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FINANCE AND LAW***

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## CONFLICT AND REFUGEES CRISIS IN THE INTERNATIONAL SYSTEM

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*Abstract: The paper examines conflict and migration in different countries couple with the new crisis facing global governance in battling refugee's problem. The major causes of conflict are irreconcilable differences between political elites and rebels, bad governance and economic crunch leading to war and refugees movement. Refugees movement have overpopulated border in some states causing socio- economic disputes in host state sparking up confrontation between the local people and the migrants. The method used in this research is secondary and interview of returned migrants to ascertain the patterns of treatment and problems of migration. The study reveals that the pressure of escaping from their homeland either through war or seeking for jobs in another country have made migrants to be confrontational whenever they get to border that security guards are mindless of their long distance suffering. The study recommends that there should be development centres in both developed and developing countries to accommodate migrants running away from war-like state to stay for four years before repatriation to a place that demand their services, in doing so, they would have save for the purpose of investment and at the same time discourage request for permanent status in host state.*

*Keywords: Conflict, Migration, Asylum, Refugee, Development centre, Aids*

### **Introduction**

The objective of this paper is to encapsulate that war ridden state is increasing as a result of the manifestation of bad governance in developing countries that in turn promote refugees movement leading to new crisis of containment in host state borders in the international system. The research questions raise in this paper is to find answers to the

issues in this research i) what causes conflict, migration and refugee crisis in difference country? ii) what is the response of government in attending to migrants and refugees across border? iii) Why it is that there is no common approaches in the treatment and handling of migrants between south-south migration and south-north migration? And why is conflict so devastating to the point of mass movement of people? In Muni (2013: 3) listed four causes of conflict:

Conflicts in South Asia, or for that matter in most of the world can be broadly put in four categories, namely (i) those imposed and escalated by the global political, strategic and developmental dynamics, including the role of great powers; (ii) those inherited and strategically induced in inter-state engagements; (iii) those precipitated and nurtured by the internal political turbulence, socio-cultural fault-lines and developmental distortions; and (iv) those that are caused and covered by the non-state actors

The categorisation of conflict by Muni into four have been experienced in different continent all over the world to the extent that the non-state actors have continuing to gain ground internationally in their destruction and killing of human being with deeper expansion to Africa. Nicole (1991: 274) writes that “Sub Saharan has also seen numerous conflict which have ranged from relatively low level, it protracted border disputes that are a legacy of the colonial period or ethnic rivalries predating colonial conquest to full blown wars of secession or national liberation that have consumed far greater human and financial resources”. The causes of these conflict have its own peculiarities tagged to their regions or states ranging from tussle among political elites to gain political power by sponsoring rebels, clan rivalries leading to war in the case of Somalia in the 1990s: personality clash between Lt Col Gowon and Lt Col Ojukwu combine with Igbo killing in northern Nigeria as a revenge to notable Hausa/Fulani leaders (Tafawa Balewa and Sanduana of Sokoto Caliphate) killed by the 1966 coup plotters. The aftermath of it lead to 1966-1970 civil war and in the DR Congo war case, it was centred on ethnic group demanding for self-determination.

The Geneva Academy of International Law and Human Right report shows that there are more than forty five conflicts recorded in 2022 - Cyrus, Egypt, Iraq, Israel, Libya, Morocco, Palestine, Turkey, Burkina Faso, Cameroon, DR Congo, Syria Central Africa Republic, Afghanistan, Iran, Iraq, Mozambique, Senegal, Sudan, Pakistan, Russia, Crimea, Ukraine, Colombia and many more leading to displaced people and refugees. The threat of refugees' inflow into border of the global north and south as result of war in Afghanistan, Syria, Ukraine, Sudan, South Sudan and other countries has been tagged as migration-security problems resulting to surveillance

Some scholars of war and refugee studies like Ibeanu (2007), Huntington (2003) Ban ki Moon (2013) classified migration into two dominant factors- push and pull factors. The push factor are poverty, floods, drought, high crime, lack of safety, lack of service while the pull factor are employment, safety, political stability, good climate, better services, low occurrence of natural hazards among others. For Ban Ki\_Moon (2013) says that migration is an expression of the human aspiration for dignity, safety and better future. And the movement might be due to state failure which include breakdown of state institutions, government officials refusal to obey court order, judgment, insecurity, and massive killing of people. The suffering faced by migrants as a result of war, commentators response to the push and pull factors is that governments of many countries have been failing to meet their legal and moral obligations to provide safety and assistance to

vulnerable people in need of protection. UNHCR Global Trends-Forced Displacement People 2019 report reads that “at the end of 2019, there are over 79.5 million people forcibly displaced worldwide, 26 million refugee, 45.7 million internally displaced person 4.2 million asylum seekers” while Global peace index 2022 reports that over two million Ukrainians have fled the country since the war between Ukraine and Russia which is cause by two president full of ego leading their country to war. The Oxfam report of 2018 sum up that migration is not a threat to be stopped; it is a complete phenomenon to be managed.

### **Conceptual Framework**

The literature review is centred on conflict, armed conflict, refugee, migration crisis and asylum. What is conflict? In social science different disciplines look at conflict from their own perceptive in order to postulate a theory for further discussion. In the simplest terms, a conflict exists when two people, groups of people, including states, wish to carry out acts which are mutually incompatible with known standard that cause friction. The inability or unwillingness of government attend to domestic matters pave way to domestic inequalities which is at the root of underdevelopment leading to the political elites and rulers arming themselves against their own people (Deng and Zartman, 1991). According to the Armed Conflict Survey (ACS), there were sixty-three armed conflicts around the world resulting to 56,000 fatalities in 2013, whereas in 2014 there were only forty-two armed conflicts resulting to 180,000 fatalities. In 2016, fatalities dropped to 157,000 ( Padraig, 2018). Critics on the issue of displaced persons say that war has it root from the introduction of the feudalist society which transform into capitalist society thereby encouraging exploitation of man by man, class struggle, colonization and land grapping leading to confrontation.

Who is a refugee? Refugees are people displaced within their countries (IDP) or flee to neighboring countries for safety reasons as a result of attacks and killing from bandits, terrorists and armed men. The UNHCR defines a refugee in its 1967 protocol as a person, “owning so well-founded fear of persecution for reason of race, religion, nationality, membership of a particular social group or political opinion, is outside of the country of his nationality, membership of a particular social group or political opinion, is outside of the country of his nationality and is unable or owing to such fear, is unwilling to avail himself of the protection of that country”. A report by the environmentalist Norman Myers in 1995 claimed that there were at least 25 million environmentalist refugees that the number could double by 2010. While Richard Black (1998) argues that there are no environmental refugees as such( Castle, 2000: 178). Environmental refugees are not in Africa- the countries from which most refugees flee in Africa are Somalia, Central African Republic, the DR.Congo, Eritrea, Sudan, and South Sudan, and smaller but significant numbers are from Burundi, Mali, and Nigeria were countries in war and terrorists attacks. Again in Africa, the countries hosting the largest number of refugees are Ethiopia, Kenya, Chad, Uganda, Cameroon, Sudan, and South Sudan (Padraig, 2018: 2). In the word of the Representative of the United Nations Secretary General on internally displaced person has developed the following working definition for internally displaced persons “person who have been forced to flee main home suddenly or unexpectedly in large numbers as a result of armed conflict internal strife, systematic violation of human results or natural or man-made disasters and who are within the territory of their territory (Marchal 1997).

Migration is classified into three categories i) Labour migration- highly skilled and low skilled ii) Family reunification iii) Refugees and asylum seekers. In contract, migration can be described as an agent of development than exploitation. There is growing understanding that migration both economic and forced is an integral part of process of global and regional economic integration. Forced migration has become a major factor in global politics and in the relationship between the rich countries of the north and underdeveloped countries of the south and east ( Castle, 2000). The West Africa Magazine (2002: 24) reports that “migrants in Europe and America or advanced countries who are gainfully employed have impacted positively on the development of their own countries especially in Africa through the transfer of technology and skill by those in the Diasporas who have contributed immensely to the development of their countries. Who are the Asylum seekers? Some asylum seekers are those people who fled from oppressive and dictatorial leader like Idi Amin of Uganda and other Asylum seekers are either those people who submit an application for asylum but whose case is not yet approved, refused or fully processed, and ii) those whose claims are approved

### **Theoretical framework**

The theory use in this study is conflict theory to explain global migration crisis within the context uncontrollable dispute that lead to war causing destruction of properties and killing of human beings. Karl Marx, Frederick Engel, Eskor Toyor argue that some of these conflict is due to economic crunch, manipulation of man for personal gains and exploitation and class struggle. The class struggle we are referring to the battle between the middle class and the super rich in a capitalist society.

In the word of Ted Gurr (1970) contribution of conflict theory is centred on the frustration-aggression. He argues that an individual whose basic desires are thwarted by the state and who consequently experiences a profound sense of dissatisfaction would feel anger that will direct aggressive behaviour to what is perceived as responsible for thwarting those desires ( Abang, 2014: 183). Frustration causes can be internal or external- internal frustration occurs through challenges in fulfilling individual goals and desire, instruction, drives and needs. External causes of frustration include the situation outside an individual like blocked roads or complex activities (Abang 2020). Frankly, some commentators say that conflict theory has three assumption; i) humans are selfish and self centred ii) societies operate under perpetual scarcity of resources and iii) conflict is persistent and unavoidable within social groups and between social groups. What this mean is that civilization has been shaped by conflict or sometime war pushing people out of the country.

In sum, either forced migration or involuntary migration to other country it is as a result of conflict or greener pasture. In a weak state where people are confronted and kill by the warlords herdsmen, bandits or terrorists who continuously challenge the central government like DR Congo, Somalia, Afghanistan, Syria, Nigeria for mismanagement, maladministration, corruption and bad governance or leadership crisis it lead to the push syndrome in migration interpretation.

### **Conflict and Migration in the International System**

Conflict is unavoidable in the society so also is migration a necessary precede in human life. Conflict sponsored by state actors or non- state actors in this contemporary time has increased in number pushing people to run away from their own country leading to



refugees' problem globally. In each warlike state there are many internally displaced persons looking for a safe haven in nearby local communities and neighbouring states or other countries like Europe, Africa, Middle East or America. Conflict leads to depopulation of the war-ridden state and in return increase the level of poverty in state like Afghanistan, Somalia, Syria, Congo, Sudan Ukraine within 2020-2023 alone should be responsible for more than half of the world's refugee population because of continuous bombing of many towns.

Studies have also showed that after independence many Third World leaders introduced policies which marginalize the minority groups resulting to personality clashes that push local clan or ethnic groups into war. Other wars have external connection like the Congo war of 1960's while some countries experience conflicts caused by Islamic militants like in Niger and Mali, bandits, terrorists and armed groups in West Africa and some part of the horn of Africa. (CNN, 2022, Channel Television, 2022, Guardian, April, 2021). Conflict over national territory like in Ethiopia-Eretria, Rwanda war of genocide and Liberia war reporting the use of child soldiers and brutal killing of Sergeant Doe the sitting president in the mid of ECOMOG peacekeeping operation. All these conflict and war resulted to massive movements of people to safe place or crossing border to neighbouring state So, whenever there is war there must be forceful displacement of people from their home.

For migration, fact remains that individual travel for a number of reasons; (i) desire to escape oppression or famine (ii) for financial ambition (iii) family reunification (iv) for education purpose. According to the Population Division of the United Nation's Department of Economic and Social Affairs, the number of international migrants have increased from 75 million in 1960 to 175 million in 2000 (UNDP 2000). The number of international migrants represents 2.5 percent of the world population in 1960, while in 1980 it moved to 2.3 percent and 2.9 percent in 2000 and later increased to 220 million in 2010 and 258 million in 2017 (UNDP, 2000, UNDP 2004, UNDP 2017).and the number keep on increasing yearly(Kynsilehto, 2022). Kynsilehto mentions that migration is a part of everyday life and at such people must move to look for new opportunities, earn better salaries, reunite with loved ones, and escape from social or political difficulties. These migrants remit fund to their countries for development- the estimated fund remitted in 2017 globally amounted to 800 billion dollars. This means some countries need the service of professional like engineers, doctors and scientists who are skillful to come and contribute to the development of their countries due to shortages of workforce- for example, the global commission on international migration record that there are more doctors from Malawi practicing in one city in the United Kingdom (Manchester) than in Malawi. In 1969, OAU introduced its own refugee convention which broadened the definition to include people forced to flee their country by war, human right violation or generalized

### **Methodological problems in Migration studies**

The methodology used by Haas (2021) says that the field of migration studies has remained a surprisingly under-theorized field of social inquiry because many contributors to this field of studies have limited their arguments to the push factor and pull factor model thereby neglecting critical factor. The critical factor stands for analyzing past events to identify the man factor that is determining a specific behaviour that is pushing people to migrant. What is the critical factor in migration study? The critical factor in this study would be centred

on the Spiritual push on the interpretation of migration. The Spiritual push signifies people feeling that the way to succeed is not in their own country but another place even when they are living well or not, they must move out of the host state to chase success in another country. For example a pilot flying a commercial plane in Nigeria receiving better remuneration married to a top ranking actress moved to United States of America to start a new life. Nigerian state have recorded high rate of bandits, terrorists, armed robbers and kidnappers causing a lot of problems in the midst of high unemployment and economy crunch. In Another critical factor are people who live comfortably without any financial issue and working in a well remunerated company now abandoning their career to escape to Europe, America and other countries tagged as “Japa” (meaning I want to escape) to one of the advanced countries for greener pasture. The ‘Japa syndrome’ Guardian newspaper in Nigeria reports that once the professional workers have made up his or her mind to leave, despite negotiation for another pay rise he will still leave the company to one of the advanced countries ( Guardian September, 2022). In developed and developing countries migration occur through disrupting inequalities associated with unequal social structures. In the word of Prof Crawley (2018) says:

Migration is a highly visible reflection of global inequalities whether in terms of wages, labour market opportunities, or lifestyles. It can both create new inequalities and exacerbate existing ones ... Images of young men travelling in boats in search of protection and a better life for themselves and their families have become a staple part of the media with the so-called ‘migration crisis’ dominating political debates within the European Union and beyond... In 2000, 75% of all African migrants lived in another African country, while 16% were in Europe, 5% in America, 4% in Oceania and 0.3% in Asia.( cited in [http//OECD, Development Matter-org](http://OECD, Development Matter-org))

Literatures revealed that conflict in Cameroon displaced 123,000 civilians from their home causing about 200,000 children out of school due to insecurity (Aviva 2022). In Burundi, 300,000 people were displaced and at the same time pushing them to leave that country to neighboring countries to become refugees (William, 2016). In the word of Fonteng (2021) conflict in South Sudan engulfed thousands of people and displace many from their home to confined place for Protection of Civilian Sites (POCs), while hundreds of thousands crossed into neighboring countries.

