantly influence industrial harmony in Rivers State-owned tertiary institutions. The study recommends that management of tertiary institutions should show more commitment and respect for collective bargaining agreements as a way of fostering industrial harmony in the educational sector.

REFERENCES

Adewole, O.A. & Adebola, O. G. (2010). Collective bargaining as a strategy for industrial conflict management in Nigeria. *Journal for Research in National Development*, 8.1, 326-339

Armstrong, M. (2006). *A Handbook of Human Resource Management Practice (10th ed.).* London/Philadelphia: Kogan Page. 982 p.

Bemmels, B., & Foley, J. R. (1996). Grievance procedure review: A review and theoretical recommendations. *Journal of Management*, 22: 359–384.

Bendix, S. (2011). Industrial relations in South Africa; commonality, conflict and power in collective bargaining. Available: http://www.books.google.co.ke/books

Bingham, L. B. (2004). Employment Dispute Resolution: The Case for Mediation. *Conflict Resolution Quarterly,* 22(1-2) (Fall-Winter), 145-74.

Bronwyn, K. (2010). *Employer Policies and Organizational Commitment*. New York, NY: McGraw-Hill/Irwin.

Budd, J. W., & Bhave, D. (2008). Values, ideologies, and frames of reference in industrial relations,' in Paul Blyton, Nicolas Bacon, Jack Fiorito, and Edmund Heery (eds), *Sage Handbook of Industrial Relations.* London: Sage, pp. 92–112.

Carrell, M. R., & Heavrin, C. J. D. (2012). *Labor Relations and Collective Bargaining: Private and Public Sectors (10th ed).* New Dehli, India: Prentice – Hall.

Cole, G.A. (2002).*Personnel and Human Resource Management*. London: Book Thomson Learning.

Colvin, A. J. S. (2003). The dual transformation of work- place dispute resolution. *Industrial Relations,* 42, 712–735.

Cooper, D. R., Schindler, P. S., & Boris, B. (2011). *Business research methods.* USA: McGraw-Hill.

Edwards, P. (2002). Impact of collective bargaining on workplace performance. Available: http://www.europa.eu/eiro/index.html.

Fajana, S. (2000).*Industrial Relations in Nigeria*: *Theory and Features.* Lagos: Labofin and Company.

Farnham (2000). *Employee relations: theory and practice.* McGraw-Hill Australia.

Finnemore, M. & Van Der Merwe, R. (1994). *Introduction to industrial relations in South Africa*. 3rd ed. Natal: Lexicon Publishers.

Fox, A. (1966). Industrial Sociology and Industrial Relations, HMSO, London.

Gennard, J., & Judge, G. (2002). *Employee relations.* London: CIPD Publishing.

Godfrey, S., Theron, J. and Visser, M. (2007). The State of Collective Bargaining in South Africa: An Empirical and Conceptual Study of Collective Bargaining. Labour Policy and Enterprise Policy Research Group, Working Paper 07/130, University of Cape Town.
Godfrey, S., Theron, J. and Visser, M. (2007). The State of Collective Bargaining in South Africa: An Empirical and Conceptual Study of Collective Bargaining. Labour Policy and Enterprise Policy Research Group, Working Paper 07/130, University of Cape Town.
Godfrey, S., Theron, J. and Visser, M. (2007). The State of Collective Bargaining in South Africa: An Empirical and Conceptual Study of Collective Bargaining. Labour Policy and Enterprise Policy Research Group, Working Paper 07/130, University of Cape Town.
Godfrey, S., Theron, J., & Visser, M. (2007). The State of Collective Bargaining in South Africa: An Empirical and Conceptual Study of Collective Bargaining. Labour Policy and Enterprise Policy Research Group, Working Paper 07/130, University of Cape Town.

Gomez-Mejia, Luis R., Balkin, D. B., & Cardy R. L. (2003). *Managing human resources*. Delhi India: Pearson Education.

Gyesie, N. (2017). Exploring the impact of collective bargaining agreements on employee performance management. Unpublished Thesis Submitted to Walden University.

Hanson, J. (1972). Economics. Macdonald and Evans Limited. *London International Journal of Multidisciplinary Educational Research*, 1(1), 146 – 151.

Hirschman, O. (1970). *Exit, voice and loyalty response to decline in firms, organizations and states. Cambridge*, MA: Harvard University Press.

Kessler, I., & Purcell, J. (2003). *Individualism and collectivism in industrial relations', in P. Edwards (ed.), Industrial Relations Theory and Practice*, Oxford, Blackwell, 313-37.

Kochan, T. (2012). Collective bargaining: crisis and its consequences for American society. *Industrial Relations Journal*, *43* (4), 302-316.

Lewin, D. (2005). Unionism and employment conflict resolution: rethinking collective voice and its consequences. *Journal of Labor Research,* 26, 209–239

Odhong, E. A., & Omolo, J. (2014). An analysis of the factors affecting employee relations in the flower industry in Kenya. A Case of Waridi Ltd, Athi River. *International Journal of Business and Social Science*, 5, (11/1), 147- 160.

Ogini, B. O. & Faseyi, K. U. (2012). *Dynamics of Industrial Relations*. Somolu, Lagos: Mankore Press Ltd.

Peterson, R. B., & Lewin, D. (2000). Research on unionised grievance procedures: Management issues and recommendations. *Human Resources Management,* 39 (4), 395-406.

Rolfsen, M. (2013). We put teamwork back on the agenda again and again. Team Performance Management: *An International Journal*, 19(5/6), 292-304.

Salamon, M. (2000). *Industrial relations: Theory and practice*. London: Pearson Education.

Sayles, L. & Straus, G. (1981). *Managing human resources.* Prentice Hall Inc., New Jersey.

Zhavoronkov, A. (2015). Longevity expectations in the pension fund, insurance, and employee benefits industries. *Psychology Research & Behavior Management,* 8, 27-39

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 79-97 (November, 2020)
nrdajpapers@gmail.com

Work Re-design and Effectiveness of Oil and Gas Firms in Rivers State, Nigeria

Senibo Samuel Jaja, Adeinbiari Ibinabo Warmate and Dr. A.O. Oparanma
Department of Management, Faculty of Management Sciences, Rivers, State University, Nkpolu-Oroworukwo, PMB 5080, Port Harcourt, Nigeria

Abstract: *This study examined the relationship between work re-design and Effectiveness of Oil and Gas Firms in Rivers State, Nigeria. The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through self- administered questionnaire. The accessible population for this study comprised of 260 employees of five (5) Oil and gas servicing firms which were listed on the first tier of the Nigeria stock exchange as obtained from daily official list. The sample size of 154 was determined using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. The findings revealed that there is a significant relationship between work re-design and effectiveness of Oil and Gas Firms in Rivers State, Nigeria. The study recommends that*

Keywords: *Work Re-design, Effectiveness, Adaptability, Survival, Resource Acquisition*

INTRODUCTION

In today's world, global institutes are contending worldwide. Globalization has shaped many likelihood as well as challenge in favor of the worldwide and limited firms. The rate of manufacturing is rising day by day due to innumerable common reasons together with world slump. Organizations are shifting this increased work burden on their current employees by broaden their jobs. Work design is typically described as 'the content and organization of one's work tasks, activities, relationships, and responsibilities' (Parker, 2014: 662). Decades of research exists on the topic (Parker et al., 2017a), and it is widely accepted that the way work is designed has implications for many outcomes. Work designs that are high in positive job characteristics, such as autonomy, social support, job feedback and support, and contain moderate to low job demands, are theorized to be motivating, and lead to positive outcomes such as job satisfaction, increased well-being, work safety and individual job performance (Parker, 2014). High demands are argued to cause strain, and hence negative outcomes such as burnout, poor well-being and sickness absenteeism. Good work design is therefore assumed to be critical for optimal individual and organizationally oriented outcomes, including work performance.

Job redesign is the restructuring of the elements of work including tasks, duties and responsibilities of a specific job in order to make it more encouraging and inspiring for the employees or workers (Alber, 2007). According to Aldag and Brief (1979), the process includes revising, analyzing, altering, reforming and reshuffling the job-related content and dimensions to increase the variety of assignments and functions to motivate employees and make them feel as an important asset of the organization (Hackman & Oldham, 1980). This study defines job redesign as the deliberate purposeful planning of the job, including all its structural and social aspects and their effect on the employee. It is a broad concept that can refer to any part or combination of parts of the job, and is characterized by task identity, task variety, and task significance, and autonomy. The idea is to place the right person in the right job and get the maximum output while increasing their level of satisfaction (Slocum & Sims, 2000).

A job can be made more meaningful through task identity, task variety, task significance and autonomy. Individual jobs should focus on an entire unit as opposed to just a portion of it. This is task identity (Slocum & Sims, 2000). A task should also require an individual to develop and use a variety of skills and abilities in the performance of the task. In the case of a general superintendent of a banking plant, the technical knowledge of the firm's machinery, the skill to supervise others and the ability to determine plant shutdowns and repairs without loss of revenues provides a significant amount of task variety (Hellriegel & Slocum, 2009). A job should have a substantial impact on the welfare of the organization (Alber, 2007). Recruiting high-caliber staff indicates that a high degree of task significance is attached to the job (Aldag & Brief, 1979). Task variety, task identity, task significance, and autonomy are the core dimensions of a job because they relate directly to the attainment of personal satisfaction.

This study therefore examines the relationship between work re-design and effectiveness of oil and gas firms in Rivers state, Nigeria. Furthermore**,** this study will also be guided by the following research questions:

iii. What is the relationship between work re-design and adaptability of oil and gas firms in Rivers State?
iv. What is the relationship between work re-design and resource acquisition of oil and gas firms in Rivers State?
v. What is the relationship between work re-design and survival of oil and gas firms in Rivers State?

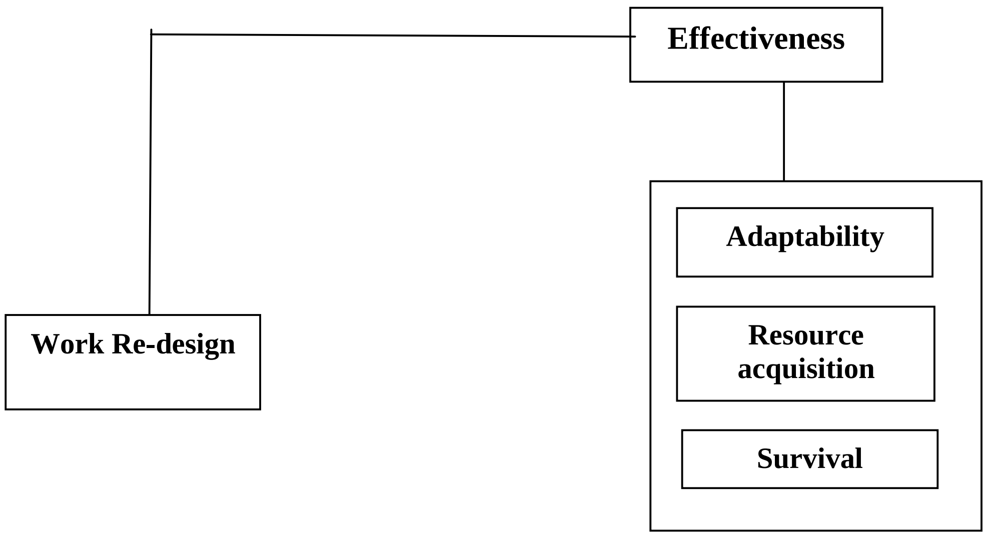


Fig.1 Conceptual Framework for the relationship work re-design and effectiveness

Source: Desk Research, 2020

LITERATURE REVIEW

Theoretical Foundation

Work Redesign

Restructuring the elements including tasks, duties and responsibilities of a specific job in order to make it more encouraging and inspiring for the employees or workers is known as job redesigning. The process includes revising, analyzing, altering, reforming and reshuffling the job-related content and dimensions to increase the variety of assignments and functions to motivate employees and make them feel as an important asset of the organization. The main objective of conducting job redesigning is to place the right person at the right job and get the maximum output while increasing their level of satisfaction.

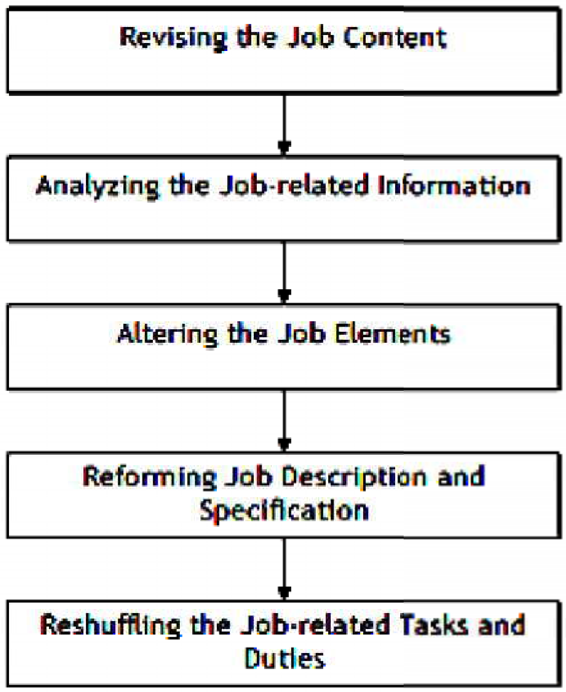


Figure 2.1: Job redesign

Source: Charity, Xolelwa and Anis (2015)

Revising the Job Content: Job redesigning process involves recollecting and revising job-related information to determine the inconsistency between person and the job.