**Table 1: Data on Selected Countries Conflict**

S/N	Country with the highest number of conflict/ War	Number of death per 1000 or less	Causes of Conflict	Method of conflict resolution
1.	Afghanistan	68.348	Political exclusion, Ethnic repression and bad governance	Traditional mechanism of conflict resolution among the Afghans and force to obey state order by Taliban
2.	Iraq	158, 493	Forceful annexation of Kuwait leading to allegation by USA on Saddam Hussein building weapon of mass destruction	. The conflict resolution in Iraq created a two-track process- security and politics under the supervision of the United .States. Department of Defense( Buckley,2004)

3.	Nigeria	27,510	Bokoharam, Farmer-Herder clash, tribalism and religious intolerance	The Nigerian government reconcile with parties in conflict
4.	Syria	220,512	Escalation of conflict due to 2011 Arab spring against the sitting President Assad.	In 2012 the Arab League initiative failed for ceasefire and the President Bashar Assad's regime and there was no consensus to constitute a political solution to the Syria crisis. Later the Gulf Cooperation Council (GCC) initiative in Yemen suggesting that Assad step aside and enjoy personal immunity in order to pave the way for a power-sharing deal did not work. Furthermore, UNSCR 2254 calls for an inclusive, Syrian-led political process, to include intra-Syrian negotiations and the drafting of a new constitution, and the organization of free and fair elections under the supervision of the United Nations( Macaron, 2015, (The Carter centre 2021). The crisis is still on resolved.
5	Niger	986	The Sahel crisis is as result of Malian conflict related to the Tuareg question and the grievances about the marginalization of populations in the northern regions of Mali and Niger Islamic militant attacks, terror attack	Based on its historical involvement in the Sahel, Economic Community of West African States (ECOWAS), Morocco's African Union (AU)— has played a leadership role in mediation processes. Currently, numerous actors are involved in peace building in the Sahel, including the AU, the Group of Five for the Sahel (G5 Sahel), the United Nations, the European Union (EU), Algeria and France
6	Somalia	16. 470	Politicized clan identity crisis, political struggle among the elites, state repression( Afyare & Barise, 2006)	The United Nation Peace Keeping mission and African Union Mission in Somalia (AMISOM) were not able to resolve the Crisis. Somalia Transitional Plan (STP) and Europe Union have committed €286 million to Somalia for the period 2014 to 2020 focusing on supporting the rule of law, security, food security and education ( Pedro Marques, Andrea Cozzolino, 2021).
7	Philippine	40,000	Clan war,	Philippines government in 2014 agreed to sign a peace agreement with the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF). which they call the Comprehensive Agreement on the Bangsamoro, Conciliation Resource Australia, 2022
8	Libya	15.574	Arab spring, armed group attacks, external actors	Since 2011, USIP's approach in Libya has focused on building a strong local infrastructure for peace, strengthening

				the capacity of key constituencies such as youth and women, and facilitating local dialogues between groups in conflict U.N. efforts to broker a lasting peace have not yet succeeded( United States Institute for Peace, 2020)
9	Yemen	4.425	Cold war tussle, religious and cultural differences between the north and south and external factor like the Al-Qaeda in the Arabian Peninsula (AQAP), an Islamist militant group, Fuel hike.	Gulf Cooperation Council (GCC), a regional organization based in Saudi Arabia backed by the United States brokered peace. As part of the GCC's timetable for a transition, the UN-sponsored National Dialogue Conference (NDC) convened 565 delegates to formulate a new constitution agreeable to Yemen's many factions
10	DR Congo	5.521	The eastern Democratic Republic of the Congo (DRC) continues to face challenges related to the actions of armed groups, including violence and massacres against civilian populations.	The Government of DR Congo and the United Nations (UN) agreed to progressively phase out the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), there are still needs to consolidate peace in several parts of the country.
11	Eritrean-Ethiopian War	70,000	War of independence,	On June 26, the UN Security Council called for an immediate cessation of armed conflict, and requested both side to allow the Organization of African Unity to mediate.
12	South Sudan	12,563	Power tussle between the nation leaders	The application of Comprehensive Peace Agreement (CPA)
13	Sudan	15,053	Bad governance, self determination, Darfur crisis, An age-old racial divide between Arabs and Africans, inequalities	South Sudan to the world community including the UN Security Council to institute an arms embargo on the warring parties in Sudan The principal conflicts in the country between the government and the Sudan People's Liberation Movement (SPLM) attract the attention of ACPP activities in Sudan to try and resolve the issue. This resulted in July 2002 in the Machakos Protocol, which provided solutions to the two main issues confronting the peace negotiators. Brusset, 2004
14	Central Republic Africa	6,186	Involving historical factors such as cattle wars and control of the diamond mines, discontent of minorities and absence of an effective state control.	In 2019, Economic Community of Central African States (ECCAS), consult with armed groups, civil society and CAR's government to reach common understanding of the issues and grievances at play and to set the terms for a dialogue peace agreement itself was formally signed in Bangui, African Union (AU) and the United Nations, with support from

				ECCAS in the lead-up and follow-up to the process.
15	Russia-Ukraine	3,278	In 2021, bilateral tensions rose due to a Russian military buildup surrounding Ukrainian territory.	141 of the UN's 193 members voted in support of a UN General Assembly resolution condemning Russia in March 2022, major players including China and India have abstained on most UN resolutions on the war.
16	Israel - Palestine	2,555	when the new state of Israel was created, the bitter conflict between Arabs and Israelis has turned the Middle East into one of the world most troubled regions	UN involvement in maintaining a prolong crisis
17	Myanmar	943	Ethnic and religious violence in Myanmar for 70 years(majority ethnic Burmese group and other minority ethnic groups) and the global war on terror all play major roles in shaping the conflict	The conference of "1961 Taunggyi Conference". In the conference, the participants discussed the amendment of Union Constitution according to the draft by General Aung San (Sakhong, 2012). The military government held a national convention and not serious to implement the resolution

**Table 2: Selected Record on Migrant, Refugees and Asylum seekers in the World**

S/N	Migrants	Refugees	Asylum Seekers	Source
1.	i. Pakistan hosted 1.8 million in 2008	i. 2.5 million refugees recorded in 1970	i. Between 1988 and 1992 the number of application asylum seekers totaled 1.1 million	Ernesto, etal 2014, <a href="https://dawn.com">https://dawn.com</a>
2.	Syria hosted 1.1 million	ii.8million refugees recorded in 1980	ii. Between 1975 and 1992, United States admitted about 1.7 million political refugees most from Asia, Vietnam, Soviet Union, Haiti and Cuba.	Jeremy Hein(1993)
3.	Iran hosted 980,000	iii.The government of Tanzania gave 162,000 Burundi refugees, Tanzania citizenship in 2010	"To those fleeing persecution, terror & war, Canadians will welcome you, regardless of your faith." Canada's prime minister Justin Trudeau, sent that tweet in January 2017. Among the asylum seekers are Haiti, Nigeria, United States, Turkey, Pakistan, Mexico, India, Colombia, Venezuela Economist, 2018.	The Economist May 12, 2018
4.	Countries where these	The UNHCR report states that Yemen Eight year of war have	"Despite the conflict, Yemen hosts 137,000	UNHCR Report, 2022

	refugees are coming from: Afghanistan 2.8 million, Iraq 01.9 million	driven more than 4 million people from their homes and 20.7 million are in dire need of humanitarian assistance. And Half of Yemen's health facilities are shuttered or destroyed and years of economic decline and institutional collapse are pushing the country to the brink of a large-scale famine.	refugees and asylum seekers from Somalia and Ethiopia, making it the world's second largest host of Somali refugees". UNHCR, 2023	
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UNHCR, 2023 UNHCR Report, 2022

In table one and two many of the country colonial legacy created its own division among the people leading to weak undemocratic states due to ethnicity and clannish clashes, undeveloped economic and widespread poverty in Asia, Africa and Latin America. The independent states sought to maintain their dominance by new elites who join camps or switch to another superpower to get aids like defunct the Soviet bloc encourage revolutionary movement and the US and her allies doing the same leading to “proxy wars in East-West struggle with the superior providing modern weapon” (Castle 2000, 179). Most conflict lead to refugee crisis or migrant crisis.

The intercontinental migration of undocumented people's into Europe has been termed European migrant/refugee crisis as millions of people from Syria, Afghanistan, Iraq and other nearby countries have fled regional violence and instability (Migrant Crisis, 2016). A central aspect of European migrant crisis, that tie together all of the countries involved is the media's role in perpetuating negative stereotypes. The media has set up a dichotomy between deserving refugees and undeserving migrants, exacerbating ethnic and cultural fears (Holme & Castaneda, 2016; Nair, 2017 cited in Jasper, 2022). The crisis has contributes to intergroup tensions and hinders progress towards constructive discourse regarding the issues that the refugee and the continent as whole face.

The UNHCR report of 2023 has it that the refugee crisis in Europe can only be understand from the dangerous mission embarked by some people. “In 2021 alone there were 114,000 sea arrivals into Italy, Greece, Spain, Cyprus and Malta. 40% of the sea arrivals are women and children and in that same year there were over 3,200 individuals reported dead or missing due to dangerous land and sea journey. The UNCHR staff in their various locations does work to protect refugees and provide lifesaving assistance such as shelter, food, water and medical care to refugees who arrived in Europe. Again out of 2700 children in Greek centres have missed one to four years of school due to conflict in their home countries” (<https://www.unrefugees.org>). Inflow of migrants triggered a policy and political crisis within the European Union as many of the member States and the body which is European Commission was in disagreement over how to effectively handle the migrants' situation. Against in the Nation newspaper of May 2, 2023 reported that the current conflict in Sudan between the army and the paramilitary group have led to over 100,000 people to flew to neighbouring countries. The UN's International Organisation for Migration (IOM) said that an estimate of 334,000 people had been internally displaced by fighting which broke out on April 15, 2023. In April 2023 the UN human right Chief Volker Turk raise his voice against the precarious situation of asylum seekers and migrant by calling for concerted efforts to rescue them.

## **Discussion**

Some questions were raised for the purpose to extracting information and data from the migrants interviewed for analysis. A total of sixty people were interviewed on the causes of conflict, migration and refugee crisis in which forty five respondents say that insecurity and inflation couple with elite struggle for political position is among the causes of conflict and war. The remaining fifteen respondents are of the opinion that people moved out from war zone to populate another country thereby causing fiction among the refugees in camp leading to organised attack against the host state. Some of the migrants are skillful and migrating to places put them on the advantage position when coming to country where currency has been devalued when compare to dollars and pound sterling.

The second question centred on what is the response of government in attending to migrants and refugees across border? Out of the sixty persons interviewed, thirty five of the respondents answered that a neighbouring country officials are not friendly to migrants coming from a weaken state. And that they are friendly to other people not from weak state. For the sporadic inflow of migrants, twenty respondents answered that some government with low population figures appreciate refugee's who are skillful than unskilled to come to their country to cover the gap of workers in that country. The remaining five respondents maintain that whenever number of refugees are more than government official there is always tension in the camp leading to maltreatment. In West Africa Magazine report of 17th of December, 2022 most study show that government in the west including those of Germany, Britain, Switzerland, the Netherland, Austria and France are increasingly inclined to policy of restraint on migrants as a result of growing concern with its economic, social, cultural and political consequences.

The third question is why it is that migrants are not guided by the same common principles and approaches between south-south migration and south-north migration in the world? The respondents are of the opinion that selective approach is put in place to discourage weaken states migrants than developing countries under political crisis. In the word of Crawley (2018: 1) explains that:

First, better understanding and data are needed on the relationships between migration, inequality and development, not only in the context of Africa where migration between countries is so significant but also in relation to South-South migration more generally. Although South-South migration accounts for nearly half of all international migration (almost 70% in places), South-North migration to developed countries has disproportionately dominated research and policy debates, reflecting the political and policy interests of the Global North and the relative lack of research capacity in the Global South..Second, migration research and policy analysis need to be embedded in a deeper understanding of development process...One of the consequences of this approach is that the mainstreaming of migration in development policy, or of development in migration policies, has not been consistent or widespread. This needs to change. Policy makers need to take greater account of the ways in which migration influences specific sectors – labour market, agriculture, education, investment and financial services, and social protection and health – and, in turn, how sectoral policies affect migration.

The Crawley's position is tenable in our discussion from the perspective of double standard in the global system between the south-south and south – north migration. From the media position and dailies report of people migrating to advanced countries like Venezuela, Guatemala and other they embark on desperate movement in order to survive and escape

the economy crunch in their countries. Anelix Peri (2017) says that fact have shown that many migrants are subjected to discriminatory and dehumanizing experiences in Europe, North America and other area. ( cited in Uzodike 2021). Furthermore, many of the young graduates from country like Nigeria where unemployment is above 67 percent as reported by the Nigerian Bureau of Statistic and those employed abandoning their job due to poor payment to seek for job oversea. The only avenue to escape for those who can afford it is to request for visa and fly out of the country and for those whose cannot raise sufficient fund .adopt the desert movement approach or passing the sea through Libya to Europe using deadly escape routes to achieve their mission. Report had shown the horrible treatment melted to them at each border in the entry point of some countries.

Pescinski (2016) proposes such a movement arguing that whole refugees are often treated as passive beneficiaries of aid; they are of course humans with the same fundamental rights as the rest of society. Migrants are persecuted as desirable and undesirable depending on their education, economic status, national identity and other characteristics (Mavroudi and Nagel, 2016). This has led to identity security as explain by the Copenhagen School of Securitization. Refugees and Asylum are considered as threat in the migration crisis in Europe. Again, Europe elite created crisis narrative (Square et al, 2021) resisting to the push back syndromes. The EU introduced the Hotspots Approach effectively dehumanizing irregular arrivals when dealing with refuge in transit states like Greece and Italy (cited Koinova, Kalantu and Kaunert, 2023). Anger among the refugee in lesions reception camp in Greece set the camp on fire by an Afghan nationality. The camp was hosting for time more than its capacity. Apart of overcrowding and sanitation issues, access of health care for refugees on the Greek Islands renewed extremely limited (Carnider et al, 2019). The early 1990s and 20th century were thus a period of panic about migration leading to European states reacted with a series of restriction i) changes in national legislation to restrict access to refugee status ii) temporary protection regime for people fleeing the war iii) non arrival policies iv) diversion policies designed to shift responsibility for protecting claims and providing protection to other countries (Castles, 2000)

## **Conclusion**

The south and north global migration have become international issues that have not found a lasting solution. The cause of most migration problem is the conflict between and among states pushing a lot of people to run away from their permanent harbor. In another way the mismanagement of resources and bad governance have cause many in under developing and developing countries to migrant to another country for greener pasture. Also, the worry among scholars is the new thinking of the interpretation of south-south and north-south migration and the application of double standard in handling migration issues. In Africa, at the level of leaders of state executive council, they have adopted the migration policy framework for Africa (MPFA) in 2006 with the prioritization of youth employment and harmonizing of labour market information systems to solve crisis ( Aniche & Moyo 2021:76). The international organisation and agencies handling migrants have come out with different resolution to resolve this crisis but the solution have not led to a reasonable solution. In the midst of solving the problem of migration there are problem of accommodating the migrant in the neighbouring country they run into to save themselves from the hands of rebels



Europe Union members states authorities registered 114,000 arrival of irregular migrants identified /rescued during the first eight (8) months of 2014 in the Mediterranean region, this is six times higher than 2013. The Italian authorities through Nostrain operation supported by Avalon Vessel rescued 150,000 migrants between 2013 and 2014. Among the migrants rescued in this part of the Mediterranean nationalities include Malians, Senegalese, Nigerians and Gambians and others (UNODC 2015 cited in Aniche & Moyo 2021:85). Following the migrant crisis, the EU spend 3billion Euros advancing security technology “drone” following the refugee in 2015-2017. Currently, a vast array of new digital barrier is experimental with and tested to stop people from entering the EU illegality. Observation towers are being equipped with long-reign camera, night vision and multiple sensors to generate data that will be sent to control centres and bring awareness of suspicious involvements to be analyzed with artificial intelligence (Koinova, Kolentaand Kaumant, 2023).

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## ASSESSING THE NEED FOR MANPOWER DEVELOPMENT IN LOCAL GOVERNMENT IN NIGERIA

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**Abstract:** Ekwusigo local government council is a bureaucratic organization that ought to implement essential public policies while maintaining professionalism and other attributes of bureaucracy. However, poor staff training and development culture affected this function. The specific objective of this research was to identify the necessary strategies for effective manpower training in Ekwusigo local government council of Anambra State, Nigeria. The research adopted survey research design. The research submitted that the purpose of manpower training in Ekwusigo local government area should center on improving quality of workforce, improving employee growth, preventing obsolescence, assisting new comer, bridging the gap between planning and implementation, enhancement of health and safety measures, and increasing workers morale cum enthusiasm. Regarding the specific objective, result shows that the appropriate strategies towards manpower development in Ekwusigo Local Government Council are significant. In conclusion, the findings predicate that the optimal performance of Ekwusigo local government is dependent upon the adoption of these identified strategies for training and re-training of the council's employees. It recommended that manpower development should be encouraged by the council leadership for the members of staff of Ekwusigo local government council.

**Keywords:** Manpower Development; Human Resource Planning, Local Government; Quality Education; Qualitative Data Analysis;

### Introduction

No organization will perform optimally when there are no efficient human resources (Chioke & Mbamalu, 2020), because human beings are the epicenter of an organization (Ebefor and Nnaji, 2022), the active agents in charge of accumulating capital, exploiting the natural resources, building socioeconomic and political organizations (Adeyeye, 2015) and human capital constitutes the most crucial of all resources. Since, human resource (HR) are the most important resources, it becomes imperative to agree that there is a “significant correlation exists between human capital development cum employee performance

(Chioke, Abasili, Okeke, Mbamalu, Ibe & Odidika, 2023).” What this means is that the development of HR will positively influence employee performance in an organization. It is however unfortunate that this essential organizational factor is lacking in quality at the grassroots of component units in Nigeria. Empirical literature pictured that Nigeria is endowed with enormous natural and human resources (Ndubuisi-Okolo and Anigbuogu, 2019), but where there is no well-trained manpower to tap and put them into effective use these resources will be unexploited (Nwokwu, Aloysius & Nwoba, 2018) especially at the local government level. It is on record that no organization can perform effectively without efficient human resources (Chioke & Mbamalu, 2020). Similarly, organizations find it difficult to deliver when a worker did not receive regular training (Ohaeri & Chukwu, 2016). In other words, staff training is crucial to the effectiveness of an organization (Ibid). In Nigeria, public enterprises, companies cum government agencies do not have manpower with needed technical knowhow (Chioke & Mbamalu, 2020). These issues appear to be worse in Ekwusigo local government area (LGA) where there is no adequate well trained manpower to pilot the routine activities of the grassroot government.

For the fact that local government serves as a training field (Agbodike, Igbokwe-Ibeto, and Nkah, 2014), the issue of manpower development should not be neglected. Ekwusigo local government council is a bureaucratic organization that ought to implement essential public policies while maintaining professionalism and other attributes of bureaucracy. However, the reverse has for long been the case as a result of the poor staff training and development culture of the council. To this end, the specific objective of this paper is to identify the necessary strategies for effective manpower training and adoption in Ekwusigo local government council. On bureaucracy, Idike, Ukeje, Iwuala, Onele, Ekwunife, Nwachukwu and Udu (2019) pointed out that, “Bureaucracy is a body of non-elective government officials or an administrative policy-making group. It is associated with professionalism, merit-based orientation and rule system. Provision of essential public services via implementation of government programs and policies is the essence of public bureaucracies.” Then, why do organizations like Ekwusigo local government need manpower? Basically, Chioke and Mbamalu (2020, p.387) may have provided an insight on this when they opined that, “The principal purpose of acquiring human resources in any organization is to aid the actualization of organizational objectives.” However, to provide adequate answers to this research problem, the specific purpose of this paper includes interrogating the strategies for manpower development at the grassroots level of Anambra State with specific reference to Ekwusigo local government council. On this note, the research question is: What the appropriate strategies towards manpower development in Ekwusigo Local Government Council? The following null hypothesis was tested: The appropriate strategies towards manpower development in Ekwusigo Local Government Council are not significant.

### **Local Government and Manpower Development: A Literature Review**

Defining local government has not been easy. Fatile & Adejuwon (2017) argued that local government has been conceived and constituted in different ways, depending on the orientation of the scholar. Olisa, Okoli and Nwabufo (1990, p.93) defined local government as the level of government below the central, regional or state government... According to Awofeso (2006), local government represents the governing body or administrative units empowered to govern the affairs of people in a definite locality. Recently, Chioke (2022)

observed that local government is any organized leadership/governance championed by adopting local personnel for harnessing material resources as well as human capital development at the grassroots level. Commenting further, Awofeso (2006) stated that the governing body can either be elected or appointed. Local government is a system of local administration instituted to maintain law and order, provide a limited range of social amenities and encourage co-operation and participation of inhabitants towards the improvement of their conditions of living (Emezi, 1984).

In Nigeria, the government had contextualized local government. Accordingly, 1976 Local Government Reform conceived local government as the government at the local level exercised via representative councils established by law to exercise specific powers within defined areas. As opined by Wraith (1964) local government means decentralizing power. Local government as defined by Lawal (2000) is the tier of government that is saddled with powers to control the affairs of people in its domain. The onus lies on local government to provide such services as portable water, rural electricity, health centers, roads networks, schools and their maintenance, etc (Amoke, 2020). Local government entails the breaking of a country into small units for convenient administration wherein the people of that area play part in the election or appointment of the representatives that will exercise power on their behalf in relation to the powers the central government conferred on them (Nnamani, Okeke, Nduba & Oforma, 2019). Local government can also be viewed as a legal personality with sufficient but limited powers of control over its staff, finances, and funds (Michael, 2013). Importantly, “the major focus of local government is the transformation of material resources of local people and the development of human capital for participation in politics and contribution towards organizational goals as well as the overall sustainable national development (Chioke, 2022, p.47).” It is at this point that we take a break to bring to the fore perspectives on the conceptual framework of manpower development.

Manpower development and human resource development are usually used interchangeably. Onyekwelu and Nwoke (2021) submitted that staff training or manpower development is as old as man civilization. Manpower development as conceived by Diejomaoh (1978) is the totality of the skill, energies, knowledge as well as the experience available in a country. Manpower development includes the managerial, engineering, scientific, craftsmen technical and other skills that are used in designing, creating, developing organizations, managing cum operating productive cum service establishments and economic institutions (Yesufu, 1962). Addressing the conceptualization of manpower development, Obi, Nwobi and Chukwurah (2021) opined that employee training, performance management and development, employee career development, mentoring, coaching, succession planning, tuition aid, key employee identification, and organizational growth are examples of manpower development.

Manpower development has been identified as encompassing both State as well as organizational efforts (Omodia, 2009). This implies that manpower development programs and efforts are not the exclusive domain of any particular entity. In other words, government and organizations are involved in the business of manpower development. However, to a great extent, political corruption hinders effective training programs for employees of the local government. For example, it has been found that most funds meant for the training of employees of Enugu State Local Government Service Commission were embezzled by political office holders cum other senior officers (Ohaeri & Chukwu, 2016).

This suggests that the funds of local government areas of different states instead of being used for the purpose it was meant for (Ohaeri and Chukwu, 2016) are diverted for other unjust course.

### **Empirical Review of Related Studies**

Madubueze, Ananti, Onyekwelu and Okpalibekwe (2015) examined whether or not the selection of staff for training are based on merit and the effectiveness of the trained manpower towards enhancing the organizational performance of Local Government System in Nigeria regarding Ayamelum Local Government. Descriptive survey research design was adopted. Findings showed that: selection of staff for training are not the true reflection of actual manpower training needs of the council; the selection of staff for training are not based on merit; and the trained manpower are not properly placed in areas that will enhance their acquired skill.

Ebeofor and Nnaji (2022) examined human capital development and employee service delivery in ministry of Local Government and Chieftaincy Matters Awka, Anambra State, Nigeria. Survey research design was adopted in carrying out this study. Their study revealed that the study identified that in-service training, staff workshops and conferences and supervisor orientations have significant effect on employee service delivery in the ministry of local government and chieftaincy matters Awka, Anambra state. It concluded that human capital development is an indispensable tool for the survival of organizations in modern times.

Wilson & Asiegbu (2020) research on human capital development and local government administration: A case of Emouha local government council of rivers state, Nigeria. Specifically, Wilson and Asiegbu investigated the level at which human capitals directly impact on local government administration. In investigating this, they employed survey design and purposive sampling technique. Primary and secondary sources were used to generate data for the study. They raised ten (10) questionnaire items and administered 160 questionnaires to workers of the local government. The findings posit that effective human capital development improves the administrative system of Emouha Local Government Council; and human capital development has significant impact on the administration of Emouha Local Government.