Analyzing Job-related Information: Once the job analyst is through with recollecting and revising the job content, analyzing the discrepancies is the next step. It is done to determine the hindrances in performing job-related tasks and duties and investigate why an employee is not able to deliver the expected output.

Altering the Job Elements: The next step is to amend the job elements. It may include cut back on extra responsibilities or addition of more functions and a higher degree of accountability. The basic aim of altering the job content is to design a job in such a manner that encourages employees to work harder and perform better.

Reformation of Job Description and Specification: After altering the job elements, a job analyst needs to reform the job description and specification in order to make sure that the worker placed at a particular place is able to deliver what is expected of him.

Reshuffling the Job-related Tasks and Duties: Next is to reallocation of new or altered tasks and functions to employees. It may be done by rotating, enriching, enlarging and engineering the job. The idea is to motivate the performers while increasing their satisfaction level.

Advantages of Job Redesigning

Figure 2.1:

Source: Charity, Xolelwa and Anis (2015)

Enhances the Quality of Work-Life: Job redesigning motivates the employees and enhances the quality of their work life. It increases their on-the-job productivity and encourages them to perform better.

Increases Organization's and Employees' Productivity: Altering their job functions and duties makes employees much comfortable and adds to their satisfaction level. The unambiguous job responsibilities and tasks motivate them to work harder and give their best output. Not only this, it also results in increased productivity of an organization.

Brings the Sense of Belongingness in Employees: Redesigning job and allowing employees to do what they are good at creates a sense of belongingness in them towards the organization. It is an effective strategy to retain the talent in the organization and encouraging them to carry out their responsibilities in a better fashion.

Creates a Right Person-Job Fit: Job Redesigning plays an important role in creating a right person-job fit while harnessing the full potential of employees. It helps organization as well as employees in achieving their targets or goals.

Therefore, the purpose of job redesigning is to identify the task significance and skill variety available in the organization and reallocating the job-related tasks and responsibilities according to the specific skills possessed by an employee.

Whereas there are some similarities and differences between the classical and industrial engineering views, the two approaches share a common view of the worker. The worker will produce efficiently and effectively on well-structured, repetitive tasks. Unfortunately, numerous studies (Hackman & Oldham, 2010; Aldag & Brief, 2009) have shown that work designed according to the principles of classical and scientific management did not always improve productivity. A report of the special task force to the secretary of Health, Education and Welfare stated, “Significant numbers of American workers are dissatisfied with the quality of their working lives. Dull, repetitive, seemingly meaningless tasks, offering little challenge or autonomy, are causing discontent among workers at all levels.”.

In another dimension, to the design of work focuses on the characteristics of the employees’ jobs. The basic idea is to build into those jobs characteristics that create conditions for high motivation, satisfaction, and performance. Job characteristics theory began with the major study of Turner and Lawrence (2015) and has been extended by Hackman and Lawler (2011) and Hackman and Oldham 2010). Studies by Hackman and his associates provided evidence that job characteristics can directly affect employee attitudes and behavior at work. These researchers predicted that if specific core job characteristics are present, employees will experience a positive, self-generated internal drive when they perform well. This internal drive will provide an incentive for continued efforts toward good performance.

Job design is the deliberate purposeful planning of the job, including all its structural and social aspects and their effect on the employee. Job design is a broad concept that can refer to any part or combination of parts of the job. For example, industrial engineering and job enrichment are both job-design approaches. There are several ways in which jobs can be made more meaningful through redesign

i) Task identity. Individual jobs can focus on an entire unit as opposed to just a portion of it. For example, a bank teller may be responsible for satisfying all the hank needs of a customer, including transactions involving checking, savings, utility payments, loan payments, and mortgage payments, rather than specializing only in savings account deposits and withdrawals. Behavioral scientists have referred to this as task identity.

ii) Task variety. The task may require an individual to develop and use a variety of skills and abilities in the performance of the task. In the case of a general superintendent of a manufacturing plant, the technical knowledge of the firm’s machinery, the skill to supervise others, and the ability to determine plant shutdowns and repairs without loss of revenues provides a significant amount of task variety.

iii) Task significance. Jobs should have a substantial impact on the welfare of the organization. By recruiting high-caliber students and faculty the dean of a college not only satisfies society's needs for well-educated men and women, hut provides jobs for others at the college as well. A high degree of task significance is attached to this job.

However, the job should provide feedback about what is accomplished. Knowledge of one's task performance is a requirement for higher-order needs satisfaction. If an employee is working on a task that is meaningful, for which he or she is held personally responsible, satisfaction of higher order needs will not he obtained unless some form of task feedback is provided. Feedback can originate from either doing the task itself, or from others, such as supervisors, co-workers, or customers. A job that is high on all core job dimensions is that of the surgeon.

It presents a constant opportunity for using highly varied skills, abilities, and talents in diagnosing and treating illnesses. There is plenty of task identity, as the same surgeon normally diagnoses, performs the operation, and monitors the convalescence period. Task significance is also high, as much of the surgeon's work will be a matter of life, death, or comfort to the patient. Autonomy is quite high since the surgeon is the final authority on the procedures and techniques of the job during the operation. Finally, the feedback from the job is high because the surgeon can tell within a short period of time whether the operation was successful. Task variety, identity, significance, autonomy, and feedback have been termed the core dimensions of a job because they relate directly to the attainment of personal satisfaction.

The Concept of Organizational Effectiveness

Drucker (1977) defines effectiveness as doing the right things. Organizational effectiveness according to Etzioni (1964) is the degree to which an organization realizes its goals. Seashore and Yuchtman (1967) see it as the ability of the organization to exploit the environment in the acquisition of critical resources to sustain its functioning. Devinney, Yip and Johnson (2009) argue that organizational effectiveness captures organizational performance plus the internal performance outcomes and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by managers, customers or shareholders) such as cooperate social responsibility.

Organizational effectiveness remains a pre-eminent concept among management scholars and practitioners and this is traceable to the fact that it is a critical attribute of all organizations not withstanding their type, age, and size. Organizational effectiveness is a desirable attribute which guarantees a firms survival and continued support by stakeholders. Effective organizations are usually described as successful, healthy, productive, excellent and full of vitality.

Similarly, Mihalicz (2012) observes that organizational effectiveness is far more than the ability of a company to make sales or to show concern for the environment, cooperate culture, leadership, talent management, innovation, strategy, communication and engagement.

Adaptability

Adaptability is the degree to which an organization has the ability to alter behaviour, structures; and systems in order to survive in the wake of the environmental change (Denison, 2007). Adaptability entails translating the demands of business environment into action. Organizations as open systems exist in environment that is complex and uncertain. Environmental uncertainty represents an important contingency for organization structure and internal behaviors (Daft, 1998). Organizations need to have the right fit between internal structure and the external environment. Adaptability has also come to be considered an important response option worthy of research and assessment, not simply in order to guide the selection of the best mitigation policies, but rather to reduce the vulnerability of groups of people to the impacts of change, and hence minimize the costs associated with the inevitable (Kane and Shogren, 2000; Smit and Pilifosova, 2003). Adaptation is defined as the modification and alterations in the organizations or its components in order to adjust to changes in the environment (Cameron, 1984). Adaptability is defined by Buch (2009) as an organization's capacity to embrace change or be changed to fit an altered environment. Adaptation is not viewed as a one stop process of organizational change but as a continuous process during an organization's life cycle. Davenport (1993) stresses that adaptation is a process of organizational change that should be practiced in the context of a continuity process of human and organization improvement over time (Davenport, 1993). This enables an organization and its people to effectively adapt to environmental change (Guha, Grover, Kettinger, & Teng, 1997).

A review of the literature reveals there is not a widely accepted definition of adaptability. Researchers at the Institute of Defense Analysis (IDA) defined adaptability as the degree to which adjustments are possible in practices, processes, or structures to projected or actual changes in climate. Adaptation can be spontaneous or planned and be carried out in response to or in anticipation of changes in conditions (Tillson, et al., 2005). The Army Research Institute (ARI) defined adaptability as an effective response to an altered situation (White et al., 2005). Yukl and Mahsud (2010) contend that adaptive leadership involves changing individual behaviors in the appropriate ways as the situation changes. Army doctrine states that adaptability requires leaders who think critically and creatively, are comfortable with ambiguity, accept prudent risk, and can adjust rapidly to the environment while continuing to assess the situation. It specifically defines adaptability as the capacity to respond to changing threats and situations with appropriate, flexible, and timely actions (Department of the Army Doctrine Reference Publication 6-22, 2012).

Hiefetz, Grashow, and Linsky (2009) use the term adaptability throughout the work, yet do not provide a specifically defined, precise term for adaptability. Hiefetz, Grashow, and Linsky (2009) approach adaptability differently by providing characteristics of adaptive leadership by stating, adaptive leadership is specifically about change that enables the capacity to thrive and adaptive leadership is the practice of mobilizing people to tackle tough challenges and thrive (p 14). Hiefetz, Grashow, and Linsky (2009) link adaptive leadership to the biological concept of a thriving organism and equate thriving to increased growth and value of the organization.

The definitions above share several characteristics. First, they all involve a change in behaviour. Secondly, there is an expectation that this behavioural change is appropriate for the situation. Finally, with the exception of Heifetz, Gashow and Linsky (2009), the definitions characterize adaptation as a reactive response to changes in the environment. While there are similarities in the definitions, there are also gaps. The definitions do not explicitly include innovation, creativity, or a proactive element. We think these elements should be part of a comprehensive definition. Other sources provide additional ideas that deserve consideration in a more comprehensive definition. The Army Operating Concept (Department of the Army, 2014) explicitly uses innovation in discussing adaptability and Bennis (2003) associates creativity with his idea of adaptive capacity. The inclusion of the term 'projected' in the definition provided by Tillson *et al.,* (2005) suggests that adaptability is proactive in nature. Projected implies proactive actions, but does not clearly describe adaptability as proactive. The omission of innovation, creativity, and the ability to anticipate change reveals gaps in the definitions, which is significant. We posit innovation, creativity, and the ability to anticipate change are important in developing new ways to solve problems and should be part of a comprehensive definition of adaptability.

Resource Acquisition

Regardless of how we might frame the mechanisms associated with liabilities of newness, it is apparent that new ventures lack resources and proven competencies. In turn, acquiring resources (such as finding investors, land, materials, technology, equipment, facilities, employees, associates, and customers) is a principal challenge for the entrepreneurs behind venture firms. Pfeffer and Salancik's (1978) resource dependency theory posits two steps in the resource acquisition process for firms. The first step is to determine the type of resources required and the sources of them; while the second step is searching for the means of access to such resources. Through analyzing resource requirements and considering what existing resources are available, ventures can decide which resources they need to acquire from the environment and the method of acquisition most pertinent to the firm. In this sense, resource acquisition is defined as the process by which ventures acquire resources from the internal and external environment.

Previous research indicates that ventures use their stock of resources to acquire additional resources in a variety of ways. Ventures can purchase other resources with their financial resources, they can attract resources through their intangible ones, and they can develop or accumulate resources internally (Brush, Greene, Hart, and Haller 2001). For example, Sirmon and Hitt (2003) suggest that entrepreneurial firms can acquire resources from external factor markets or they can develop new resources internally by combining and configuring existing resources in novel ways. Bowman and Collier (2006) posit a third route to resource acquisition through alliances and network relationships. The literature on strategic networks suggests that a venture can draw on relationships to gain access to a pool of resources that would otherwise be difficult to get hold of (Hughes et al. 2007). Strategic networks can also offer rapid access to scarce resources in a way that is superior to either market exchange or internal development (Gulati, Nohria, and Zaheer 2000). To this end, entrepreneurs can use external relationships to attract resources and change the constraints affecting the firm (Pfeffer and Salancik 1978). Consolidating this literature, we put forward three primary resource acquisition methods that new ventures can deploy: (1) purchase, (2) attraction, and (3) internal development.

Resource purchase is also the process through which ventures buy target resources from the external factor market with their initial financial resources (Barney 1986). Purchase is a direct and one-time approach to obtaining a necessary resource for the venture, such as buying patents, licensing or sourcing technology resources, buying or renting land or equipment to acquire physical resources, recruiting employees to enrich human resources, and buying materials for production. Ownership of the target resources enables the venture to fully control the application, use, and deployment of those resources going forward. This is particularly important when a resource is core to the firm's market initiatives. Whether to buy resources or not depends on the availability of the resource in the marketplace, its cost, and how critical its acquisition is to get the firm to market quickly.