Chioke, Umeokafor and Mbamalu (2020) carried out a research on, local government autonomy and rural development: imperative issues and challenges bedeviling local governments in southeast geopolitical zone, Nigeria. These researchers having adopted survey research design for their study specifically set out to investigate if local government areas in South-East geopolitical contributed to the rural development of the areas that make up those local governments and why Local Government has not lived up to expectations despite its relative autonomy. A total of hundred and twenty seven (127) respondents from this zone formed the sample for this study. The study reveals that local government areas in South-East geopolitical zone have no autonomy in practical terms and consequently did not contribute to the rural development of the areas that make up local government areas of South-East geopolitical zone.

### *Gap in Literature*

A lot of studies on local government have been carried out from different angles. In their study, Madubueze et al (2015) broadly examined manpower development from utilization perspective in Ayamelum Local Government Area, Anambra State. Ebeofor and Nnaji

(2022) did scratch the issue of human capital development as they narrowed their study to Ministry of Local Government and Chieftaincy Matters Awka. The study done by Wilson & Asiegbu (2020) analyzed human capital development as it concerns the level at which human capitals affects local government administration. Chioke, Umeokafor and Mbamalu (2020) approached the issue of local government from autonomy perspective leaving a serious gap in the area of manpower development. However these studies paid no attention to the cardinal issue of strategies for achieving manpower development in Ekwusigo LGA. To the best of our knowledge there is no available previous research that was conducted in the scope of the current study with a view to examining the above fulcrum that drove this research.

### **Objectives of Manpower Development: What Ekwusigo Local Government Council Should Focus On**

Objectives according to Ohaeri and Chukwu (2016) refer to the benefits of a training program. The main concern of this section is to analytically portray what should be the purpose of human resource training in Ekwusigo local government area as a bureaucratic organization. Objectives of training/manpower development are the basic reasons why human resources of the organization are trained from time to time. Critical review of extant literature on this shows that there is no universally acclaimed objective of manpower development. Hence, scholars such as Amewudah (2012), Chioke & Mbamalu (2020), Herman and Kurt (2009), Kayode (2011), Pitfield (2013), and so on had in their studies provided useful insights on this. In the view of Amewudah (2012), objectives of manpower development are what employees would gain after successfully undergoing the training program. According to Pitfield (2013) the objectives of training include: the provision of the skills, knowledge and aptitudes required to undertake assigned job, increase efficiency and reduce physical risks. Herman and Kurt (2009) believe that these benefits include improved organizational performance (e.g., profitability, effectiveness, productivity, operating revenue per employee) as well as other outcomes that relate directly (e.g., reduced costs, improved quality and quantity) or indirectly (e.g. employee turnover, organization's reputation, social capital) to performance. However, for the sake of this paper's focus, we adopt the views of Kayode (2011) who categorically stated the objectives of manpower training. Based on this, the objectives of training as opined by Kayode (2011) in Ohaeri & Chukwu (2016, p.119) form the bases of our discussion vis-à-vis the need for manpower training in Ekwusigo local government area as follows:

*Improving the quality of workforce:* Quality of workforce is very important for organizational performance and employee service delivery. There is dire need for immediate improvement of the quality of the work force in Ekwusigo local government council. Ohaeri and Chukwu (2016) stated that the quality of work produced by the workforce of an organization can be improved through training programs. Hence, it must not be neglected in organizations like Ekwusigo local government council. In many organizations, especially Ekwusigo local government council, training is required for an employee to perform optimally. In respect of this, Ohaeri and Chukwu (2016) submitted that training is given in specific areas such as: marketing or HR, finance and this helps in enhancing the quality of work done in that particular area. Human resource technical knowhow is a vital ingredient that ensures organizational performance (Chioke & Mbamalu, 2020) as well as employee service delivery.

*Enhancing employee growth:* By attending training programs, employees are able to master the work of their jobs and grow professionally (Ohaeri & Chukwu, 2016). In this regard, employee growth is different from physical growth which entails increase in height. However, the problem with most organization is that they do not form specific objectives before sending their staff for training programs. Buttressing this, Truss (2004) argued that some organizations send their staff for training without identifying or knowing what their trainees would achieve at the end of the training program.

*Preventing obsolescence:* Although, Ekwusigo local government council is situated in a strategic location, the situation with respect to mode of operation and workers attitude to work is unprofessional and need for urgent attention is glaring. To salvage the situation, we agree with Ohaeri and Chukwu (2016) who contended that, training programs help employees to keep themselves up to date with the new trends in latest technology, which reduces the chances of termination of the job.

*Assisting new comer:* Employees of the local government must get acquainted with the nitty-gritty of their assignments before they can effectively fill the void in the local council. On this note, manpower training programs help new employees to adjust themselves in their new working environment, culture cum technology (Ohaeri & Chukwu, 2016). Regarding this, human resource development is the framework for helping employees develop their personal and organizational skills, abilities and knowledge (Heathfield, 2016). Considering this, newly employed staff of Ekwusigo local government council should be trained from time to time for complete mastery of the technological implements used for their routine functions. Manpower development/training provides avenue for the socialization of newly employed. Aside this, human capital is considered the major resource or capital of an organization and consequently, its training will improve its ability to coordinate and equally improve the other sources of capital in an organization (Ebefor & Nnaji, 2022).

*Bridging the gap between planning and implementation:* Planning means formulating policies and the means of executing them (Chioke, 2012), while implementation is about putting those plans into work. Ohaeri and Chukwu (2016) argues that training helps organizations to easily achieve their targets and goals. Employees know their job better and these employees deliver quality performance according to needs of top management and this accounts for the reason why organizations can easily execute their plans (Ohaeri & Chukwu, 2016). There is no way organizational goals and targets – what organizations actually planned for can be achieved with the development of proper curriculum for manpower training.

*Enhancement of health cum safety measures:* Training and development program clearly identifies and teaches employees about the different risk involved in their job, the different problems that can arise and how to prevent such problems (Ohaeri & Chukwu, 2016); especially at the grassroots of Ekwusigo local government area as the epicenter of this paper. This helps to improve the health and safety measures in the company (Ohaeri & Chukwu, 2016).

*Increasing workers morale cum enthusiasm:* Training programs often time, boost workers confidence and also gives the employees of the organization the needed high spirit to perform optimally (Ohaeri & Chukwu, 2016). In fact, we are of the view that the first thing that organization should do in order to increase the workers morale and enthusiasm is to send them on paid training programs.



### **Strategies for Actualizing Manpower Development in Ekwusigo Local Government Council**

There are two drivers of manpower planning: supply shortage as well as the need to improve labour utilization (Reilly, 1996). In this regard, manpower planning promotes smooth supply of employees without interruption (Benjamin & Anthony, 2014). There is shortage of well-trained manpower for the day-to-day public administration needs of Nigerian local government councils. To this end, this study projects the following strategies for effective manpower training and adoption in Ekwusigo local government council.

*Quality Education:* Quality education is also the process that ensures that an individual is transformed into a stakeholder/participant in the socioeconomic development of the society (Daura & Audu, 2015). Consequently, quality educational system from 21st century realities considers the dynamics of the labor market and its teeming population by equipping human resources with occupational skills that enable them become self-reliant for a better society (Chioke, Ukeje, Mbamalu & Oranekwu, 2023). The primary schools in Ekwusigo local government areas should be a nursery for breeding the crop of leaders that will take over the leadership of the council in future. However there is a serious impediment to this. In Nigeria, studies have equally confirmed that lack of Information Communications Technologies (ICTs) literacy among educators seriously affects the use of ICTs in schools (Aworanti, 2016) including those schools within Ekwusigo and its environs. Corroborating the short in the above regard, Shabiralyani, Hasan, Hamad and Iqbal (2015) stated that there are few educators that are trained in the use of ICTs across the globe. This entails that, “government at all levels should improve on the quality of education in order to produce skilled manpower (Nwokwu, et al, 2018, p.44)” that will effectively manage various activities in Ekwusigo local government area.

*Review of Curricula:* Training of manpower in various institutions of learning should be matched with labor market needs through careful review of our educational curricula to ensure relevance and currency (Nwokwu, et al, 2018, p.44). The review of educational curricula in Nigeria will affect human resource development across all sectors of the country and government at all levels. The curriculum review that will meet present needs is one that integrates technology into curriculum. The use of Information Communication Technologies for meeting the needs of the present age is noticeable in governance (Ekwunife, Ononiwu, Akpan & Sunday, 2021; Nnaji & Nri, 2022), Integrating technology into curriculum enhances higher-order thinking abilities or skills of the students (Koç, 2005).

*Human Resource Planning:* Indeed, the success of an organization depends on the competency of its leaders (Soebbing, Wicker & Weimar 2015) and as such, manpower planning remains paramount. This is because it specifies how much manpower are needed by organizations to reach their strategic goals (Armstrong, 2012). Part of the strategies for effective manpower development in the study area and beyond is human resource planning (HRP). In their study, Chioke and Mbamalu (2020) argued that, manpower planning is mostly the first step in the human resource management processes cum strategic business in an ideal establishment. The focus of human resource planning according to Vineeth (2019) is ensuring that the organization gets adequate human resources with the right skills, at the right time cum in the right places. It follows then that an effective manpower planning should be undertaken without politicization (Nwokwu, et al, 2018, p.44). Why do we need

human resource planning without politicization? This according to Nwokwu, et al (2018) will promote sound human resource development.

Merit System: Favoritism should not be mentioned in local government system especially when focusing on manpower training. Selection of human resources for development programs should be strictly on merit (Nwokwu, et al, 2018, p.44). Today local governments and other levels of government have been bedeviled by corruption and nepotism in the selection of staff for training. In this regard, Nwokwu, et al, (2018) advocated for the objective evaluation of eligible applicants so as to choose the ones that have training needs. However, the matter remains that even public services of local government, state as well as federal levels are bedeviled by corruption (Dauda, 2003) and this creates severe constraints that reduce labour morale and erode staff productivity (Uchendu, 1982).

**Methodology**

The paper adopted survey approach. Survey design is a system that uses instruments mostly questionnaire instrument to ascertain data concerning either animate or inanimate objects in a specified study area (Chioke, 2018). This is method is preferred because it is quick, cost effective and information can be obtained directly from targeted individuals (Campanelli, 2008). However, data were collected through primary and secondary sources of data. In order to analyze the data collected, qualitative data analysis was used. The paper adequately reviewed literature on the subject matter so as to pinpoint the gap in literature. The research instrument was structured on a 5point Likert scale: Strongly Agree (SA), Agree (A), Strongly Disagree (SD), Disagree (D) and Neutral (N) with the following points respectively: 5, 4, 3, 2, 1. In order to establish, internal consistency, the researchers administered the questionnaire on 15 respondents and their responses passed through Cronbach Alpha test. The reliability index  $\alpha$  result was = 0.75 indicating that instrument is reliable. Significantly, a total of 154 questionnaires was shared to the staff of the local government. However, 140 was returned, but 41 questionnaires were not correctly filled. Hence, the research was based 99 returned and correctly filled questionnaires.

**Data Analysis Research Question 1: What are the appropriate strategies towards manpower development in Ekwusigo Local Government Council?**

Variables		Options							
S/N	Variables (Items)	SA	A	SD	D	U	$\Sigma fx$	X	Decision
1	Human resource planning would improve manpower development in Ekwusigo Local Government Council.	40	2	15	23	19	318	3.21	Disagreed
2	Emphasis on practical knowledge is appropriate for enhancing manpower development in Ekwusigo local government council.	28	21	26	21	3	347	3.50	Agreed
3	Selection of employees for training based on merit would improve manpower development in Ekwusigo local government council.	6	67	20	5	1	369	3.72	Agreed
4	Investment in education is part of the appropriate strategies towards manpower development in Ekwusigo Local Government Council.	62	8	7	20	2	405	4.09	Agreed

5	Periodic review of curriculum will positively affect manpower development in Ekwusigo Local Government Council.	22	46	18	13	-	374	3.78	Agreed
6	Provision of quality education ensure that the local council will have skilful and well developed manpower.	34	29	17	7	12	363	3.67	Agreed
	Grand Total of Mean Score (X)							3.66	

Source: Field Data, 2023

Data from table above show that five out of the six listed items showed a mean score of 3.50 and above. Hence the respondents agreed that emphasis on practical knowledge is appropriate for enhancing manpower development in Ekwusigo local government council (3.50); selection of employees for training based on merit would improve manpower development in Ekwusigo local government council (3.72); investment in education is part of the appropriate strategies towards manpower development in Ekwusigo Local Government Council (4.09); periodic review of curriculum will positively affect manpower development in Ekwusigo Local Government Council (3.78); and that provision of quality education ensure that the local council will have skilful and well developed manpower (3.67). However, the respondents disagreed that Human resource planning would improve manpower development in Ekwusigo Local Government Council (3.21).

#### Test of Research Hypothesis

H01: The appropriate strategies towards manpower development in Ekwusigo Local Government Council are not significant.

**Table 2: Chi-Square Test of appropriate strategies towards manpower development in Ekwusigo Local Government Council**

	Df	$\chi^2$	$\chi^2_{\alpha}$	Sig.	Alpha Level	Decision
Pearson Chi-square	12	21.026	243.09	.000	.05	S, R
Number of Valid Cases		99				

Source: Field Survey

Keys: Df = degree of freedom (12);  $\chi^2$  = critical value (21.026);  $\chi^2_{\alpha}$  = chi-square calculated (243.09); Sig. = P-value (0.000);  $P < .05$ ; S = Significant, R= rejected

Table 2 shows a chi-square calculated value of 243.09 which is greater than the critical value of 21.03 at .05 level of significance and with 12 degree of freedom (i.e  $\chi^2_{\alpha} = 243.09 > 21.026$ ). The H0 is rejected. The study therefore accepted that the appropriate strategies towards manpower development in Ekwusigo Local Government Council are significant.

#### Discussion of Findings

Contrary to the finding that human resource planning without politicization will promote sound human resource development (Nwokwu, et al, 2018); the respondents with mean (3.21) disagreed with human resources planning as a strategy for improving manpower development in the study area. Thus, the implication of this finding is that the respondents did not perceive human resource planning as strategy for improving human resource development. The respondents merely perceived HR planning as specifying how the amount of personnel needed by organizations to reach their strategic goals (Armstrong, 2012). Since organizations in Nigeria suffer shortage of manpower (Chioke and Mbamalu,

2020), planning would ensure smooth supply of human resources without interruption (Benjamin & Anthony, 2014). This is the missing link in the perspective of the respondents in Ekwusigo Local Government Area. In addition, previous findings indicate that there is a correlation between human resource planning and organizational performance (Chioke and Mbamalu, 2020) and as such, we argue that Ekwusigo local government should adopt human resource planning as a strategy for improving manpower development. Given the mean (3.50), the respondents unanimously agreed that emphasis on practical knowledge is appropriate for enhancing manpower development in Ekwusigo local government council. This finding shows that emphasis on practical knowledge instead of Nigeria's traditional emphasis on test scores will make manpower development programs not to be bookish and incapable of translating into the quality manpower in Ekwusigo local government council. The implication of this finding is that practice of emphasizing test scores while neglecting technical know-how should be jettisoned. This is in line with Chioke (2022b) finding that emphasized the need for the woeful troubling education (manpower training) to be addressed so that human resources will acquire the high standard education needed to suit the demands of the changing local and global labour market. In lieu of the mean (3.78), the study approves that selection of employees for training based on merit would improve manpower development in Ekwusigo local government council. Supportively, selection of human resources for development programmes should be based on merit (Nwokwu, et al, 2018). The implication of this is that unethical practices in the selection of employees for training should not find expression in the local council. If the council must achieve its strategic targets then meritocracy should be the guiding principle. With mean (4.09), the respondents agreed with the fourth statement. The challenge to this is that public services of local government are bedeviled by corruption (Dauda, 2003) and this reduces labor morale and erode staff productivity (Uchendu, 1982). Seeing that quality of work produced by employees can be improved through training programs (Ohaeri and Chukwu, 2016), it is therefore important to bear in mind that pathways of achieving this is via investment in education at various local councils in the state and the study area in particular. Periodic review of curriculum will positively affect manpower development in Ekwusigo Local Government Council was also accepted by the respondents. Corroborating this finding, Nwokwu, et al (2018) stated that training of manpower in various institutions of learning should be done through careful review of educational curricula. The respondents lastly supported the fact that quality education improves manpower development in the local council under investigation. This finding is in line with previous studies which posited that government should improve the quality of education as a way of producing skilled manpower (Nwokwu, et al, 2018, p.44); and educational system should equip human resources with occupational skills that enable them become self-reliant for a better society (Chioke, et al, 2023).

#### *Implication of the Finding*

The study has its implication for practice. This study shows that the respondents (employees of Ekwusigo local government area) have no adequate knowledge regarding the significance of human resource planning in relation to employee training. It suffices to say that the local government area has limited or no HR practitioners and therefore needs to have well trained HR practitioners at its disposal for effective human resource management and resultant public service delivery. Thus, there should be a policy change in the recruitment and selection of employees of the local government council.

Additionally, the paper implies that organizational effectiveness in Ekwusigo local government area can only be achieved through intensive manpower training and development programs given to the staff irrespective of social status.

### **Conclusion**

The research has succeeded in using secondary source of data to provide answers to what should be the purpose (objectives) of manpower training in the local government area of Ekwusigo. On the specific goal, the research through survey identified the necessary strategies for effective manpower training in Ekwusigo local government council of Anambra State, Nigeria. Pertinently, we agree that the administrative structure for decentralization, national integration, and efficiency in governance at the grassroots is local government (Awasthi and Sanjay, 2002) and this credence that local government exists in order to fill a gap which the federal government cannot fill (Okoli, 2000) in terms of manpower development. But how far has Nigeria gone in ensuring proper decentralization of powers, efficiency and national integration through local government? Can a government with good intention as regards the above achieve this without well-developed manpower at the grassroots? Well, there is no way this can happen anywhere without well-developed manpower. Therefore, there is need for policy change at the grassroots as regards the crop of employees that local councils parade in various portfolios.

The findings predicate that the optimal performance of Ekwusigo local government is dependent upon the adoption of these identified strategies for training and re-training of the council's employees. It recommended that manpower development should be encouraged by the council leadership for the members of staff of Ekwusigo local government council. Again, we recommend that Administrators of the local council employ experienced HR practitioners to join the team of employees of the local government and encourage them to train other staff of the local government. This will ensure optimal service delivery at the local council.

### *Limitation of the Study*

This study has its limitation. The study was conducted in one local government area of Anambra State, Nigeria. The views of the employees of other local councils in the state was not considered during the study and this might have affected the finding regarding the first item in the cluster.

### *Suggestion for Further Research*

Based on the limitation, we suggest that other researchers should consider:

Expanding the scope of the study in subsequent studies.

Examining the views of human resource practitioners on the effect or correlation that exist between human resource planning and manpower development in a public sector.

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# THE STRATEGIES OF LAGOS STATE PUBLIC PROCUREMENT AGENCY FOR IMPLEMENTATION OF PUBLIC PROCUREMENT LAW

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**Abstract:** This paper examined the strategies put in place by Lagos State Public Procurement Agency in the implementation of public procurement policy. The paper utilised primary and secondary sources of data. Primary data were collected solely through the administration of questionnaires on the respondents. The study population 1,020 comprised the staff members from ministries, and agency that monitors the implementation of procurement policy in the state, Lagos State Public Procurement Agency (LSPPA). Proportionate random sampling technique was used in selecting a sample size of 154 respondents representing 15% of the study population. Secondary data were obtained from books, academic journals, official document of LSPPA and the internet. Data collected were analysed using percentage, frequency, and (RII) Relative Importance Index. The results of the study showed that the strategies put in place by Lagos State Procurement Agency; such as establishment of a threshold (52.6%, rank 7th), constitution of contract performance audit committee (63%, rank 9.5th), supervision of the deliveries (69.5%, rank 9.5th), and creation of a procurement officer's desk (57.8%, rank 8th) were not adequately substantial strategies put in place in monitoring the implementation of public procurement policy in Lagos state. Moreover, the paper revealed strategies that were adequately substantial which were put in place by Lagos State Public Procurement Agency in the implementation of public procurement law, such as composition of technical review committee (79.9%, rank 1st), appraisal of procurement plan for procuring entities (73.3%, rank 2nd), setting of fair pricing standards and benchmarks (61%, rank 6th), strategic oversight on the contracts (65.6%, rank 5th), keeping of contractors' database for proper identification (65.6%, rank 4th), publication of details of major contracts in the State (69.5%, rank 3rd) significantly improved accountability, proficiency, efficacy among the ministries selected. The study therefore, conclude that the strategies put in place by LSPPA, Lagos State Public Procurement Agency in the implementation of public procurement law in the state is substantial, and apt which ensures that procurement law of the State is followed. It was further evident from six claims affirmation as against four claims that refuted it respectively.

**Keywords:** appraisal, audit, review, benchmark, database, publication, oversight

## Introduction

The government at various levels deemed it necessary to address various rules, regulations, treaties, and subsequent enactment of procurement law in order to ensure probity, effectiveness, value for money, transparency, and accountability so as to address sharp practices in government procurement and disposal of assets. However, despite these regulations and laws government procurement still continues to witness hitches especially in most third world counties, where public procurement is characterised with shoddy implementation of contracts. Investments in physical infrastructure, institutional and human capacities, which ought to help in laying foundations for national development has been in a state of despair. Procurement at different levels of government faces the problems of shoddy implementation among others. The reasons for this is not far-fetched as



procurement in Nigeria is characterized by corruption, lack of value for money, inefficiency among others as a result of non-enactment of procurement Act, Law, or Bye-Law which ought to strengthen the budgetary allocation of various ministries, departments, and agencies (World Bank, 2003). Instead of Statute, procurement was guided by financial regulations, which is a tool of the finance ministry in the award of a contract, and it was shielded in secrecy. The public procurement in the State was guided by Section 121 of 1999 constitution as amended that stated the procedures for budget appropriation. The section makes provision for budget preparation, appropriation, and spending. However, the section was silent on the payment of mobilization fee, and this was performed in line with the whims and caprices of the State Executive Council who approved contract with little or no objection from the State Tenders Board, which was chaired by a member of the State Executive Council. This subsequently gave room for various sharp practices. In order to follow the best practices as enunciated by World bank report on public procurement, this prompted the federal government to set up an office called Budget Monitoring and Price Intelligence Unit (BMPIU) also known as Due Process in 2001, which helps in regularising procurement process and help in promoting transparency and accountability to the process of contract award for the first time in Nigeria.

The BMPIU was to make sure that due process is followed in the award of contract and there is value for money, this gradually replaced the old method of issuing circular for procurement. Subsequently, a Bureau of Public Procurement (BPP) was set up because of the enactment of the Public Procurement Act (PPA) 2007, which finally gave constitutional provisions for procurement process in the country. Since the country operates federal constitution, the Public Procurement Act of National Assembly is not binding on the states. Hence, each of the states enacts Law that guides the states procurement process in form of domestication of the Public Procurement Act by State Houses of Assembly. The anomaly associated with former process of public procurement was corrected with the establishment of Lagos State Public Procurement Agency (LSPPA) after the passage and subsequent assent to the Lagos State Public Procurement Law 2011. This Law clearly stated the objectives, functions, and powers of LSPPA in the following sections: 8, 9, and 10 respectively. The Law scrapped the state tenders board and replaced with LSPPA, with separate Head; General Manager, and to be assisted by directors so as to ensure effectiveness, efficiency, value for money, transparency, openness, and accountability

The Law gave the agency functions and objectives to be carried out so as to ensure strict compliance by the procuring entities, suppliers, contractors, or consulting firms. The whole essence of the enactment of the public procurement Law is to bring transparency, accountability, and fairness into the business of government through the acquisition of goods, services, or works for the public. The law made the procurement processes a constitutional matter that must not be breached, and if it is breached, there are adequate sanctions for the erring procuring or disposing entities, suppliers, contractors, and consulting firm to be punished or sanctioned. The enactment of the law, especially in most third world countries became indispensable as corruption takes precedence over and above good governance, and where cronyism and favouritism are considered in the award of the contract. This showed in the rate of flagrant violation of procurement laws, the high cost of procurement, and non-disclosure of the actual costs of projects among others.

Therefore, the Law becomes indispensable for the State so as to make sure that those goods, services, or works are procured as stipulated in the budget. The essence of the procurement

Law in the Lagos State is to stem the level of leakages, to strengthen the level of openness and competitiveness, check the reckless abandonment of projects, to address contract splitting, reduce to the barest minimum the flagrant abuse of procedures for awarding public contracts, procuring without regard for procurement planning, and spending separate from the appropriated budget.

*Statement of problem*

The oversight function and sanction which enabled contractors or manufacturers as it appropriates, to carry out the implementation of public procurement policy in line with the terms of the agreement of the procurement are often neglected. This was so since the agency that charged with the oversight function on the implementation of contract often do that shoddily due to unnecessary interferences from the political class that subsequently leads to sometimes flagrant abuse of the procedures agreed upon (Guardian, 2018). After all, supply is date specific, afterwards of the initial down payment, that is, the mobilization fees paid by the government, and keeping to this date of delivery often depends on the qualification and competence of the contractors so as not to result to late delivery.

**Literature review**

*Public Procurement*

Countries in the world engage in public procurement in order to engender growth and development. Public procurement enhances governance as it shows the needs for having value for public funds spent the by people's representative, which is the government. Walker and Brammer (2006) define public procurement as it relates to the taxpayer's money, and the manner in which public entities use the taxpayer's money in acquiring goods, works, or services. For Walker and Brammer (2006), the efficient and effective use of taxpayers' money in order to acquire public goods lies at the centers of public procurement. Public procurement should be carried out in accordance with the rules and regulations so that taxpayers' money would be judiciously spent and accounted for.

World Bank (2003) posits that public procurement is related to the use of public funds by the government and its various ministries, departments, and agencies (MDAs). Public procurement is undertaking on behalf of citizens in order to better their lives via the acquisition of the right quality and right quantity of goods, services, or public works at the best price, from the best sources, and with best procedures in accordance with the ground norms. The World Bank's definition of public procurement regards the ground norms as key in the public procurement process which must not be subverted so as to avoid unbudgeted spending as against the appropriated funds in the process of acquiring goods, works, or services. The definition of Walker and Brammer and the World Bank give credence to the need for public procurement to follow the laid down rules and regulations in order to ensure fiscal discipline and values for taxpayers' money. Hence, there is a need to ensure that public procurement policy is carried out with strict adherence to the various provisions of the constitution. Adherence to the ground norms make public procurement viable while non-adherence to the ground norm brings about unviable public procurement. Evelyn and Kwadwo (2016), define public procurement as a means of seeking to obtain goods, works, or services in line with applicable laws and regulations. For Evelyn and Kwadwo public procurement should be in line with the provisions of public procurement laws. For them, constitutionalism is useful for public procurement in order to get the desired value for money and ensure accountability. Fayomi (2013) defines public

procurement as the bridge or link between public requirement (roads, stadia, and health facilities) and private sector. This definition does not consider the extent of application of public procurement laws and regulations as Evelyn and Kwadwo posit in their definition. Hence, it is with diverse views that various scholars defined public procurement as there are different views and perspectives to the definition, which succinctly defines public procurement in line with their environment and government responsiveness. It shows that public procurement has various definitions and applications. The point that is clear and inferable from all these, is that public procurement should be done in accordance with the laws and regulations, and be guided by value for money both from taxpayers and the government. Therefore, public procurement must consider efficiency, effectiveness, accountability, transparency, probity, and value for money.