Survival

The survival of a firm depends on its ability to survive with its internal and external environmental factors. Drucker (1979) says that corporate performance should portray how effective and efficient it is in terms of its profitability, growth, cost minimization and productivity. Schumpeter argued that innovation plays a key role for the survival of firms, innovation "strikes not at the margins of the profits and out of the existing firms but at their foundations and their very lives" (Schumpeter, 1942:84).

Organizational survival has been the most interesting topics for organizations over the years. Organizations exist to survive in the midst of environmental factors that tend to encroach on business performance. Organizations attempt to maintain the existing state of affairs, but essentially the larger part of their efforts is tilted toward survival (Mindy, 1998). The competition in the industry is getting stronger and firms are adopting different strategies to be competitive in the industry. Surviving in the global struggle to meet with increasing demand on firms in the market place has seen many researchers and academicians having a resort to pay attention to the individual employees in the organization since innovation in product and services are brought about by these individuals. In this study, two measures of organizational survival were reviewed.

Corporate survival is very crucial at this period of business turbulence. Maintaining a place in this competitive era becomes not only the responsibility of the owners or leaders of the organization but that of the employees. Employees are part of the company's resources which has been found to appreciate with time by knowledge gained, skills, abilities and experience. The success of business depends on collaboration and stakeholder interests have to be shared, they must be working for the same purpose, otherwise business will come to an end and new collaborations will be formed (Venkatarman, 2001). Thus, involvement of employees in the firm's strategic decision making is tapping into their knowledge and experience for gaining competitive advantage and earning a retained workforce. Surviving in the global struggle to meet with increasing demand on firms in the market place has seen many researchers and academicians having a resort to pay attention to the individual employees in the organization since innovation in product and services are brought about by these individuals.

Survival for business organisations is a critical issue in the present global environment and beyond. An appreciative of employee's contribution toward the organization is as important given the competitive pressure in the market. Innovation as something new on its own cannot be achieved, but it ultimately depends on the knowledge, skills, and creativity of individuals, organizations and societies (Macbeth, Tomislav Rimac, 2004 cited in Ogedegbe (2014).Therefore the development and introduction of innovative activities are directly related to changes in human resource practices such as management style, the flow of information and training (Child and Loveridge, 1990).

More so, organizational survival has been the primary goal or objective of every organization (Adewale, Abolaji and Kolade, 2011). Survival is very crucial at this period of business turbulence. Organizations strive for survival and continuity, while seeking relevance and key positions in the industry. Jones & Bartlet (2008), posit that survival and growth of organizations are contained in its goals which require energy and resource investment. From the observation, survival concept is an unwritten law of every organization and when organizations survived, without doubt, there will be available goods and services and the organization will be in continue operations, and Gross (1968), adds that survival should be an expedient factor for organizations interest.

Work Redesign and Effectiveness

Job design refers to the structure and content of a person's role at work. Job design can facilitate or inhibit opportunities for success and finding meaning in a position. Resource acquisition require a job redesign, others do not. Generally, if a person is significantly reducing the time they spend in their job (i.e. from full-time to a three or four day week), a job redesign is required. Job design research has sought to establish the mechanisms through which job characteristics affect employee outcomes such as performance and well-being. Employee learning has been proposed as one such mechanism (Parker &Wall 1999). The basic premise of the job design–resource acquisition is that job characteristics stimulate the resource acquisition process. This leads to the acquisition of knowledge about the job and its context, enabling the employee to perform more effectively and to cope better with demand. An additional benefit of the employee being able to cope better with demand is an improvement in well-being (Karasek and Theorell, 1990). Consistent with this view, studies have found support for a job design– learning mechanism in relation to two employee outcomes, task performance (Wall *et al.* 1992), and well-being (Taris and Kompier, 2005).

Although job design–research acquisition has yet to be established in relation to employee innovation, the individual- level process by which new ideas are generated, promoted, and implemented within organizations (Rank, Pace & Frese, 2004). It is important to know that job design affects employee innovation via its influence on learning because, if true, it demonstrates a route through which employee innovation can be cultivated. Organizations might therefore be able to promote employee innovation by combining effective job designs with interventions to enhance employee learning. It is also important to know the route through which job design affects employee innovation because, if the causal pathways that lead to employee innovation are similar to those that promote employee performance and well-being (i.e., a job design–resource acquisition), then organizations may be able to achieve multiple beneficial outcomes by concentrating resources and interventions on improving their common antecedents.

Encouragingly, there is empirical evidence to suggest that employee learning might be a mechanism through which job design affects employee innovation. This is because studies have shown that job design characteristics, such as job control, are associated directly with employee learning (Bond and Flaxman, 2006) that employee learning is associated directly with innovation (Jansen and Van Yperen, 2004) and that job characteristics are associated directly with employee innovation (Scott and Bruce, 1994). However, from these studies, it cannot be inferred directly that employee learning is a mechanism through which job design affects employee innovation. For example, studies focusing on employee learning and innovation might have found a relationship because of a common but unmeasured antecedent, i.e., job design. This means that employee learning may not be a precursor of innovation or a route through which job design influences innovation. Current studies therefore tell us little about the precise way in which job design affects learning and innovation simultaneously. As such, this article focuses on whether learning is a mechanism through which job design affects innovation.

Williams, Blair-Loy, & Berdahl (2013), observed that an organization's design refers to its particular configuration of organizational characteristics. These characteristics include structural dimensions, such as size, number of vertical levels, and degree of specialization among organizational units or personnel. They also maintain that other organizational features, such as culture, primary operating processes, and even strategy, are also included in the concept of organizational design. Because many more organizations are changed each year than are founded, much of organizational design is actually redesign. Redesign is usually an intensively managed endeavor, as illustrated by the well-known redesigns at oil and gas industry. Both of these redesigns involved comprehensive changes in strategy, technology, staffing, and culture.

Because there are an immense number and great variety of characteristics on which organizations can differ, a great number of organizational designs are possible. The actual number of significantly different designs found in any population of organizations, however, tends to be much smaller than the theoretical possibilities. This is because many combinations of organizational characteristics or features are not workable or result in inferior performance and are selected out of the population. It is also because, once organizational forms are established and appear to be effective, many will tend to quickly copy them. In contrast, other designs result in smooth and effective organizational functioning, that is, in high levels of organizational performance. Eventually, these latter patterns or clustering of organizational characteristics become more frequently observed.

From the foregoing point of view, we hereby hypothesized thus:

H_{01} There is no significant relationship between work re-design and adaptability of oil and gas firms in Rivers State.

H_{02} There is no significant relationship between work re-design and resource acquisition of oil and gas firms in Rivers State.

H_{03} There is no significant relationship between work re-design and organizational survival of oil and gas firms in Rivers State.

METHODOLOGY

The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through self- administered questionnaire. The accessible population for this study comprised of 260 employees of five (5) Oil and gas servicing firms which were listed on the first tier of the Nigeria stock exchange as obtained from daily official list. The sample size of 154 was determined using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 95% confidence interval and a 0.05 level of significance.

DATA ANALYSIS AND RESULTS

Bivariate Analysis

Table 1 below shows the result of correlation matrix obtained for devotion and Organizational residency attitude. Also displayed in the table is the statistical test of significance (p - value), which makes us able to answer our research question and generalize our findings to the study population.

Table 1: Correlation Matrix for Work Redesign and Effectiveness

			Redesign	Adaptability	Resource acquisition	Survival
Spearman's rho	Redesign	Correlation Coefficient	1.000	.949**	.875**	.859**
		Sig. (2-tailed)	.	.000	.000	.000
		N	121	121	121	121
	Adaptability	Correlation Coefficient	.949**	1.000	.968**	.882**

	Sig. (2-tailed)	.000	.	.000	.000
	N	121	121	121	121
Resource acquisition	Correlation Coefficient	.875**	.968**	1.000	.851**
	Sig. (2-tailed)	.000	.000	.	.000
	N	121	121	121	121
Survival	Correlation Coefficient	.859**	.882**	.851**	1.000
	Sig. (2-tailed)	.000	.000	.000	.
	N	121	121	121	121

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

SPSS 21.0 data Output, 2019

Ho_1: There is no significant relationship between work re-design and adaptability of oil and gas firms in Rivers State.

The *rho* value 0.949 shows that there is a very strong and positive relationship between work re-design and adaptability. The tests of significance he indicates that the relationship is significant at p 0.000<0.05. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate held. Thus, there is a significant relationship between work re-design and adaptability of oil and gas firms in Rivers State.

Ho_2: There is no significant relationship between work re-design and resource acquisition of oil and gas firms in Rivers State.

The *rho* value 0.875 shows that there is a very strong and positive relationship between work re-design and resource acquisition. The tests of significance he indicates that the relationship is significant at p 0.000<0.05. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate held. Thus, there is a significant relationship between work re-design and resource acquisition of oil and gas firms in Rivers State.

Ho_3: There is no significant relationship between work re-design and survival of oil and gas firms in Rivers State.

The *rho* value 0.859 shows that there is a very strong and positive relationship between work re-design and survival. The tests of significance he indicates that the relationship is significant at p 0.000<0.05. Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate held. Thus, there is a significant relationship between work re-design and survival of oil and gas firms in Rivers State.

DISCUSSION OF FINDINGS

The study findings revealed that there is a very strong positive and significant relationship between work re-design and effectiveness of Oil and Gas Firms in Rivers State, Nigeria. This findings is in line with the study done by Naoler and Tushman (2010), who observed that change that have an impact on the whole system of the organization must be fundamentally redefined on some basic framework, including strategy, structure, people, processes and (in some cases) core values. In the same vein, Johnson and Scholes (2007), also observed that radical change or approach is used to address more fundamental problems especially in some situations, such as after a period of flux or unexpected rapid change in the environment. Restructuring the elements including tasks, duties and responsibilities of a specific job in order to make it more encouraging and inspiring for the employees or workers is known as job redesigning. The process includes revising, analyzing, altering, reforming and reshuffling the job-related content and dimensions to increase the variety of assignments and functions to motivate employees and make them feel as an important asset of the organization. The main objective of conducting job redesigning is to place the right person at the right job and get the maximum output while increasing their level of satisfaction (Charity, Xolelwa & Anis, 2015)

CONCLUSION

This study concludes that work re-design significantly influences effectiveness of oil and gas companies in Rivers State.

RECOMMENDATION

Oil and Gas Companies should as part of its change management adopt work re-design by enriching the job and making provisions for enlarging the Jobs.

REFERENCES

Adewale, O.O., Abolaji,A.J. & Kolade, O.J. (2011). Succession planning and organizational survival: Empirical study on Nigerian private tertiary institutions. Serbian Journal of Management, 6(2), 231 – 246. Adewale, O.O., Abolaji,A.J. & Kolade, O.J. (2011). Succession planning and organizational survival: Empirical study on Nigerian private tertiary institutions. Serbian Journal of Management, 6(2), 231 – 246. Adewale, O.O., Abolaji,A.J. & Kolade, O.J. (2011). Succession planning and organizational survival: Empirical study on Nigerian private tertiary institutions. Serbian Journal of Management, 6(2), 231 – 246.Devinney, T. M., Yip, G. S., & Johnson, G. 2009. Using frontier analysis to evaluate company performance. British

Journal of Management, forthcoming

Devinney, T. M., Yip, G. S., & Johnson, G. 2009. Using frontier analysis to evaluate company performance. British

Journal of Management, forthcoming

Devinney, T. M., Yip, G. S., & Johnson, G. 2009. Using frontier analysis to evaluate company performance. British

Journal of Management, forthcoming

Adewale, O.O., Abolaji, A. J., & Kolade, O. J. (2011). Succession planning and organizational survival: Empirical study on Nigerian private tertiary institutions. *Serbian Journal of Management*, 6(2), 231 – 246.

Alber, J. (2007). An Exploratory Study of the Benefits and Costs of Job Enrichment. Unpublished doctoral dissertation. University Park, PA.: The Pennsylvania State University.

Aldag, R., & Brief, A. (1979). *Task Design and Employee Motivation*. Glenview, IL: Scott Foresman.

Aldag, R., & Brief, A. (2009). *Task design and employee motivation*. Glenview, IL.: Scott Foresman.

Barney, J. (1986). Strategic factor markets: Expectations, luck, and business strategy. *Management Science,* 32(10), 1231-1241.

Bennis, W. (2003). *On becoming a leader*. New York, NY: Basic Books

Bond, F. W., & Flaxman, P. E. (2006). The ability of psychological flexibility and job control to predict learning, job performance, and mental health. *Journal of Organisational Behaviour Management,* 26, 113-130.

Bowman, C., & Collier, N. (2006). A contingency approach to resource-creation processes. *International Journal of Management Reviews*, 8 (4), 191 – 211

Brush, C. G., Greene, P. G., Hart, M. M. & Haller, H. S. (2001). From initial idea to unique advantage: The entrepreneurial challenge of constructing a resource Base. *Academy of Management Executive,* 15(1), 64-78.

Buch, K. (2009). Adaptability: A Crucial Organizational and Personal skill. Retreived 14 August, 2020.

Cameron, K. S. (1984). Organizational adaptation and higher education. *The Journal of Higher Education*, 55(2), 122-144.

Charity N., Xolelwa, L., & Anis M. K. (2015). Assessing the impact of change management on the performance of Zimra Region 1 IN Zimbabwe. *Kuwait Chapter of Arabian Journal of Business and Management Review,* 4, (6).

Child, J., & Loveridge, R. (1990). *Information Technology in European Services: Towards a Microelectronic Future.* Oxford: Basil Blackwell

Child, J., and R. Loveridge. 1990. Information Technology in European

Daft, R. L. (1998). *Organization Theory and Design.* South-Western College, Publishing, Cincinnati, Ohio.

Davenport, T. H. (1993). Need radical Innovation and continuous Improvement? Integrate Process Reengineering and TQM. *Planning Review,* 21(3), 6-12.

Denison, D. (2007) Denison Consulting. An Arbor Zurich Shanghai.

Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Using frontier analysis to evaluate company performance. *British Journal of Management,* forthcoming.

Drucker, P. (1977). *People and performance, the best of Peter Drucker in management.* Harper and Row, New York.

Drucker, P. (1979). *The Practice of Management*. London: Heinemann Publishers.

Etzioni, A. (1964). *Modern Organization.* Englewood Cliffs: Prentice-Hall.

Guha, S., Grover, V., Kettinger, W. J. & Teng, J. T. C. (1997). Business process change and organizational performance: Exploring and antecedent model. *Journal of Management Information Systems*, 14, 119-154.

Gulati, R., Nohria, N., & Zaheer, A. (2000). Strategic Networks. *Strategic Management Journal*, 21, 203-215.

Hackman, J. R., & Lawler, E. (2011). Employee reactions to job characteristics. *Journal of Applied Psychology* 55, 259-286.

Hackman, J. R., & Oldham, G. (2010). *Work redesign. Reading,* MA: Addison- Wesley Publishing.

Hackman, R.J., & Oldham, G.R. (1980). *Work Redesign*. Menlo Park, CA: Addison-Wesley Publishing Co.

Heifetz, R. A., Linsky, M., & Grashow, A. (2009). *The practice of adaptive leadership: Tools and tactics for changing your organization and the world*. Cambridge, MA: Harvard Business Press.

Hellriegel, D., & Slocum, J. (2009) Organizational Behavior, 2nd ed. St. Paul, MN.:

Hughes, M., Ireland, M. D., & Morgan, R. E. (2007). Stimulating dynamic value: Social capital and business incubation as a pathway to competitive success. Long Range Planning, 40(2), 154-177.

Janssen, O., & van Yperen, N.W. (2004). Employees' goal orientations, the quality of leader-member exchange, and the outcomes of job performance and job satisfaction. *Academy of Management Journal*, 47, 368-384.

Kane, S. M., & Shogren, J. F. (2000). Linking adaptation and mitigation in climate change policy. *Climatic Change* 45 (1), 75–102.

Karasek, R. A., & Theorell, T. (1990). *Healthy work: Stress, productivity, and the reconstruction of working life*. New York: Basic Books.

Kute, D., & Upadhyay, P., (2014). The impact of technological changes on the performance of the employees in commercial printing industry. *Journal for Contemporary Research in Management*, 67-72

Mihalicz, D. (2012). The importance of organizational effectiveness. Accessed from www.effectivemanager.com/dwight-mihalicz on April 11, 2018.

Mindy, W.T. (1998). Paradigm lost. *Human Resource Executive* (July, 1998). 52

Parker SK (2014) Beyond motivation: Job and work design for development health ambidexterity and more. *Annual Review of Psychology,* 65, 661–691.

Parker SK, Morgeson FP and Johns G (2017a) One hundred years of work design research: Looking back and looking forward. *Journal of Applied Psychology*, 102(3), 403–420.

Parker, S. K., & Wall, T. D. (1999). *Job and work design.* London: Sage.

Pfeffer, J. & Salancik, G. R. (1978). The External Control of Organizations: A Resource Dependence Perspective.

Rank, J., Pace, V. L., & Frese, M. (2004). Three avenues for future research on creativity, innovation, and initiative. *Applied Psychology*, 53, 518–528.

Schumpeter, J. A. (1942). *Capitalism, Socialism and Democracy*. Harvard University Press, Cambridge, MA.

Scott, S.G., & R.A. Bruce (1994), Determinants of innovative behavior: A path model of individual innovation in the workplace. *Academy of Management Journal*, 38, 1442-1465.

Seashore, S. E. & Yuchtman, E. (1967). Factorial analysis of organizational performance. *Administrative Science Quarterly,* 12 (December): 377-395.

Services: Towards a Microelectronic Future. Oxford: Basil Blackwell

Sirmon, D.G., & Hitt, M.A. (2003). Managing resources: Linking unique resources, management and wealth creation in family firms. *Entrepreneurship Theory & Practice*, 27(4), 339-358.

Slocum J., & Sims H (2000). A Typology for Integrating Technology, Organization, and Job Design. *Human Relations,* 33:193-212.

Smit, B. & Pilifosova, O. (2001). Adaptation to climate change in the context of sustainable development and equity. In: McCarthy, J.J., Canziani, O.F., Leary, N.A., Dokken, D.J., White, K.S. (Eds.), Climate Change 2001: *Impacts, Adaptation and Vulnerability*. Cambridge University Press, Cambridge, 877–912.

Taris, T. W., & Kompier, M. A. J. (2005). Job demands, job control, strain and learning behaviour: Review and research agenda. In A. S. Antoniou & C. L. Cooper (Eds.), Research companion to organizational health psychology (pp. 132–150). Cheltenham, England: Elgar

Tillson, J. C. F., Waldo, D. F., William, R. B., John, E. M., Jack, A. L., Robert, H. S., & Robert, W. (2005). *Learning to Adapt to Asymmetric Threats*. Alexandria, VA: Institute for Defense Analysis.

Turner, A., & Lawrence, P. (2015). *Industrial jobs and the worker.* Boston, MA: Harvard Graduate School of Business Administration.

Venkatarman, S. (2001). *Stakeholder value equilibration and the entrepreneurial process*. Charlottesville, VA, USA: Darden Business School.

White, S. S., Mueller-Hanson, R. A., Dorsey, D. W., & Pulakos, E. D. (2005). Developing adaptive proficiency in Special Forces officers. Arlington: U.S. Army Research Institute for the Behavioral and Social Sciences. Retrieved from http://oai.dtic.mil/oai/oai?verb=getRecord&metadataPrefix=html&identifier=ADA4324 4 3

Whyte, W. (1991). *Social theory for action: How individuals and organizations learn to change.* Beverly Hills, CA: Sage Publications.

Williams, J. C., *Blair-Loy*, M., & *Berdahl*, J. L. (*2013*). Cultural schemas, social class, and the flexibility stigma. *Journal of Social Issues,* 69(2), 209–234

Yukl, G., & Mahsud, R. (2010). Why flexible and adaptive leadership is essential. *Consulting Psychology Journal: Research and Practice*, 62, 81– 93.

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 98-111 (December, 2020)
nrdajpapers@gmail.com

Operational Excellence Strategy and Organizational Performance of Automobile Marketing Firms in Rivers State

Lucy Horace Owonte[1] & Horace Idah Jaja[2]
[1]Department of Marketing, School of Business and Administrative Studies, Captain Elechi Amadi Polytecnic, Rumuola Port Harcourt, Rivers State
lucyownte@gmail.com
[2]Department of Engineering, Faculty of Engineering, Rivers State University PORT Harcourt
Horacejaja30@gmail.com

Abstract: *The aim of this study is to examine the degree of application of operational excellence strategy in organizational performance of automobile marketing firms in Rivers State of Nigeria. The population of the study was 197 automobile marketing firms, from which a sample of 132 was drawn based on the Taro Yemen's formula. The simple random sampling technique was employed to select 264 respondents from 132 automobile marketing firms in Rivers State of Nigeria. The data were gathered through a questionnaire survey on 264 respondents. 200 copies of questionnaires were received useful, obtaining a 79.4 percent response rate. The simple regression statistics and analysis of variance were used to test the hypothesis. The results illustrate that operational excellence strategy has a strong, positive and significant influence on customer satisfaction. The study therefore, concludes that operational excellence strategy significantly influences performance of automobile marketing firms in Rivers State. The study recommends that automobile marketing firms should position strategically, operational excellence strategies as driver of organizational performance to enable firms to be efficient and thus capable of delivering superior value and reliable products at reduced cost with minimal inconveniences.*

Keywords: *Automobile marketing firms, Customer satisfaction, Operational excellence, Organizational performance.*

INTRODUCTION

In recent times, a lot of performance and that it plays a far-reaching role to promote any business performance because it is a circular utensil which can assertively transform The way business operates in the highly competitive business arena. This is because; the accomplishment of any organizational goal in the business world depends generally on the capacity of studies have accumulated to distinguish the interactions between operational excellence strategies and performance (Cumano & Nebeoka, 2016, Curkovic *et al.,2016,* Asieh, 2016, Jianhan *et al.,* 2009*).* Firms are sincerely knowledgeable of the effect of operational excellence on their firms to deliberately outperform their rivals. Outsmarting rivals depends on the capacity of a firm to deliver superior offerings in the market, the capacity to ceaselessly enhance the quality of the product and also the ability to adopt strategies that will empower the firm to gain competitive advantage in the target market.

The automobile dealers in Nigeria engage in stiff competitive warfare in order to remain afloat and be relevant in the business world. Due to features and uniqueness that are identical to automobiles, customers rely on value, efficiency, excellent service, fuel economy, product leadership for their purchase decisions (Adefulu, 2015). Given the competitiveness of the business environment, achieving performance depends largely on the viability of key competitive weapons at the disposal of a firm in the automobile sector. The competitive weapons are often translated into operational excellence strategies. Operational excellence strategy is the means of providing customers with reliable products or services at competitive prices and delivered with minimal difficulty or inconveniences. Kotler and Armstrong (2014) posit that, operational excellence is a strategy used by firms to provide customers with superior value by leading its industry in price and convenience.

A handful of research has been carried out on the automobile marketing industry as this topical area of marketing has been investigated from distinct perspectives (Cumano & Nebeoka, 2016, Curkovic *et al.,2016,* Asieh, 2016, Jianhan *et al.,* 2009), it was discovered that firms in this industry grapple with grouse competition on how to outwit one another. This study is an extension of the scholarly inquiries on operational excellence strategies and performance. Against this background, this study assesses operational excellence strategies of automobile marketing firms in Rivers State of Nigeria to achieve positive organizational performance using competitive advantage theory of competition (CATC).

LITERATURE REVIEW AND HYPOTHESES

Theoretical Foundation

This study is specifically anchored on Competitive advantage Theory of competition.

Competitive Advantage Theory of Competition (CATC)

This theory was propounded by Barney in 1991. According to this theory when a firm has a resource or specific assortment of resources that are rare among competitors, it has the potential for producing a comparative advantage for that firm. A competitive advantage in resource assortment that is, its core competencies enables it to produce a market offering that, relative to entrant offering by competitors; is perceived by some segments to have superior value and or can be produced at lower cost. Sheth (2002) notes that, distinctiveness in the product offering or low cost are tied directly to the distinctiveness in the inputs and resources used to produce the product. The quality and cost of a product depend on the particular ingredients used and the way in which they are mixed. A comparative advantage in resources then, can translate into a position of competitive advantage in the marketplace and superior financial performance. Ideally, a firm prefers a competitive position where its competitive advantage in resources produces superior value at lower cost. For example the Japanese automobile companies had this position throughout the 1970s and into the 1980s in the United States because their more efficient and effective manufacturing processes produced higher quality products at lower cost. The role of management in the firm is to recognize and understand current strategies, create new strategies, select preferred strategies, implement and manage those selected and modify them through time. Strategies that yield results are maintained (Hunt & Morgan, 2001). The rationale for recognition and understanding of strategies is that sometimes a firm's strategies emerge or are implicit (Mintzberg, 2010). When such cases arise, it is important for firms to recognize and understand their emergent or implicit strategies.

Operational Excellence Strategies

Operational excellence entails having superior performance in one or more of the following operations: performance objectives; quality, cost, flexibility and speed. It is a marketing strategy employed by firms to offer cost effective and quality services to customers to remain a force in the industry. As explained by Treacy and Wiersema (2005) operational excellence is a strategy approach for the production and delivery of products and services. It takes place when every employee can see the flow of value to the customer and fixes it before it breaks down. It ensures reduction in costs and optimization of the processes to provide customers with reliable products or services at competitive prices delivered with minimal difficulty or inconvenience.

Operational excellence is the means of providing customers with reliable 6 products or services at competitive prices and delivered with minimal difficulty or inconvenience (French, 1995; Gubman, 1995; Treacy & Wiersema, 1995). Zineldin & Philipson (2007), opined that operational excellence is strategy used by firms to provide goods and services with zero defects. The idea behind the operational excellence is that the companies focus on the price and convenience where the companies normally fight the lowest price in the industry.

Kotter and Armstrong (2014) opined that the companies that apply this strategy provide customers with superior value by leading its industry in price and convenience. According to them, this strategy work to reduce costs and create a lean and efficient value-delivery system. It works to serve customers who need reliable and good-quality products or services, but who want the products or services easily and at reduced prices.