#### *Policy Formulation*

Easton (1995) sees policy formulation as a decision making process. Aminu, Tella, and Mbaya (2012) define it as a cardinal principle upon which government implements its developmental projects. Hence, the definitions pointed to the fact that policy formulation addresses the solutions to the problem identified at the first stage, which is the agenda-setting stage, this enables the realisation of set objectives. Policy formulation entails policy demands. Policy decision, and policy statement which enriched the policy being formulated. Policy formulation strengthens the solutions government proffers or intends to proffer to public demands, which necessitated the policy to come into being.

#### *Decision Making*

Dror (1971) sees decision making as a course of action decided upon by individual, or government . Okotoni (2001) defines decision making as the strategic steps put in place in order to make policy formulated impact people's lives. Therefore, decision-making symbolizes the go-ahead mechanism, which makes policy formulated to be positioned for actions. This stage sets policy for implementation as various state actors needed for implementation of policy are constituted in order to ensure that policy is appropriately implemented. In contrast, decision making also entails a trade-off in order to satisfy the pressing needs of people. Preferences are notable under decision making in the policy cycle (Tetlock, 2000) this means that decision-making entails solving problems serially one after the other, as this entails the prioritisation of public policy vis-a-vis the available resources.

#### *Policy Implementation*

Jack (2005) defines policy implementation as the process of bringing into effect an official decision of the government. Donald (1975) posits that policy implementation is the action of government being put in place in order to achieve set goals and objectives. For Jack and Donald, implementation involves the action of government upon its intention. The two see the implementation as a bridge that links intention to reality. Toole (2000) defines policy implementation as a vehicle for policy delivery, which is designed and pursued with the hope of achieving specific ends. Implementation has been a great unique phase in the policy process. It is quite distinctive for representing the change, which the policy idea expectation characterizes through actions aimed at correcting social problems (Lester & Goggin, 1998). Policy implementation is characterized by the actions of several levels of agencies, institutions, organisations, and their actors that are influenced by the policy

context. A study of policy implementation is a study of change, and how change occurs. According to Moore and Allison (1978), policy implementation must be conceived at the designing and advocating stage so as to achieve the actual performance objectives it intends to achieve. For Moore and Allison, implementation is considered so as to ensure that the stated objectives are achievable with minimal cost. Goodsell (2004) considers policy implementation with respect to those whom in their domain implement policies. For Goodsell, the administrative agency, which is referred to as bureaucracy must have the necessary mandate in order to achieve the desired objectives at the implementation stage. Therefore, policy implementation brings about output, with the use of scarce resources, and it does not stop mid-way after being approved, certified and accepted. Implementation is a key stage that is methodical in the sequence of the policy process. Hence, from the definitions of implementation, it can be deduced that some of the scholars view implementation as the actual action policy put in place to order achieve the desired objectives. Others see implementation as both actions as well as the actors that bring the action into being. Therefore, implementation involves both the action and the performer in order to bring about the actual policy into reality rather than remaining as an intention all through.

#### *Policy Evaluation*

Wholey (1970) sees policy evaluation as the assessment of the total effectiveness of a country's program in order to meet its stated objectives. Policy evaluation intends to determine the impact of the policies as well as provide feedback for the various policy framers and actors. It shows the goal achievement extent and helps in understanding the degree to which policies have been able to resolve nagging issues. Policy evaluation clarifies the underlining reasons for the choice of goals and objectives that are being assessed in relation to the procedures. Policy evaluation helps in determining the appropriateness of the outcomes or objectives vis-a-vis the actual cost incurred. That is, the policy outcomes or policy results meet the needs, demands, or preferences of the teeming public. Emgonmwan (1991) defines evaluation as the last stage in the policy cycle where the outcome of decisions taken are assessed. Anderson (1974) sees this stage as paramount as it reveals how the stated objectives were achieved and the shortcomings, which hindered the success of the policy. Hence, evaluation is paramount in the policy cycle as it makes the actors know what was done and how best the desired objectives were achieved. As challenges come with opportunities, hence there is a need for evaluation in order to establish the challenges, which subsequently lead to a need for policy formulation. The assessment in the evaluation reveals the positive desired objectives or negative undesired outcomes respectively that would later form part of the subsequent policy agenda setting.

#### *Government Leadership and Institutionalised Process*

The leadership direction in the country has a huge influence on how public procurement policy would be implemented. Adherence to public procurement policy implementation that in turn changes the institutionalised process is more pronounced in the way and manner in which the governments operate. Both State and Federal have refused to adhere to the provisions of Laws of procurement, and this has led to the refusal of federal government to constitute the National Council on Public Procurement and Lagos State failure to do so for Lagos State Public Procurement Agency Governing Board. OECD (2007) affirms the

need to improve efficiency, promote good governance, and ensure transparency in the award of contracts via compliance with Laws that is the practice in most parts. The leadership style at the helms of affairs make institutions involved in the implementation of public procurement policy workable. The NCPP, LSPPGB, various contractors, suppliers, and service providers gave opportunities in the process for tender without any interference. Jacob (2010) argues that the enforcement of infringement noticed during the bidding process would be redressed fairly or unfairly depending on the government leadership. If rule of law is nourished, there would be fair treatment, if not many contracts might be awarded without due regard for open competitive bidding as stipulated in the PPA 2007 (Ondiek, 2013). Thus, government leadership posed a great challenge to the implementation of public procurement policy (Hunja, 2003).

### **Theoretical framework**

#### *Stakeholder's Theory*

The stakeholder theory details various salient interests in the public procurement policy. The theory sees the importance of various stakeholders and the need to accommodate them in the public procurement policy as it relates to fairness, honesty, and probity (Freeman, 1984). The theory was propounded by Freeman, which was built on the need to create more values for various stakeholders. The public, government, procuring entity, approving authority and the contractors all seek involvement in the public procurement policy. This is attached with values for money which all stakeholders pursue. According to Mansell (2013), argues that the assumption of balanced best interests of all stakeholders weakens the thrust which the market economy system advocates. Therefore, stakeholder theory does not work in tandem with the market economy system where each stakeholder gets what really his or hers according to price mechanism not on a balanced system as advocated by stakeholder theory. Hence, the value each seeks is not static and the same, therefore there is a need for synergy among the stakeholders in the public procurement policy. The public is sine-qua-non to the government who makes the public procurement policy a priority in order to achieve the value for money with respective MDAs it works with in order to achieve this. Contractors are needed so as to get goods, services, or works done. Mitchell, Angle, and Wood (1997) argue that stakeholder theory is multifaceted as all interests must be accommodated without infringing on another's interests unnecessarily. Stakeholder theory considers the need to bring parties to public procurement policy implementation on the basis of values and morality so as to ensure broader management techniques in awarding contracts in the interest of the public and without short-changing any parties to contract.

The theory views the resources for the accomplishment of various contracts as adequate where parties' interests in the contracts are catered for. This is far from the truth as the various stakeholders' interests are diametrically opposed in the contract processes. The public and taxpayers want their money to create greater values in terms of physical infrastructure from government. While, the government is confronted with scarce resources, there is a need for priority which forms the basis of procurement plan and budget appropriation while contractors want to contract with the highest amount of returns so as to carry it out earnestly and make huge profit. Hence, there is a need to accommodate and prioritize various activities of government and contractors.

## **Methodology**

This section presents the methodology that was adopted in the study. It further discussed the methods and techniques that were used in order to achieve the paper's objective, with descriptive data analysis technique. The study was carried out in Lagos state, southwestern Nigeria. The State was created in 1967, formerly comprised of the two parts, the Lagos colony, and part of Western Region. In order to ensure that good governance are brought closer to the grass roots, as the State represents a commercial hub of the country and with its attendant effects on the infrastructures in the state.

This study was conducted in the ministries of Housing, Works and Infrastructure, Finance and Justice, with staff in the Grade Level, GL 07 to GL17, and these grade levels determine the procurement plan that guides the public procurement of the ministries. Also, the LSPPA responsible for the implementation of procurement policy also constitutes the area of study, staff from GL 07 to GL 17 which enforces the Lagos State Public Procurement Law in order to get value for money. The study population 1,020 comprised the staff members from ministries, and agency that monitors the implementation of procurement policy in the state, Lagos State Public Procurement Agency (LSPPA). Proportionate random sampling technique was used in selecting a sample size of 154 respondents representing 15% of the study population in the Lagos State Public Procurement Agency (100) and purposively selected four ministries of Works and Infrastructure (240); Justice (481); Finance (89); and Housing (110). The analysis of quantitative data from responses in questionnaires adopted percentage, and relative importance index, so as to draw reliable conclusion.

## **Data Analysis And Interpretation**

### *The Strategies Put in Place by Lagos State Public Procurement Agency*

This part examined the strategies put in place by Lagos State Public Procurement Agency in the implementation of public procurement policy. Here, each of the identified policy strategies was subjected to the opinion of the respondents selected from the civil service which cut across the agency itself, LSPPA, ministries; housing, works and infrastructure, finance, and the judiciary so as to affirm the effectiveness of the strategies or otherwise. Their responses were categorised in the following scales, largely substantial (4), substantial (3), less substantial (2), and insubstantial (1). Table and percentage were used to present and analyse data collected from the respondents. While the modality for affirming or negating the policy strategies put in place by LSPPA was the use of (RII) relative importance index, so as to confirm or refute the importance of the strategies. The RII with more than 2.5 value is marked "substantial, and it confirms the importance of the strategy with such value, and while the RII with 2.50 or less is marked insubstantial, and it refutes the strategy with such value. All these were adopted so as to affirm the potency or otherwise of the variables (strategies) identified.

47.4 of the respondents affirmed that the establishment of a threshold for contract sum awardable by procuring entities was substantial, with percentage summation of largely substantial and substantial. While 52.6% of the respondents refuted this strategy and regarded the strategy as insubstantial in the process of monitoring the implementation of public procurement policy. The sum of the percentage of both insubstantial and less insubstantial is 52.6%, which signified that the strategy was insubstantial as against the substantial of 47.4%. Also, the RII value of the strategy is 2.5 which is regarded as insubstantial from the benchmark set, with rank value of 7th in the order of importance of

the strategies identified. Conclusively, the establishment of a threshold for contract sum awardable by procuring entities has not got the necessary importance it deserves for the purpose of public procurement policy in the State and the establishment of a threshold for contract sum awardable by procuring entities is insubstantial respectively.

The composition of the technical review committee for a contract awarded was tested as a monitoring strategy (variable). The result affirmed the potency of the claim with the responses of largely substantial and substantial yielded (79.9%) per cent result. and 11.0% respondents chose less substantial which also was in contrary with the claim, while 9.1% of the respondents negated this claim. The composition of the technical review committee for a contract awarded is most substantial as both largely substantial and substantial affirmed it with 79.9% of the respondents as against the miniature of the insubstantial of 20.1%. Likewise, the RII value of the claim was ranked 1st, this also corroborated the relative importance of the composition of the technical review committee for contracts to be awarded. Hence, strategy for the composition of the technical review committee for contract awarded should be embraced and sustained by various ministries, departments, and agencies. This would ensure and promote proper implementation of public procurement policy in the State.

The third claim tested was the procurement policy recommended the constitution of contract performance audit committee as an important strategy for monitoring the implementation of procurement policy. Conversely, the results from the study conducted showed that 40.9% and 22.1% of the respondents respectively refuted this claim with both less substantial and insubstantial responses were more than 50%. The respondents who affirmed that the claim was true were 18.2% that went for largely substantial and 18.8% who went for substantial. The statistical interpretation, therefore, showed that the constitution of contract performance audit committee was an insubstantial strategy in the monitoring of the implementation of public procurement policy with 63% negation of the claim. Compared with the corresponding 37% of the respondents who affirmed that the claim is substantial. This was also affirmed by the RII that is ranked tied with 9.5th, with RII value of 2.3 which is even less than 2.5 respectively. These figures asserted the position that constitution of contract performance audit committee was an insubstantial strategy as far as monitoring the implementation of procurement policy in the state is concerned.

49.4% and 20.1% of the respondents were of the views that supervision of the delivery of goods, works, or services in line with contract specification was insubstantial with less substantial and substantial percentage of 69.5%. While 18.2% and 12.3% of the respondents were of the views that the claim was substantial with 30.5% level of affirmation. The inference from these statistical analyses was that the use of supervision for the delivery of goods, works, or services as a strategy in monitoring the implementation of the procurement policy was insubstantial. This was supported by the RII value of 2.3 and tied ranked 9.5th in the order of relative importance of 10th rating.