Process-based capabilities relate to the activities that transform inputs into outputs such as process selection or design, planning and control and project management. System-based capabilities involve a broad engagement of the entire operating system, for example supply chain management and quality management systems. Organization based capabilities are developed at the strategy formulation level and involve decisions such as new product or technology deployment, facility location and so on.

Operational excellence is driven by both process and system-based capabilities. Process-based capabilities transform inputs to outputs while system-based capabilities engage the entire operating system. The objective of a firm is to design and operate processes which give the firm an ability to produce at an advantage compared to competing firms thus enabling the firm to offer superior customer value (Dilworth, 1998). To create a cutting edge competence, process-based capabilities must be effectively and efficiently utilized.

Chase (2004) noted that, the quality of a product is directly related to the value created. Therefore, process-based capabilities enable a firm to achieve operations with competitive factors of both quality and cost while system-based capabilities relate to the coordination of the process-based capabilities thereby enabling the firm to achieve operations with competitive factors such as flexibility and delivery speed. These capabilities must be galvanized to become more efficient and more effective than those of competitors for the firm to attain a competitive advantage. Kotler and Armstrong (2014) noted that, companies pursuing this strategy, focus on delivering their products or services to customers at competitive prices with less inconvenience, and they build their business around this objective while remaining distinct from other organizations with different goals.

Organizational Performance

Performance is central to success in today's fast moving competitive markets, and measuring organizational performance is critical to managing it effectively. Performance is a measure of how efficiently and effectively managers use, available resources to satisfy customer and achieve organizational goals. Performance increases in direct proportion to increase in efficiency and effectiveness. *Performance focuses on the measurement of the aggregate effectiveness and efficiency* of the organization. It is a recognized standard that ascertain operational efficiency and external performance of marketing activities as regards automobile dealers (Owonte, 2016). The goal of performance management is to achieve key outcomes and objectives to optimize individual, group or organizational performance. More specifically it focuses on measuring, managing and analyzing organizational performance to maximize effectiveness and optimize Return on Investment (ROI) of marketing. Three elements play a crucial role in managing organizational performance, these include data, analysis and metric (Hooley *et al.,* 2012). This study adopts customer satisfaction as the measure of organizational performance.

Customer Satisfaction

The success of any marketing program is the recognition of the sovereignty of the consumer. That the consumer is "King" is evident if we consider how marketing activities revolves around attempts to satisfy consumers needs and wants. it is as a matter of fact in the satisfaction of consumer needs that the marketer justifies his existence. If he is to meet these needs, he must find out all that there is to know about the consumers (Kalu, 2012). In a competitive marketplace where business competes for customers, customer satisfaction is seen as a major differentiator and an increasingly key element of company's strategy (Gitman & Mc Daniel, 2005). Kotler & Armstrong (2013) defined customer satisfaction as the extent to which customer perceived a product or service performance matches a buyer's expectation. Hansemark and Albinson (2004) defined customer satisfaction " as an overall attitude of customers towards a service provider or an overall emotional reaction to the difference between customers expectation and what they receive towards the fulfillment of some needs, desire or goals " it is an evaluation of how products and services delivered by a company meet or surpass their anticipation. Customer satisfaction is the total percentage of customers who reported an experience with a, its products and service rating exceeds specified satisfaction needs or goals (Farri *et. al*., 2010).

The objective of all marketing effort should be to maximize customer satisfaction. Satisfaction is a measure of difference between perceived service cost and expected service benefit. Fornnell (1992) said satisfaction is an overall retrospective judgment about how far expectation with regard to service has been fulfilled in used situation. Oliver (1997) defined it as the customer's fulfillment response. Satisfaction is conceptualized in the literature as an attitude like judgments after a purchase, or an interaction with a service provider (Gitman & Mc Daniel, 2005). Satisfaction is influenced by customer emotional response, their attribution, expectation, perception of quality and product and service features (Zeithaml & Bitmer, 2000).

European Integration studies (2011) defined customer satisfaction "as increasing clients" wish to purchase new items or repurchase the goods and services of the company". So, customer satisfaction measures is based on percentage of customers who, when surveyed was satisfied with the company's products and would highly recommend these products to friends, family or colleagues. Apart from being extremely important to the business in its own right, we believe that this measure indicates how the customer experience affects future sales and revenue. To retain a satisfied customer, companies must get it right in achieving a 100% satisfaction for every one of their customers.

However, in conducting research Company usually ask customers whether their products or services meet their expectations. Thus, the important factors behind satisfaction are the expectation of customers. In this vein, customers rate their experience as dissatisfying when their expectations are not met. The records of customers' satisfaction provide a leading indication of customers and loyalty data. The data are among the rottenly collected indicators of market perceptions in two fold;

i. The collection, analysis and dissemination of these data within the organization emits a message about the importance of tending to customers and ensuring that they have a positively experience with the products and services of the company (Farri*et al*., 2010).
ii. Market share and sales is an important indicator to measure how well a company is performing currently. Customer satisfaction is the best indicator to know how a company's customer will make future purchases. Therefore, for firms to effectively manage customer satisfaction, they need reliable and representative measures of customer satisfaction.

Customer satisfaction is an ideal concept and the real manifestation of the level of satisfaction will vary from one customer to the other.

The level of satisfaction depends on a number of both physical and psychological variables which correlates with satisfaction behavior characteristics, such as referrals rate and repeat purchases. The state of satisfaction can also vary depending on other available options the customer may have and other goods and services against which the customer compares the organizations products or services (Horsfall, 2018).

Schiffman and Kanum (2014) defined customer satisfaction "as the individual's perception of the performance of a product or service in relation to his or her expectations. However, a well-developed competitive marketing strategies will enable automobile firms achieve and sustain their dominant leadership position by delivering "extraordinary levels of distinctive value to carefully selected customer group. According to Treacy and Wiersema (2006) to be success in distinguishing themselves from the competition, organizations must have a precise understanding of the products or services they deliver and a clear definition of the target market. These distinctive attribute, they say must be understood at all levels in the organization not only by executives, but also by frontline employees as to achieve customer satisfaction which will impact on performance.

Operational Excellence Strategies and Organizational Performance

The current business climate is very complex, with varying demands from different stakeholders thereby heightening firms' efforts to understand, respond and change to the various economic, social and ideological challenges in their environment (Seyed & Markus, 2013). Firms, are therefore, exploring all strategic parameters to exhibit high degree of efficiency, effectiveness and cost reduction and firms must seek continuous improvement in the objects that define their areas of operation to remain competitive in their environment (Ozumba, 2010; Edgeman & Eskildsen, 2014).

The excellence developed according to modern sustainability movements, refers to a significant increase in performance across various aspects including operations (Edgeman & Eskildsen, 2014). Today, this term describes approaches that are designed to achieve outstanding production and delivery systems with excellent technical and social aspect. Due to the current needs to respond to multiple market demands simultaneously, this concept has been shifted to exploit world-class production and delivery systems in which both technical aspects and social aspects are essential (Assen, 2011). As a result of this development, many scholars have delved into this area to unravel the relationship if any, between operational excellence and performance.

Sutton (2012) defined operational excellence as "focusing strategically on maximizing the value that organization delivers to customers, through strong leadership, the power of people, the use of industry best practice and the application of value-added technologies. This is the bedrock of excellence in service delivery and strategic customer-focused service delivery. Sutton (2012) observed that companies that leverage operational excellence as a strategic competitive advantage tool, recognizes that the effectiveness of their operation plays a central role in creating and sustaining customer satisfaction and loyalty.

Sheth (2002) posit that, operational excellence is the key to success in determining the loyalty of customer where most companies have forgotten while focusing too much on the IT. This is because the product line is standardized, and limited, with highly reliable products with emphasis on zero defects (Asiegbu (2009). Numerous studies have identified operational excellence to have a positive relationship with organizational performance. For example, Barney (1991) identified a positive link between firm's resources and sustained competitive advantage.

Ma (2000) in a study of service industries, revealed the existence of a relationship between competitive advantage and operational excellence. Some other studies by Lumpkin (2002) analyzed the relationship between the two variables. This study also found a positive association between operational excellence and organizational performance. On the other hand, the study of Sutton revealed the impact of operational excellence towards competitive advantage through the strategy development of an organization. Sutton (2012) observed that, operational excellence enables sustained delivery of high-quality, cost-effective services and capabilities that provide exceptional customer value. Companies that leverage operational excellence as a strategic competitive advantage tool recognize that the effectiveness of their operation plays a central role in creating and sustaining customer satisfaction and loyalty.

Day (1994) posit that, having superior operational capabilities increase the efficiency in the delivery system as well as reducing the operations cost to achieve competitive advantage (Prithwiraj, 2008). The reduction in operational cost has been found to have a direct positive impact on profit. Firms that strive towards reduction of operation cost have gained competitive advantage in their respective industries. The variability in service firms degrades the performance of service delivery system which also results in operation inefficiency (Assen, 2011; Seong & Junsuk, 2008).

Mei (2008) asserts that, operational performance using the dimensions of cost reduction, increased productivity, quality improvement; increased customer satisfaction, improved internal procedures, improved employee morale have shown to be positively associated with performance. Evans and Dean (2003) found that, operational excellence is used especially in improving new product development so that it can have positive association with organizational performance across industries.

Empirical Reviews

Cusumano and Nobeoka (2016) investigated the strategy structure and performance in product development in the automobile industry in Japan. The basic framework used to compare the studies examined variables related to product strategy, project structure of organization and project as well as product performance. The study adopted least square to analyze the data of 120 automobile producers. The evidence to date indicates that Japanese automobile producers have demonstrated the highest levels of productivity in development as well as overall sales growth, and have used particular structures and processes to achieve this. The evidence from the study does not clearly indicate what the precise relationships are between development productivity and quality or economic returns. The study concluded that more precise models as well as empirical research that connect a firms competitive positioning and product strategy with development structure management and technology be done with this performance measures.

Curkovic *et al.* (2016) studied the competitive dimensions of quality performance in the automotive supply industry, a theoretically relevant set of quality variables was identified from the literature. The result of a factor analyses shows that quality is two dimensional construct in the automotive supply industry. The core dimensions of quality are product quality: which is primarily focused on design superiority and performance of the physical product and service quality which comprises both pre and post-sale service? The study reveals that both product quality and service quality are related to overall firm performance, regardless of whether asset based, investment base, or market based measures are used.

Asieh (2016) examined the impact of competitive strategies on corporate innovation of automobile industries in Iran. The study involved a questionnaire-based survey of managers from two major automobile manufacturers SAIPA and Iran Khodo in Iran. A total of 286 useable copies of questionnaire were received from the two manufacturers. These were subjected to series of correlational and regression analyses. The results revealed that Porter’s competitive strategies had a significant influence on corporate innovation.

Jianhan *et al.* (2009), examined the impact of competitive strategies on the performance of automobile industry in china. Data for the study were collected through primary source. The analytical tool used in the study was content analysis while regression was used to test the hypothesis. It was discovered that Chinese market has a great demand for foreign cars, and a great many automobile companies are competing for their market share there.

Based on the review of literature, the following research model was developed:

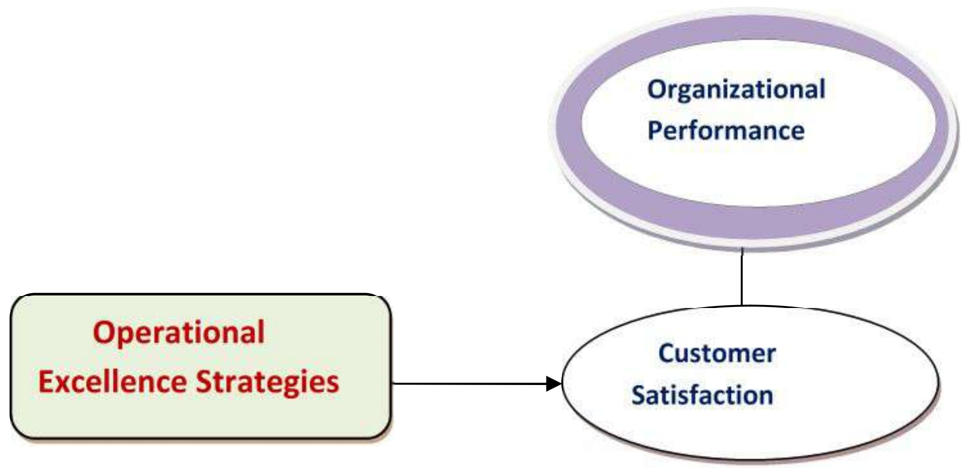


Figure 1: Conceptual Model of Operational Excellence Strategy and Organizational Performance

Source: Conceptualized by the researchers, 2020.

METHODOLOGY

The population of this study consists of customers of 197 automobile dealers registered with the Ministry of Commerce and Industry in Rivers State of Nigeria 2017/2018 edition. To extract a sample size from the entire population, a sample size determination formula by Taro Yamene was used because the total number of automobile marketing firms is known. It is stated as follows:

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

n = Sample Size

N = Population

e = Level of Significance

$$= \frac{N}{1+N(0.05)^2}$$

$$= \frac{N}{1+197\ (0.05)^2}$$

$$= \frac{197}{1+197\ (0.0025)}$$

$$= \frac{197}{1.49)}$$

$$= 132$$

This study focused on customers of 132 automobile dealers in Rivers State of Nigeria. Two customers who must have had a buying relationship with the automobile marketing firms for at least 15years were selected proportionately from each of the identified dealers because of their direct involvement in purchase related issues. On the whole, information from the customers of the 132 dealers showed a total of 264 customers of automobile organizations Rivers State of Nigeria. 264 copies of questionnaire were subsequently distributed to respondents. Of the 264 copies of questionnaire that were distributed to the respondents, 252 copies were returned, yielding a response rate of 95.4 percent. The remaining 12 copies produced and distributed were not returned and were unaccounted for. However, the return rate of 95.4% is considered high and outstanding considering a minimum return rate of 70% as suggested by Kothari (2011). Additionally, of the 252 copies of the questionnaire returned, the usable copies numbered 200 leading to a response rate of 79.4%. However, 20.6% (52copies) was not used due to wrong filling, missing and incomplete information in the demographic profile. The collected data were analyses with the regression analysis and one analysis of variance (Anova), with the aid of the Statistical Package for Social Sciences (SPSS) version 22.0.

Empirical Specification of Model

Operational excellence Strategies are estimated as a function of customer satisfaction,. This is expressed in the form of an equation as follows:

$y = f(X_1)$ - - - - - - equation (1.1)

Where

Y = Customer satisfaction

X_1 = Operational excellence strategies

Therefore $y = a_o + b_1x_1 + e_t$ - - - equation (1.2)

Where

y = Customers Satisfaction

a_o = Intercept (constant)

b_i = level of influence of operational excellence stategies on customer satisfaction

The above estimated equation is a linear function which was used in testing the model separately and jointly.

ANALYSIS

Effect of Operational Excellence on Customer Satisfaction

Ho$_1$: There is no significant effect of operational excellence on customer satisfaction of automobile marketing firms in Rivers State of Nigeria.

Table 1: Effect of Operational Excellence on Customer Satisfaction (N=200).

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.872	.764	.703	45343

a. Predictors: (Constant), Operational excellence

b. Dependent Variable: Customer satisfaction

Source: *Researchers Computation (2020).*

The sum of customer satisfaction was regressed with the sum of operational excellence strategies. The value of R is 0.872. The R value of 0.764% represents the correlation between operational excellence strategy and customer satisfaction. It represents a very strong correlation between operational excellence strategy and customer satisfaction. The R2 is 0.764. This means that 76% of the change in customer satisfaction is spelt out by the independent variable. It shows that operational excellence strategy makes a contribution of 76% to every change in customer satisfaction, while 24% of the changes are not spelt out. Since for hypothesis one, the significant is .000 which is less than 0.05; there is a significant, effect of operational excellence strategy on customer satisfaction.

Table 2: One way ANOVA for the difference in mean between operational excellence and customer satisfaction (N=200).

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	77.074	1	77.074	374.879	.0000
With in Groups	23.849	199 206			
Total	100.94	200			

a. dependent variable: Customer satisfaction
b. Predictor: Operational excellence Strategy
Source: *Researchers Computation (2020).*
The sufficiency of the model can also be explained by the value 374.879(F-ratio), at $p < 0.05$. This implies that there is proof to extrapolate that operational excellence strategy is linearly related to customer satisfaction. This proposes that the model is measured to be fit and that operational excellence strategy has substantial influence on customer satisfaction.

DISCUSSIONS

The statistical test on operational excellence strategy and customer satisfaction established that there is a significant relationship between operational excellence strategy and customer satisfaction. This implies that 92% of automobile marketing firms record excellent performance in quality, speed and flexibility, 71.5% adopts operational excellence strategy as a necessary technique for achieving competitive advantage, 77.5% provides customers with reliable products at competitive prices with minimal difficulty or inconveniences and 80.5% delivers value by efficiently and consistently providing standard offerings to customers. This is because operational excellence strategy, according to the respondents works to reduce costs and create a lean and efficient value delivery system.

The concept of operational excellence as measured in this study dealt with issues bordering on operational excellence as a positive driver of organizational performance. It becomes clear that operational excellence makes organizations efficient and thus capable of delivering reliable outcome. From our findings, we understand that when operational excellence is properly regulated and positively handled, it rubs on positively on customer satisfaction. Our finding agrees and supports the findings of Lumpkin *et al*. (2002) who found a significant relationship between operational excellence and performance and Mahdi and Almsafir (2014) who also found a positive association between operational excellence and organizational performance.

The researcher developed a business implication framework of marketing strategies which comprised operational excellence, customer service and product quality, and organizational performance. This study contributed to this framework and the theory development in marketing strategies and organizational performance through applying theory across operational excellence strategy and customer satisfaction. Thus, this study reinforced the establishment of competitive advantage theory of competition for exploring operational excellence strategy phenomenon.

CONCLUSION AND RECOMMENDATION

The study was on the operational excellence strategy and organizational performance of automobile marketing firms in Rivers State of Nigeria. The results of this study showed that operational excellence strategy influenced customer satisfaction of automobile marketing firms. The results implies that when operational excellence strategy is adequately implemented and improved upon, it will enhance customers satisfaction and more specifically, long term organizational performance of the automobile marketing firms. Based on the findings of this study, it is therefore, concluded that operational excellence strategy significantly influences organizational performance of automobile marketing firms in River State of Nigeria, and recommends that automobile marketing firms should position strategically operational excellence as a driver of organizational performance to enable organizations to be efficient and thus capable of delivering superior value and reliable products at reduced cost with minimal inconveniences.

References

Adefulu, A. D. (2015). Promotional strategy impacts on organizational market share profitability. Acta Universitatis Danubius. *Economica*, 11 (6), 14-22.

Asiegbu, I. F. (2009). *Marketing environment: Concept, dimensions and strategies*. Prosper Nigeria Limited. 43.

Asieh, Fathali (2016). Examining the impact of competitive strategies on corporate innovation: An empirical study in automobile industry. *International Journal of Asian Social Science. ISSN(e): 2224-4441/ISSN(p): 2226-5139*

Assen, V. (2011). Operational excellence for services. Retrieved Sep, 2014, fromhttp://www.vanassen.info/wp-content/uploads/Position-paper Operational-Excellence-for- Services, 26-28

Barney, J. (1991). Firm resources sustained competitive advantage. *Journal of Management, 17(1), 99-120.*

Chase, J. P. (2004). *Value creation in the product development process*. Massachusetts Institute of Technology, Masters of Science in Aeronautics and Astronautics. 53.

Curkovic, Sime, Vickery, Shawnee K & Droge, Cornelia (2016). An empirical analysis of the competitive dimensions of quality performance in the automotive supply industry. *International Journal of Operations and Production Management*, 20(3),10-12.

Cusumano, M. A. & Nobeoka, K. (2016). Strategy, structure performance in product development: Observations from the auto Industry, 8-11. Retrieved from www.google,com. Accessed on 11/10/2020.

Day G. (1994). The capabilities of market driven organization. *Journal of Marketing, 58, 37-51.*

Dilworth, J. (1998). An objective approach for generating the functional specification of manufacturing planning and control systems. *International Journal of Operations and Production Management*, 18 (8),710-726.

Edgeman R. & Eskildsen, J. (2014). Modeling assessing sustainable enterprise excellence. *Business strategy for the environment, 23(3), 173-187.*

European Integration Studies (2011). The Economic crisis impairing convergence in innovation performance across Europe, 49 (6), 155-165.

Evans, J. R. & Dean, J.W. (2003).*Total quality management, organization strategy*. United States: Thomson Learning, 59.

French, J.E. (1995). Value disciplines in community bank management. *Bankers Magazine, January – February, 44-48.*

Gitman, L. J. & Mc Daniel, C .D. (2005). The future of business, The Essentials. Mason, Ohio South – Western, 64.

Gubman, E.L. (1995). Aligning people strategies with customer value. *Compensation Benefits Review, January – February, 15-22.*

Hansemark, O.C. & Albinson, M. (2004). Consumer satisfaction and retention: The experiences of individual with employees. *Managing service quality*, 14(1).31-39.

Hooley, G. J., Greenley, G. E. Cadogan, J. W & Fahy, J. (2012). The performance impact of marketing resources. *Journal of Business Research*, 58 (1), 18-27.

Horsfall, O. H. (2018). *Comparative study of logistics outsourcing and in-house services on customer satisfaction among Nigerian manufacturing companies*, Thesis, University of Uyo, 24.

Hunt, S. D. & Morgan R. M.(2011). The competitive advantage theory of competition. *Journal of Marketing, 59(3),1-15*

Jianhan, Zhao & Lei, Gao (2009). How to be competitive in Chinese automobile. *Journal of Economics Finance, 1(2), 11-13.*

Kalu, S.E (2000). *Strategic marketing management* University of Port Harcourt press Ltd. Choba Port Harcourt,127.

Kotler, P. & Armstrong, G. (2014). *Principles of Marketing,* (15thed), Pearson Prentice Hall, 570.

Lumpkin, G. T., Droege, S. B. & Dess, G. G. (2002). E-commerce strategies: Achieving sustainable competitive advantage avoiding pitfalls. *Organization. Dynamic, 30(4), 325-340.*

Ma, H. (2000). Competitive advantage and firm's performance. Competitiveness *Review, 10(2),16-32.*

Mintzberg, H. (2010). *Generic business strategies, the strategy process*, (3rded). Prentice Hall International, Upper Saddle River New Jersey, 106.

Mei, F. Mile T. & Danny S. (2008). Relationship of ISO 9001:2000 quality system certification with operational business performance: A survey in Australia New Zeal-based manufacturing service companies. *Journal of Manufacturing Technology Management, 19(1), 22-37.*

Oliver, R.L. (1999).Whence consumer loyalty. *Journal of Marketing*, 63(4), 33-44.

Owonte, L. H. & Amue, G. (2016). Price skimming strategies marketing performance of electronic firms in Nigeria. *Journal of Business and Value Creation,* 5 (2),135-149.

Ozumba, C. (2010). *Organizational performance improvement in an oil producing facility in Nigeria through operational excellence*. *Unpublished Master Dissertation*, North-West University, South Africa, 55.

Schiffman, L.G. & Kanum, L. (2004). *Consumer Behaviour*. (8th ed). New Jersey Pearson Education Inc.

Sheth, J. & Sisodia, R. S. Sharma, A. (2000). The antecedents consequences of customer-centric marketing. *Journal of the Academy of Marketing Science, 28 (1), 55-66.*

Sutton D. (2012). Back to basics: *A practitioner's guide to operations excellence.* Cincinnati, Ohio: *Operations Excellence Services, 34.*

Treacy, M. & Wiersema, F. (2004). Customer intimacy other value disciplines. *Harvard Business Review, 84-93.*

Zineldin, M. & Philipson, S. (2007). Kotler Borden Are not dead: Myth of relationship marketing truth of the 4Ps. *Journal of Consumer Marketing, 24 (4), 229-241.*

Network for Research and Development in Africa
International Academic Journal of Management and Marketing
ISSN: 2384-5849. Volume 6, Number 6
Pages 112-123 (July, 2021)
nrdajpapers@gmail.com

Tax Revenue and its Impact on the Economic Growth of Nigeria

Ali Usman Mamuda
Department of Accounting, Ramat Polytechnic, Maiduguri, Borno State

Ismail Alhassan
alhassan1412@gmail.com
School of Business Education, Federal College of Education (Technical), Gombe, Gombe State, Nigeria

Abstract: *This study evaluates the impact of tax revenue on the economic growth of Nigeria. The study's specific objectives are to look into the impact of taxes, domestic investment, and government expenditure on Nigeria's economic growth. To determine the factors that influence tax revenue and economic growth in Nigeria, an exploratory design was used. The Central Bank Statistical Bulletin is one of the secondary data sources used. To examine the relationship between dependent and independent variables, a multiple regression model was used to analyse the data collected for this study. The impact of tax revenue on Nigerian economic growth was evaluated empirically in this study. Using GDP as an index economy, the results revealed a positive relationship between tax revenue and economic growth. The study recommends that, revenue raised from the general public should be properly utilized in order to boost the Nigerian economy's growth. Investment opportunities should also be open to the citizens by the government to foster the growth of the economy.*

Keywords: *Domestic investment, Economic growth, Government expenditure, Tax revenue, taxation, .*

1. Introduction

Over the years, tax revenue in Nigeria has accounted for a trivial portion of the overall government revenue. The provision of basic infrastructure is critical for any society's growth and development. This may explain why the government is so concerned about finding a channel by which funds can be made available to fulfil the demand of citizens (Fagbemi, 2010). Tax revenue is used by the government to carry out its economic responsibilities, such as providing public goods, preserving law and order, protecting against internal and foreign violence and regulating trade and industry to maintain social and economic stability (Belov, 2018). To provide and sustain basic services for its citizens, every modern state or nation needs a large amount of revenue. Today, there is almost no government that does not rely on taxation. As a result, the tax system is one of the most important tools at the disposal of any government. The Federal Board of Inland Revenue (FBIR), is saddled with the responsibility of administering the act and carrying out all acts deemed appropriate and convenient for the assessment and collection of tax. It shall also monitor the tax collected in the way approved by the Federal Minister of Finance. Tax revenue mobilization being a source of funding for development activities in Nigeria has been a challenge, despite the various types of obstructions such as evasion and other forms of corruption (Odusola, 2016). Taxation is one of the most significant sources of revenue for the different levels of government as well as a big source of financial support for the Nigerian government as a whole. The value of taxation in the economy cannot be overstated. Taxation has long been regarded as a significant source of income for governments worldwide. Tax revenue is used by the government to carry out its economic responsibility such as providing public goods, preserving law and order, defending against foreign violence, and regulating trade and industry to ensure social and economic stability (Islam, 2019). Taxation does not play a significant role in fostering economic development in Nigeria, owing to the country's weak tax administration. Low transparency, lack of public knowledge of the imperatives and advantages of taxation, corruption of tax officials, tax evasion, high tax rates and poor tax collection methods are among the major challenges confronting tax administration in Nigeria. There is also the issue of tax data reliability; high rates of corporate and personal income taxes which can negatively affect investment. The subsequent portions of the paper comprise objectives and research questions, literature review, methodology, data analysis and interpretations as well as conclusions and recommendations.