From both the percentage comparison and RII, the relative importance of this claim is insubstantial respectively. The inference therefore is that that supervision of the delivery of goods, works, or services in line with contract specification has not been carefully adhered to as stipulated by the procurement law of Lagos State severally.

The procurement law also recommended the creation of a procurement officer's desk in the ministries, departments, and agencies as a major strategy for the implementation of procurement policy. Results from the field survey depicted that this was not the case as

insubstantial recorded 19.5% and less substantial recorded 38.3% of the response which showed the level of insubstantiality of the strategy with the percentage of negation put at 57.8%. And 24.7% and 17.5% of the respondents were of the views that the claim was substantial and as well largely substantial with percentage level of 42.2%. The RII value of 2.4 with rank of 8th in the order showed relative non-importance of this strategy in the process of monitoring the implementation of procurement law. The inference from these figures showed that the creation of a procurement officer's desk as a strategy for the implementation of procurement policy is largely insubstantial as the respondents' responses showed with 57.8% refutation of the claim as against the 42.2 % of the respondents who affirmed the claim coupled with 8th ranking the order of 10th. Therefore, the creation of a procurement officer's desk has not been insubstantial strategy for monitoring the implementation of procurement policy.

Appraisal of procurement plans was as well tested among the procuring entities, the ministry as a strategy adopted in monitoring the implementation of procurement policy. The results of the analysis showed that the appraisal procurement plan has been a substantial strategy. This was based on the percentage of respondents with 58.4% of largely substantial and 14.9% responses were substantial. While 11.7% and 14.9% of the respondents negated the claim with responses of less substantial and insubstantial respectively. Likewise, the RII also confirmed the relative importance of this strategy been adopted by the procurement agency with 3.2 value and rank of 2nd in the 10th order of importance. The statistical analysis from above therefore, is that the adoption of appraisal of a procurement plan as a strategy by the agency for monitoring the implementation of the procurement policy has been substantially important with percentage of affirmation of 73.3% of the respondents which corroborated the robustness of the strategy as against the 26.7% of the respondents who negated the robustness of the strategy, coupled with the rank of 2nd in the order of importance.

The setting of fair pricing standards and the benchmark was also used as a major strategy by the agency in monitoring the implementation of procurement policy. The respondents who were of the views that the strategy has substantial corroborated their views with 18.8% responses of largely substantial and 42.2% of substantial correspondingly. While the respondents who refuted the claim that the strategy has been insubstantial had their views in less substantial as 18.2% and insubstantial as 20.8% separately. With the RII value of 2.6, and rank of 6th in the order of importance. Therefore, the setting of fair pricing standards and the benchmark by the agency as a strategy for monitoring the implementation of procurement policy has been substantial to a great extent with the 61% of responses, which affirmed the robustness of the strategy contrary to 39% of the respondents who negated the robustness of the strategy.

40.9% of the respondents affirmed that the use of strategic oversight on the contract by the agency in order to monitor the implementation of procurement policy was substantial. 24.7% of the respondents agreed that this strategy was largely substantial in the process of monitoring the implementation of public procurement policy. 16.2% of the respondents were of the opinion that the strategy was insubstantial likewise 18.2% of the respondents said the strategy was less substantial. The relative importance index of the claim also achieved the benchmark set with 2.7 value which is more than 2.5 and ranked 5th in the order of importance. Conclusively, the statistical figures affirmed the use of strategic oversight on the contract by the agency, which ensured the significant monitoring of the



implementation of procurement policy. The affirmation was in line with the percentage of respondents who agreed with the use of the strategy as depicted by substantial responses of 65.6% as against the 34.4% who were of the views that the strategy was insignificant. The use of keeping contractors' database as a strategy by the agency was tested with the results confirmed the importance of the strategy. 33.8% and 31.8% of the respondents similarly agreed with substantial and largely substantial as their responses. 15.6% of the respondents went for insubstantial, while 18.8% responses were less substantial. From the statistical figures, the keeping of contractors' database as a strategy for monitoring the implementation of procurement policy was substantial with 65.6% affirmation as against the 34.4% of the respondents who said the strategy was insubstantial. Also, the relative importance index of the claim was 2.8 and rank 4th in the order of importance. It is sufficient to conclude from the analysis of figure on the claim that keeping of contractors' database as a strategy by the Lagos State Public Procurement Agency, (LSPPA) is a substantial strategy that must be strengthened and sustained in order to ensure proper implementation of procurement policy.

The use of publication of major contract as a strategy by the agency was also verified. The results from the survey affirmed the significance of the strategy as 21.4% of the respondents responded with substantial and 48.1% respondents were with largely substantial. The respondents with contrary views of insubstantial and less substantial of the strategy were 12.3% and 18.2% respectively. In the same manner the relative importance index affirmed this percentage comparison between substantial and insubstantial with value of RII as 3.1 which is ranked 3rd in the order of importance of the claim. Therefore, it suffices to conclude from the statistical analysis that the keeping of contractors' database as a strategy for monitoring the implementation of procurement policy has been effective with 69.5% affirmation responses of robustness in contrary to 30.5% responses of insubstantial. Thus, the use of publication of major contract as a strategy by the agency is another major strategy being used by LSPPA in the process of ensuring value for money, openness, efficiency, and accountability.

**Strategies put in place by Lagos state public procurement agency (n=154)**

Assertions	LS f (%)	S f (%)	LS f (%)	IS f (%)	Decision	SS	RII	Rank
Establishment of a threshold for contract sum awardable by procuring entities	29 (18.8)	44 (28.6)	63 (40.9)	18 (11.7)	INSUBS	392	2.5	7th
Composition of technical review committee	68 (37.7)	65 (42.2)	17 (11.0)	14 (9.1)	SUBS	515	3.3	1st
Constitution of contract performance audit committee	28 (18.2)	29 (28.8)	63 (40.9)	34 (22.1)	INSUBS	359	2.3	9.5th
Supervision of the delivery of goods, works, or service	28 (18.2)	19 (12.3)	76 (49.4)	31 (20.1)	INSUBS	352	2.3	9.5th
Creation of a procurement officer's desk	27 (17.5)	38 (24.7)	59 (38.3)	30 (19.5)	INSUBS	370	2.4	8th
Appraisal of procurement plan for procuring entities	90 (58.4)	23 (14.9)	18 (11.8)	23 (14.9)	SUBS	488	3.2	2nd

Setting of fair pricing standards and benchmarks	29 (18.8)	65 (42.2)	28 (18.2)	32 (20.8)	SUBS	399	2.6	6th
Strategic oversight on the contracts awarded	38 (24.7)	63 (40.9)	28 (18.2)	25 (16.2)	SUBS	422	2.7	5th
Keeping of contractors' database for proper identification	49 (31.8)	52 (33.8)	29 (18.8)	24 (15.6)	SUBS	434	2.8	4th
Publication of details of major contracts in the State	74 (48.1)	33 (21.4)	28 (18.2)	19 (12.3)	SUBS	470	3.1	3rd

Source: field survey, 2023

LS (largely substantial), S (substantial), LS (less substantial), and IS (insubstantial)

f=frequency, %=percentage, INSUBS= insubstantial, SUBS=substantial, SS= sum summation, and RII= relative importance index.

### Discussion of Findings

The study inquired on the monitoring strategies put in place by the Public Procurement Agency. The findings from the study on the monitoring strategies showed that 73.3% of the respondents agreed that appraisal of procurement plan for the procuring entities has been largely significant; this has continued to advance the power of the Public Procurement Agency. The agency' power to perform strategic oversight on the contracts awarded in order to guarantee professionalism, efficiency, and accountability has been boosted and efficacy is being engendered with 65.6% affirmation. Supporting evidence shows that strategic oversight on the contracts awarded has achieved substantial goals. This finding also corroborated the work of Nwangu and Oni (2015) where they both identified adherence to strategic oversight on the contracts awarded as a monitoring strategy to the effectiveness of public procurement policy, which made the state fortune progresses. 69.5% of the respondents also revealed that the publication of details of major contracts in the State. Most procuring entities adopted full integration of publication of details of major contracts in the State as part of strategies approved for monitoring the implementation of public procurement policy.

The setting of price standard and benchmark also investigated; 61% of the respondents disclosed that the adoption of pricing standard and benchmark as a monitoring strategy has been largely substantial mechanism put in place by the agency in order ensure that public procurement policy objectives are achieved. This finding got its supports also from the relative importance index. In the work of Adebayo (2015), where he submitted that setting of price standard and benchmark has been a substantial monitoring strategy for the agency. This result showed that adoption of benchmark mechanism has been integrated fully into the procurement process of the various procuring entities.

Composition of technical review committee was as well investigated in order to explore its effectiveness in the agency's strategy mechanism for monitoring public procurement policy. 79.9% of the respondents revealed that composition of technical review committee is most substantial strategy mechanism for monitoring by the agency. This finding as well buttressed by the work of Baily, Farmer, Crocker, Jessop, and Jones (2005); the work recommended the need to make composition of technical review committee a deliberate strategy to be employed in order to ensure that value for money is entrenched in the public procurement. The recommendation was based on the finding of his work where the work revealed that composition of technical review committee has been essentially significant

in the implementation of public procurement policy this confirmed the result of this study. Likewise, the keeping of contractors' database for proper identification has been largely substantial with 65.6% responses affirming that accordingly.

### **Conclusion remarks**

The study concluded that most of the strategies adopted by the agency for the investigation of the implementation of public procurement policy in Lagos state have achieved the intended objectives of the public procurement policy. It was evident from the assertions tested that the strategies put in place by LSPPA, Lagos State Public Procurement Agency in the implementation of public procurement law in the state is substantial, and apt which ensures that procurement law of the State is followed, and the relative importance index also pointed to this, with ranks of 1st, 2nd, 3rd, 4th, 5th, and 6th all affirmed the significance of the strategies put in place by LSPPA. In order to strengthen the LSPPA functions and activities the agency's objectives must be independent of the interference of the political class who often time wishes to dictate call of duty at the various governmental institutions.

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#### Constitutional Provisions

##### Lagos State Public Procurement Law 2011

##### Section 1. Establishment of the Lagos State Public Procurement Agency.

- (1) There is established a body to be known as the Lagos State Public Procurement Agency.

##### Section 8. The Objectives of the Agency are to:

- (1) ensure probity, accountability and transparency;
- (2) establish fair pricing standards and benchmarks;
- (3) ensure the application of fair, competitive, value-for-money standards and practices for the procurement and disposal of public assets and services;
- (4) create ample opportunities for the citizenry particularly, small and medium scale enterprises to participate in the economic opportunities and benefits of public procurement;
- (5) create a cost and time efficient and effective adjudicatory mechanism for the resolution of complaints arising from public procurement process in the State and its Local Governments filed by procuring entities, bidders and the general public; and
- (6) attain transparency, competitiveness, professionalism and guarantee integrity and public trust in the public procurement procedure.

#### Section 9. Functions of the Agency

The Agency shall:

- (i) consider, amend and review the monetary benchmark for the application of this Law;
- (ii) approve the employment of staff of the Agency other than the General Manager;
- (iii) approve changes in procurement process to adapt to changes in technology;
- (iv) give such other directives and perform such other functions as may be necessary to achieve the objectives of this Law;
- (v) formulate the general policies and guidelines relating to public sector procurement for the approval of the Governor;
- (vi) publicise the provisions of this Law;
- (vii) certify all State procurements prior to, during and after the award of any contract;
- (viii) supervise the implementation of established procurement policies;
- (ix) oversee and superintend compliance by all procuring entities with the procurement policies of the State;
- (x) monitor the prices of tendered items and keep a database of standard prices;
- (xi) publish the details of major contracts in the State Procurement Journal;
- (xii) publish paper and electronic editions of the State Procurement Journal and Procurement Manual and maintain an archival system for the State Procurement Journal; and
- (xiii) carry out such other functions which are essential to run an efficient procurement process and the effective implementation of its functions under this Law.

#### Section 10 Powers of the Agency

- (1) The Agency shall have the power to:
  - (a) enforce the rules and review benchmark set pursuant to this Law;
  - (b) inspect and review any procurement transaction to ensure compliance with the provisions of this Law;
  - (c) investigate and determine whether any procuring entity has violated any provision of this Law;
  - (d) blacklist or ban any supplier, contractor or consultant that contravenes any provision of this Law and Regulations made pursuant to this Law;
  - (e) maintain a database of contractors and service providers to the exclusion of all procuring entities;
  - (f) prescribe classifications and categorizations for the Companies or Limited Liability Partnerships (LLPs) on the register
  - (g) maintain a list of firms and persons that have been blacklisted or banned from participating in the public procurement system and publish them in the State Procurement Journal;
  - (h) call for information, documents, records and reports in respect of any aspect of any procurement proceeding where a breach, wrongdoing, default, mismanagement or collusion has been alleged, reported or proved against a procuring entity or service provider;

1999 Constitution as Amended

#### Section 121.

- (1) The Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year estimates of the revenues and expenditure of the State for the next following financial year.
- (2) The heads of expenditure contained in the estimates, other than expenditure charged upon the Consolidated Revenue Fund of the State by this Constitution, shall be included in a bill, to be known as an Appropriation Bill, providing for the issue from the Consolidated Revenue Fund of the State of the sums necessary to meet that expenditure and the appropriation of those sums for the purposes specified therein.