1.1 Objectives of the Study

The primary objective of the study is to appraise the impact of tax revenue on the economic growth of Nigeria. The specific objectives are to:

i) Evaluate the effect of taxation on the economic growth

ii) Examine the relationship between domestic investment and economic growth

iii) Assess the relationship between government expenditure and economic growth in Nigeria.

1.2 Research Questions

The following are the research questions for the study:

i) What is the effect of taxation on the economic growth?

ii) What is the relationship between domestic investment and economic growth?

iii) What is the relationship between government expenditure and economic growth in Nigeria?

2. Literature Review

2.1 The Concept of Economic growth

Economic growth is defined as an increase in economic activity that leads to an increase in a country's prospective GDP or productivity. It can also be defined as a long-term increase in per capita national output or net national product. It also means that the rate of rise in total productivity must be greater than the rate of rise in the population (Egbunike, Emudainohwo & Gunardi, 2018). When a country's production potential frontier (PPF) shifts outward, economic growth happens. Economic growth is also defined as an increase in output per capita. It therefore, it is a key government goal because it is linked to rising average real earnings and a living standard of country (Olapade, 2010).

According to the neoclassical growth model of Robert Solow, growth is dependent on capital accumulation, which increases the stock of capital goods, hence increasing productive volume. This necessitates adequate savings in order to fund the greater allocation of resources to investment. According to Boitano and Abanto (2019), economic growth will increase if more savings are channeled into high-productivity activities while reducing the risk associated with liquidity demands. This demonstrates that banks gain from ignoring unnecessary liquidations. According to studies, countries with well-developed financial institutions grow quicker. The size of the banking system and the liquidity of the stock market, in particular, have a major beneficial impact on economic growth. These organizations' financial services are essential drivers of innovation and economic progress. The pace of output growth is determined by capital accumulation, resource usage efficiency, and the availability and use of new technologies, according to Okpe (2010) and Worlu and Nkoro (2012). They came to the conclusion that the amount to which the financial system has developed is critical for attracting and supporting capital flows, as well as mobilizing and utilizing savings.

2.2 The Nigerian Tax System

Taxation and tax administration are critical components of any nation-building effort, particularly in developing or transitional countries like Nigeria. Taxes, as Brautigam (2017) points out, help to create authority and consent. Nigeria, like some other African nations, was colonized by the British and gained independence on October 1, 1960, by a British parliament act and became a republic within the common wealth (Fagbemi, Uadaile, and Noah 2010). Since then, various governments in Nigeria have worked to reform the country's tax system (Arowomole & Oluwakayode, 2016). Although the Nigerian tax system has undergone many reforms aimed at improving tax collection and administration while reducing implementation costs, the current tax system is one of the major setbacks facing the Nigerian economy. This has also led to taxpayers' non-voluntary enforcement as a result of the system's limited resources, resulting in widespread tax evasion and avoidance. Where tax evasion and avoidance are now common, it has been a major impediment to economic development (Ali, Ali, and Dalmar, 2018). Some of the major tax reforms implemented by the government to fix Nigeria's tax administration issues include the implementation of the taxpayer identification number (TIN), which has been in operation since February 2008, the automatic tax system (ATS), which allows individual taxpayers to monitor their tax positions and issues, and the electronic payment system (EPS). Enforcement scheme (especially intent tax officers), which is a special tax officers scheme in partnership with other security agencies to ensure strict compliance with tax payment, improves the smooth payment process and reduces the incidence of tax touts (Macek, 2015). The primary goal of taxation is to collect money to cover government spending, redistribute income, and control the economy (Akhor, & Ekundayo, 2016). Tax can be an essential device through the following ways.

(a) Optimum allocation of available resources

The most significant source of government revenue is taxation. The imposition of a tax causes money to be diverted from the taxable sector to the non-taxed sector. The revenue is distributed throughout the country's productive sectors in order to boost the country's overall growth. Tax revenues could be used to promote growth in underdeveloped areas of the world where traditional investors are hesitant to invest.

(b) Reduction of inequalities income and wealth

This can be accomplished by using an effective tax structure to reduce income and wealth inequality. The principle of vertical equality advocates that, when taxpayers are in distinct situation and have different capacity to pay, they should not be taxed uniformly.

(c) Acceleration of economic growth and price stability

Tax policy may be used to address economic crises such as deflation and inflation. Increase aggregate demand by increasing consumption and decreasing savings, and vice versa.

(d) Control mechanism

In order to keep inflation under control, tax policy is used. The only powerful tool for reducing private consumption is tax revenue. Government can increase value added tax and income tax and also cut expenditure. This will enhance the government budget status and assist in reducing demand in the economy by decreasing the growth of total demand

2.3 Tax revenue Generation in Nigerian

Tax revenue is a non-returnable levy to the government that is made by private entities, institutions, or associations. It may be imposed on the basis of wealth or profits, or as a price surcharge to generate revenue and control the output of specific commodities. A tax's base is the legal definition of the object on which the tax is applied. For example, the base of an excise duty is the manufacture, packaging, or processing of products, while the base of an income tax is the income of the tax payer as specified by certain laws for this reason (Fagbemi, 2010). The transition of payments from the private to the public sector is known as urban taxation. It is one of the most important sources of revenue for the government and also serves as a tool for fiscal policy.

They are taxes that must be paid by the person who receives or inherits a deceased person's land. Urban taxes are classified according to their responsibility or incidence, as net income taxes, land taxes, and taxes on the manufacture or selling of goods are all examples of taxes. Taxes in countries vary depending on whether people or objects are taxed Akhor, and Ekundayo (2016). In Nigeria, there are two types of urban taxes: direct and indirect taxes. Personal income taxes, corporate income taxes, expenditure taxes, benefit taxes, and so on are examples of direct taxes, while indirect taxes are imposed on individuals or entities that are not expected to bear the burden or occurrence. Excise duties, income taxes, and other indirect taxes are examples (Zeynalova, 2020). The urban tax has the potential to be a viable source of government funding. It can provide local governments with a strong and expanding tax base as a revenue source. However, in developing countries like Nigeria, urban tax yields are currently extremely poor. Its share of municipal taxes is usually less than 30%, and its contribution to

overall public sector tax revenues is negligible. Part of the reason for the low yields is that the tax has been poorly administered. To some extent, these administrative shortcomings can be resolved by procedural changes, such as expanding the property tax base, improving validity accuracy, and increasing collection efficiency to reduce dependence, and providing incentives to tax administration agencies (Raifu, 2018). In Nigeria, the urban tax is a revenue stream that is underutilized by local governments. By effectively enhancing four vital ratios of coverage, appraisal tax rates, and collections, the urban tax could be increased by 60%. Improved urban taxes will provide essential resources to local governments, allowing them to provide the level and quality of services needed to maintain and promote Nigeria's economic and social growth. The optimal scheme is one that has the best or least negative economic consequences. By combining market demand and investment, the impact of taxes on the ability to operate, save, and invest will affect the amount of production. Taxation can limit a person's freedom to function, reducing its productivity. This was true for both direct and indirect taxes on small incomes and necessities (Okpe, 2010). High income taxes can act as a disincentive to produce, thus rising inflationary pressures. Inflation can occur as a result of excessive demand for resources to meet consumer needs as well as resources for investment. To limit the rate of investment, action may be required, such as making inflation resources less attractive on direct taxes on investment or limiting all sources of credit. Although changes in the structure and amount of taxation can have powerful anti-inflationary effects, they are unlikely to be of much use in stimulating successful demand, at least in the short run (Ojong, Anthony & Arikpo, 2016).
.

A reduction in the standard rate of income tax may not result in an immediate increase in spending, especially where only a small percentage of taxpayers earn enough to be taxed at this rate. Similarly, lowering direct taxes on inelastic demand products does not result in increased spending (Salami, 2011). For products with elastic demand, such as automobiles, the boost to production from this expenditure will be much stronger than the check on production due to taxation if the proceeds of taxation are well spent. A cut in the income tax rate, on the other hand, helps to increase the amount of national income (Roşoiu, 2015). Reduced taxes result in a rise in people's disposable income and initial consumer expenditure. This tax cut could lead to an expansion of the economy's private sector. Both the United States of America (USA) and Japan have used this tax-cut mechanism to boost jobs and income levels, providing a striking example of current workplace physical policy. The optimal distribution is one in which a given amount of output results in the greatest amount of economic welfare. This is allocated based on individual needs or income utilization capability. Taxes on widely used goods are inherently regressive, since the higher a person's salary, the higher the tax. The less it spends on any one of these commodities, the better. Taxes on luxuries, on the other hand, are essentially progressive between rich and poor. It is said that in a two-economy, consumption plus savings equals national income. As a result, it's critical to talk about the tax implications for them (Andrejovska & Pulikova, 2018; Kubel & Nwokah, 2018; Sikka & Hamphon, 2015).

2.4 Review of Empirical Studies

Several studies have been conducted on tax revenue and its ability to improve economic growth of various countries. Odusola (2016) assessed the relationship between value added tax and economic development in Nigeria. He used both basic regression analysis and descriptive statistical methods to examine time series data on the gross domestic product (GDP), VAT revenue, total tax revenue, and total (Federal Government) revenue from 1994 to 2014. According to the results of the report, VAT revenue accounts for up to 95% of the variance in GDP in Nigeria. VAT revenue and GDP have a good and important relationship. Both economic variables fluctuated a lot over time, but VAT revenue remained relatively constant. There is no causality between GDP and VAT income, but there is a two-year lag, which may be true because VAT is not easily evaded because it is paid at the point of consumption on goods and services. The results of the analysis will be checked to see if they agree with the previous findings. For the period 1981 to 2007, Sikka and Hamphon (2015) looked at the relationship between corporate income tax and Nigeria's economic growth. They calculated overall annual revenue from business income tax for the same time against GDP to capture the Nigerian economy. They analyzed data collected from both primary and secondary sources using the chi-square and multiple regression analysis methods. Their variables included a variety of taxes that were regressed against GDP with an R-squared of 98.6% and a modified R squared of 98.4%, showing that corporate income tax has a very strong and remarkable effect on GDP. It also revealed that there is a connection between corporate income tax and the growth of the Nigerian economy, and that tax evasion and avoidance are the major roadblocks to revenue generation. Overall, the study focused on corporate income tax, highlighting the importance of examining the effect of all tax revenues on the Nigerian economy.

Andersson and Lazuka (2019) used panel co-integration modeling to investigate the long-term drivers of taxes in francophone West Africa. Their research found that tax income and local economic development have a long-term association. Dladla and Khobai (2018) used the Auto-Regressive Distribution Lag (ARDL) technique to evaluate the influence of taxation on economic growth in South Africa. According to the analysis, there is a negative association between taxes and economic growth in South Africa. Harelimana (2018) analyzed the influence of taxation on Rwanda's robust economy and development using correlation analysis and discovered that there is a substantial association between taxation and economic drowth in Rwanda. A panel of 30 OECD nations was used Using panel cointegration by Durusu-iftçi, Gkmenolu, and Yetkiner (2018) to investigate the heterogeneous influence of taxation on economic development. Only consumption taxation had a statistically significant impact on the steady-state level of GDP per capita among the explanatory factors used in their investigation.

Thom (2018) explored the role of tax incentive packages on economic growth. He found that there is no significant effect of sales and lodging tax exemptions on any of four economic variables using panel data analysis. Furthermore, it was discovered that movable tax credits had a small, long-term influence on employment but no effect on wages, whereas refundable tax credits had no employment effect and just a transient pay effect. Onakoya, Afintinni, and

Ogundajo (2017) evaluated the effects of taxation on economic growth in 16 African countries. The study found that tax income had a considerable impact on African economic growth using generalized least square analysis. Gbato (2017) looked at the impact of taxation on long-term growth in 32 countries in Sub-Saharan Africa and found that there is no effect of taxation on long-term growth, but there is a significant effect of the independent variable on the dependent variable in the short run, using an error correction model.

Chigbu and Njoku (2015) used the cointegration test to assess taxation and the Nigerian economy. Even though long-run links exist between the variables, the analysis found that taxes had no substantial impact on the country's GDP. Adudu and Simon (2015) used the Granger causality cointegrations framework to examine the impact of tax policy on economic growth in Nigeria, and found that effective tax reforms are required for improved viable economic growth. Fjeldstad (2013) looked at taxation and development, with a particular focus on donor support for developing nations' tax systems. The study found that for numerous developing nations, the issue is not only to raise the tax-to-GDP ratio, but also to tax a bigger number of tax papers and businesses in a more consensual manner and to stimulate productive state-citizen commitment on taxes.

3. Research Methodology

The impact of tax revenue on Nigerian economic growth is the subject of this study. The exploratory design is used in this study to determine the factors that influence tax revenue and economic growth in Nigeria. A secondary source of data was utilized, which consisted of data that had previously been used for another purpose but was considered to be useful in the analysis. Secondary sources for this report include the Central Bank Statistical Bulletin, journals and internet sources, all of which are relevant to the study's objectives.

3.1 Model specification

The study's aim is to figure out what kind of relationship exists in Nigeria between tax revenue and economic development. For the analysis, the model below was created based on this objective.

GDP = f (TR, DINV, GOVTE)
Where:
GDP - Gross domestic product
TR - Tax revenue
DINV - Domestic investment

GOVTE - Government expenditure
Therefore, the functional correlation is linearized into ordinary least square (OLS) model
GDP = b0+b1TR+b2DINV+b3GOVTE+Ut
Where:
GDP = Dependent variable

TR, DINV, GOVTE = explanatory variables
b0 = constant
b1-b3 = Regression coefficients
Ut = Stochastic error term

4 Data analysis

The data were collected and analyzed using multiple regression. Table 4.1 shows the empirical results of the study.

4.1 Results and Discussion

The empirical results of the equation are shown below:

TABLE 1: Empirical results

Variable	Coefficient	Std. error	t-stat.	Probability
C	78885.48	112381.1	0.693940	0.4941
LTAX	5.743927	4.120735	1.333612	0.0547
LDINV	36.27426	7.285329	4.817800	0.0000
LGEXP	8.332161	1.738707	4.133050	0.0000
R2	0.874724			
Adjusted R2	0.721034			
SER	566553.4			
f-Stat	24.41210			
DW	1.878226			

Source: Computed by the researcher using STATA

The model shows a high f-statistic value of 24.41210 which when compared with the table value. Using this benchmark, therefore tax (5.74%), DINV (36.27%) and GEXP (8.33%) will improve the economy more than proportionate percentage point. The constant term shows that assuming all the variables are held constant, the economy will be improved by 78885.48. The DW statistic (1.878226) is used to test for the serial correlation in the residuals of the model. This shows that DW calculated (1.878) falls in the acceptance region; representing the region of no autocorrelation. This region is represented by the DW – graphs showing the residual terms in the model. This indicates that the estimated equation is well behaved.

Domestic investment therefore, had a significant positive impact on the Nigerian economy, according to the study. The findings support Nonvide and Amegnaglo (2017) argument that taxes increase investment opportunities and productivity because they result in disposal, which leads to a positive economy. Investment contributes to job creation, which leads to economic development. It is also revealed that government spending had a positive impact on the Nigerian economy. In comparison to other markets, government spending has become more positive, and this relationship is greater for states that are comparatively poorer. It is a critical factor in the development of the Nigerian economy.

The coefficient of multiple determination (R2) is 0. 874724 and an adjusted R2 of 0.721034. The R2 (87%) of variations in the observed behaviour of GDP is jointly explained by the explanatory variables. TAX DINV, GEXP, this indicates that the model properly fits the data and has a tight fit. Also, the f-statistic is used to test for the significance of such good or tight fit. Therefore, the model can be applied for policy formulation in the short – run in the Nigerian economy. This findings is in line with that of Mehrara and Farahani (2016) Mutascu (2014) Nonvide and Amegnaglo (2017) and Nikoloski (2020). However, Zimmermannova, Skaličková and Široký (2016) in their own studies found that domestic investment had an insignificant positive impact on the economy.

5. Conclusions and Recommendations

The study assessed the effect of tax revenue on Nigerian economic growth. Using GDP as a guide, the result shows a significant positive relationship between tax revenue and economic growth. The findings also revealed that tax revenue had a significant positive impact on the Nigerian economy's growth. Both of these findings were unexpected, given that tax revenue stimulates economic growth. This is fascinating, and it deviates significantly from the theoretical assumption. It is possible that this is because the government has invested more in the economy's growth. Based on the analysis, the findings of the result are consistent with the works of numerous scholars who argue that the degree to which tax is well handled is dependent on the extent to which it is properly managed. The degree to which the tax legislation is interpreted and applied, as well as the amount of attention it receives, will decide whether or not a specific tax is able to achieve its goals. In Nigeria, tax revenue mobilization is a source of funding for development activities. Since taxation is one of the most significant sources of revenue for the different levels of government, it is critical that it plays a role in the economy. To provide and sustain basic services for its citizens, every state or nation needs a large amount of revenue.

Government use taxation revenue in executing its general obligations, such as providing public goods, preserving law and order, protecting against foreign violence, and regulating trade and industry to ensure social and economic stability. It was concluded that the revenue had a positive effect on the Nigerian economy's growth. It is therefore recommends that funds raised from the general public should be properly utilized in order to boost the Nigerian economy's growth. In order to promote economic growth, investment opportunities should also be open for the benefit of its citizens.

References

Adudu, S.A. & Simon, O.M. (2015). The impact of tax policy on economic growth in Nigeria. *Journal of Economics and Sustainable Development,* 6(8), 124-129.

Ali, A. A., Ali, A. Y. S., & Dalmar, M. S. (2018). The impact of tax revenues on economic growth: A time series evidence from Kenya. Academic Research International, 9(3), 163-170.

Akhor, S. O., & Ekundayo, O. U. (2016). The impact of indirect tax revenue on economic growth: The Nigeria experience. Igbinedion University Journal of Accounting, 2(08), 62-87.

Andersson, J. &Lazuka, V. (2019). Long-term drivers of taxation in francophone West Africa 1893–2010. *World Development,* 114, 294–313.

Andrejovska, A., & Pulikova, V. (2018). Tax revenues in the context of economic determinants. Montenegrin Journal of Economics, 14(1), 133-141.

Arowornole, S. S. A. and Oluwkyode, E. F. (2016). *Administration of petroleum profits tax in Nigeria*. Lagos: King Julius Publishers

Belov, A. V. (2018). Tax revenues, public investments and economic growth rates: evidence from Russia. Journal of Tax Reform. 2018. T. 4.№ 1, 4(1), 45-56.

Boitano, G., & Abanto, D. F. (2019). The informal economy and its impact on tax revenues and economic growth. The case of Peru, Latin America and OECD countries (1995–2016). 360: Revista de Ciencias de la Gestión, (4), 128-157.

Brautigam, D. (2017). Introduction: and State - State Building in Developing Countries', in Brautigam, D. Fjeldstad, O.H. & M. Moore (Eds) *taxation and state building in developing countries:* Capacity and consent, Cambridge: University Press Cambridge, 1-33.

Chigbu, E.E. &Njoku, C.O. (2015).Taxation and the Nigerian Economy: (1994-2012).*Management Studies and Economic Systems (MSES),* 2 (2), 111-128.

Dladla, K. &Khobai, H. (2018). The impact of taxation on economic growth in South AfricaMunich Personal RePEc Archive. Online at https://mpra.ub.uni-muenchen.de/86219/.

Durusu-Ɩiftçi, D., G̦kmenoğlu, K.K. &Yetkiner, H. (2018). The heterogeneous impact of taxation on economic development: Newinsights from a panel cointegration approach, *EconomicSystems.*https://doi.org/10.1016/j.ecosys.2018.01.001

Egbunike, F. C., Emudainohwo, O. B., & Gunardi, A. (2018). Tax revenue and economic growth: A study of Nigeria and Ghana. Signifikan: Jurnal Ilmu Ekonomi, 7(2), 213-220.

Fagbemi, T.O (2010). An empirical study of the relationship between culture and personal income tax evasion in Nigeria. *European Journal of Social Sciences, 12(1).12-32*

Fagbemi, T. O., Uadaile, O. M. and Noah, A. O (2010). The ethics of tax evasion: Perceptual Evidence from Nigeria. European. *Journal of Social Science Sciences,* 17 (3), 360-371.

FIRS (2015). Gauge: A quarterly publication of the Federal Inland Revenue Service. *International Research Journal of Finance arid Economic Issue* 41, (2010)

Fjeldstad, O. (2013). Taxation and development: A review of donor support to strengthen tax systems in developing countries, WIDER Working Paper, No. 2013/010, ISBN 978-92-9230-587-1, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki

Gbato, A. (2017). Impact of Taxation on Growth in Sub-Saharan Africa: New EvidenceBased on a New Data Set. Munich Personal RePEcArchive Online at https://mpra.ub.uni- uenchen.de/80903/

Harelimana, J.B. (2018). The role of taxation on resilient economy and development of Rwanda. *Journal finance marketing*, 2(1), 28-39.

Islam, N. (2019). Relationship between tax revenues and economic growth in Bangladesh. International Journal of Scientific & Engineering Research, 10(3), 415-425

Kiabel, B. D. and. Nwokah , N.G (2018). Curbing tax evasion and avoidance in personal sincome tax administration*:* A study of the south - south states of Nigeria. *European Journal of Economics.* 15, 16-61.

.Macek, R. (2015). The impact of taxation on economic growth: Case study of OECD countries. Review of economic perspectives, 14(4), 309-328.

Mehrara, M., & Farahani, Y. G. (2016). The study of the effects of tax evasion and tax revenues on economic stabilities in OECD countries. World Scientific News, 33, 43-55.

Mutascu, M. (2014). Influence of climate conditions on tax revenues. Contemporary Economics, 8(3), 315-328.

Nikoloski, A. (2020). Influence of public revenues on economic growth the case of the Republic of North Macedonia. Konfrontasi: Jurnal Kultural, Ekonomi Dan Perubahan Sosial, 7(3), 191-204.

Nonvide, G. M. A., & Amegnaglo, C. J. (2017). Effect of Tax Revenues on Economic Growth in Benin: The Role of Investment. Journal of Advanced Studies in Finance, 8(2 (16)), 139-145.

Odusola. A, F. (2016). Tax policy reforms in Nigeria. Paper Presented at World Institute for Development Economics Research, January 2006: United Nations University.

Ojong, C. M., Anthony, O., & Arikpo, O. F. (2016). The impact of tax revenue on economic growth: Evidence from Nigeria. IOSR Journal of economics and finance, 7(1), 32-38.

Okpe, I. I. (2010). *Personal income tax in Nigeria*. Enugu: Ochumba Printing and Publishing Company.

Olapade, C. S. (2010). *Income tax laws for corporate and unincorporated bodies in Nigeria*. Ibadan: Heinemann Educational Books Limited.

Onakoya, A.B., Afintinni, O.I. and Ogundajo, G.O. (2017). Taxation revenue and economic growth in Africa. *Journal of Accounting and Taxation,* 9(2), 11-22.

Raifu, I. A. (2018). Do Government Revenues Matter for Economic Growth? Evidence from Nigeria. European Journal of Government and Economics, 7(1), 60-84.

Roşoiu, I. (2015). The impact of the government revenues and expenditures on the economic growth. Procedia Economics and Finance, 32, 526-533.

Salami, A. (2011). Taxation, revenue allocation and fiscal federalism in Nigeria: Issue challenges and policy options. *Economic Annals*, 56 (189), 27-50.

.Serrato, J. C. S., & Zidar, O. (2018). The structure of state corporate taxation and its impact on state tax revenues and economic activity. Journal of Public Economics, 167, 158-176.

Sikka, P. and. Hampton, M. P (2015). The role of accountancy firms in tax avoidance: some evidence and issue. *Accounting Forum*, 29(3), 325-243.

Thom, M. (2018). Lights, Camera, but No Action? Tax and Economic Development Lessons from State Motion Picture Incentive Programs. *American Review of Public Administration,* 48(1) 33–51.

Worlu, C. N., & Nkoro, E. (2012). Tax revenue and economic development in Nigeria: A macroeconometric approach. Academic Journal of Interdisciplinary Studies, 1(2), 211-211.

Zeynalova, Z. (2020). The Effect of Tax Revenues on Economic Growth in Azerbaijan. Journal of Critical Reviews, 7(14), 166-172.

Zimmermannova, J., Skaličková, J., & Široký, J. (2016). What can tax revenues tell us about the economic activity of regions?

.