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## REALISTIC VIEW ON TRADE WARS: US-CHINA TRADE CONFLICT & IMPACT ON EMERGING ECONOMIES'

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**Abstract:** *The United States former President Donald Trump announced in July 2018 that the United States had imposed tariffs on specific Chinese goods. This led to increased tensions between the two countries and eventually set the ground for the US-China trade war, as both nations contributed fairly to the rise in import duties on one another's goods. The strife has had serious knock-on effects on global trade. According to the chief economist of the Asian Development Bank, China is expected to lose 0.5% of its Gross Domestic Product, while the United States will lose less than the above-mentioned percentage. The US-China trade war serves as a benchmark for examining the outcomes of conflicts between two major nations of this scale. The objective of this research article is: to analyze war from the perspective of the realistic theory in international relations; to shed light on and identify the opportunities for developing economies to seize a substantial share of United States imports; possible scenarios for developing and struggling economies in case this war prolongs and how much it has impacted the protagonists.*

**Keywords:** *Trade, United States, China, Economic Nationalism, International Conflict, realism.*

**JEL Classification:** *F1, F520, F510*

### **Introduction**

In today's interconnected world, international relations and global economics play a crucial role in shaping the trajectory of nations and their development. One of the defining phenomena of recent years has been the emergence of trade wars, which have captured the attention of policymakers, economists, and scholars alike. These conflicts, characterized by retaliatory trade restrictions and tariffs, have far-reaching implications for the global economy and the nations that benefit, particularly those classified as emerging economies. This study delves into the intricacies of trade wars, their impact on emerging economies, and their analysis through the lens of Realistic Theory in International Relations. Investigating how the key terms interact can result in a deeper comprehension of the complexities inherent in international trade dynamics and the behaviors of nations within today's interconnected global context. Firstly, a "trade war" is a multifaceted phenomenon where nations engage in a cycle of trade barriers and tariff hikes, often in response to perceived economic imbalances or strategic considerations. This economic skirmish, characterized by escalating protectionist measures, can lead to profound consequences for global trade networks (World Trade Organization). According to the WTO, a trade war is characterized as a scenario in which nations attempt to undermine each other's trade, usually through the imposition of tariffs or quota restrictions. Secondly, "emerging economies" refer to nations in the midst of rapid industrialization and robust economic growth, transitioning from low-income to middle-income status. These economies are typically marked by dynamic changes in market conditions, infrastructure development, and rising global influence (International Monetary Fund). Lastly, the paper adopts the

realistic approach, a dominant theoretical perspective in international relations. Realism's focus on state-centric behavior and power dynamics is integral to comprehending the motivations and actions of nations in the international arena (Waltz, 1979).

In light of these foundational definitions, the research question emerges: From a realistic theory standpoint in the field of International Relations, what is the tangible positive effect of trade wars on emerging economies? This question forms the core of the study, as the purpose is to unravel the intricate interplay between trade conflicts, state interests, and the economic fortunes of nations in the emerging world, with the specific focus on the case study of the US-China trade war. The aim is to shed light on the motivations behind trade wars and their consequences for countries striving to ascend the global economic hierarchy. This study investigates a current and very important issue that might have some very complex effects. The findings could impact policy makers in their decisions, improve people's general understanding of international economic trends, and add to the ongoing discussion about the dynamics of economics and international relations in a constantly changing world.

### **Literature Review**

Throughout history, scholars have been drawn to the study of trade wars primarily due to their extensive political and economic ramifications, and the challenge to quantify the effects. While there are numerous similarities between past trade wars and the most recent ones, the latter seem less likely to be effectively controlled or contained. Authors like David S. Jacks and Dennis Novy (2019) argue that the trade conflicts in the early 1930's were predominantly waged against all trading partners, and they unfolded in a notably disorganized manner, with only sporadic and infrequent cases of bilateral retaliation. The political and economic crises would often trigger protectionist policies. Many nations rushed to establish protective barriers against all entrants and subsequently tried to create exemptions through bilateral negotiations for preferential trade arrangements (Jacks & Novy, 2019). Fajgelbaum (2023) emphasizes how in the modern trade war, while the United States and China imposed tariffs on each other, the average country expanded its worldwide exports on specific products compared to those not subject to tariffs. Consequently, the trade conflict generated new trade opportunities instead of merely redirecting trade among different destinations. On the other hand, Baldwin and Evenett (2019) argue that trade wars disrupt the supply chains, with negative knock-on effects on the global economy. The US and China have employed economic pressure, using tariffs and trade restrictions as strategies to pursue their goals and compel the opposing party to make concessions. Irwin (2020) focuses on the importance that the dynamics of retaliation has for policymakers, who aim to effectively control and reduce tensions in trade disputes, namely the role of international institutions in managing trade wars. Bagwell and Staiger (2020) contend that a multilateral strategy, involving organizations such as the World Trade Organization, could serve as a mechanism for resolving disputes, offering the potential to alleviate the negative impacts. However, it is essential to acknowledge that the study of trade wars continues to evolve, given the ongoing changes in global trade relationships.

As for realism, one of the oldest and most influential theoretical frameworks in the field of international relations, it offers valuable insights into the motivations and conduct of states in the context of trade wars. The theory primarily focuses on states as the primary and

dominant international actors, driven by power and self-interest in all their decisions. During a trade war, these decisions may refer to actions taken in order to protect domestic industries, gain economic advantages or power in the global system. States make economic decisions based on their need to secure jobs, industries, and resources for their citizens. One excellent illustration of this is the actions the United States has implemented since the beginning of the trade conflict with China. Numerous studies have attempted to quantify the trade war's effects on different economies, with mixed results. While some have found that the conflict has hurt global growth, others have argued that it has had only a marginal impact. It is worth mentioning that a growth slow in the rate of commerce worldwide was almost impossible to avoid, with the innocent bystander countries that are damaged by the trade wars. But there are some economies, the emerging ones, which have and continue to benefit from the conflict.

### **Theoretical Framework**

Realistic theory can be used to study trade wars and their impact on emerging economies by analyzing the tangible impacts of the trade war on both China and the US, along with specific developing economies. Emerging countries that are not involved in a trade war can benefit from the change in demand for goods and services in sectors where they have strengths (Carvalho, Azevedo & Massuqueti, 2019). The realistic approach highlights the role of power and security considerations in international relations. When performing a detailed analysis of trade wars, one must be aware of the general belief that powerful nations often instigate such conflicts to safeguard their own economic and strategic interests. Developing economies, in spite of their economic growth, may remain susceptible to the actions of more influential nations. The above-mentioned theoretical framework highlights the fact that trade wars are not exclusively driven by economic factors, but that they are to a great extent influenced by geopolitical power struggles. The international relations arena is depicted in terms of a win-lose context, wherein one state's gain comes at the expense of another. When states impose tariffs, trade restrictions or any other trade barriers in pursuit of a competitive advantage, retaliation by other states is to be expected. This can only lead to the escalation of the existing conflict. In the midst of trade wars, states usually contend that safeguarding specific industries or supply chains is imperative for their strategic interests. One of the most significant aspects found at the core of the realistic approach is enhancing bilateral relations and alliances. The states that take part in trade wars may seek to form certain alliances that will allow them to gain economic power. The same realistic perspective brings about preserving national security as a fundamental right. The United States has invoked national security issues, including concerns regarding intellectual property theft and technology transfer, to justify its trade measures imposed on China. The latter, has also portrayed its own trade policies as vital for its economic and national security. There is a widely shared belief that realists typically harbour doubts regarding the efficacy of multilateral agreements as well as institutions, which they see as limited by the self-interest of individual states. In the context of trade wars, this skepticism may manifest in a preference for bilateral deals or a willingness to disregard international trade norms and organizations when they conflict with a state's perceived interests. The U.S. and China have at times been reluctant to rely on multilateral mechanisms like the World Trade Organization (WTO) to resolve their disputes, opting for unilateral actions instead.

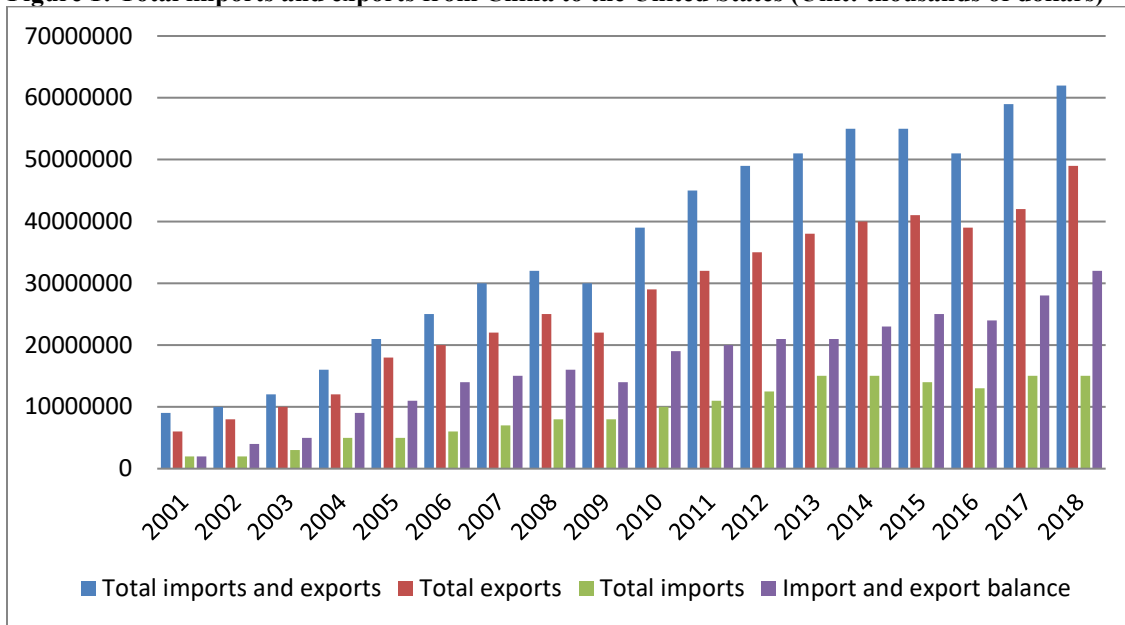


### Case Study: US-China Trade War

The 21st century has been a time of great economic change, one in which global economy underwent a major shift, with two undeniable giants emerging as dominant forces: China and the US. As both are considered world's two largest and most influential economies, these nations have consistently held center stage in discussions on global economic dynamics, trade, and geopolitical relations. The juxtaposition of the two countries as superpowers represents, to many experts, a critical juncture in setting a direction for the evolution of international order, with implications for both nations and the world at large. Historically, the United States has long been recognized as a leading economic powerhouse, tracing its ascendancy back to the late 19th and early 20th centuries.

The US have been fostering global economic stability, and promoting a free-market ideology that has left indelible mark on the world economy (Irwin, 2017). In stark contrast, China's trajectory to economic eminence is a relatively more recent phenomenon, characterized by a rapid and unprecedented rise. Since adopting market-oriented reforms in the late 20th century, China has consistently achieved remarkable economic growth rates, lifting hundreds of millions of its citizens out of poverty. With its vast population, abundant resources, and a strategic focus on export-led growth, China emerged as an economic juggernaut in the 21st century (Fig. 4.1.). Therefore, the complex nature of the relationship between these two nations will have a considerable impact not just on their economy, but also on the global one.

**Figure 1: Total imports and exports from China to the United States (Unit: thousands of dollars)**



Source: CEIC.data.com, General Administration of Customs

Decreasing the trade debt was included in Trump policies from 2016 to produce more job chances in the state (Table 1). Therefore, in 2018 the Administration under President Trump initiated a series of tariffs which ignited a trade dispute between China and the United States. Many US officials asserted that Beijing (China) has benefitted from the trade relaxation and its membership in the World Trade Organization to pursue unfair trade

practices, while also manipulating its currency and shielding its domestic market from international competition (Kapustina et al., 2020). According to a 2019 report by CNBC, the Trump Administration claimed that Beijing (China) has adopted a predatory approach to facilitate Chinese corporations in attaining dominance in cutting-edge technologies, electric vehicles, and robotics. Beijing’s strategy involves hacking towards computers of States companies along with stealing trade confidences, forcing international companies to pivot to susceptible technology in exchange for access to Chinese markets (Ibrahim, 2021).

**Table 1. Consequences of the US-China Trade War**

Date	Event/Action	Details
July 6, 2018	U.S. imposes tariffs on Chinese imports	The United States imposed 25% tariffs on \$34 billion worth of Chinese imports, mostly targeting industrial goods and machinery. China retaliated with tariffs of its own on U.S. exports.
August 23, 2018	U.S. imposes additional tariffs on Chinese imports	The United States imposed 25% tariffs on an additional \$16 billion worth of Chinese imports, mostly targeting electronic components and semiconductors. China again retaliated with tariffs of its own.
September 24, 2018	U.S. imposes more tariffs on Chinese imports	The United States imposed 10% tariffs on \$200 billion worth of Chinese imports, including consumer goods such as electronics, furniture, and toys. The tariffs were later raised to 25%. China again retaliated with tariffs on U.S. exports.
May 10, 2019	U.S. raises tariffs on Chinese imports	The United States raised tariffs on \$200 billion worth of Chinese imports from 10% to 25%. China again retaliated with tariffs on U.S. exports.
August 1, 2019	U.S. announces more tariffs on Chinese imports	The United States announced that it would impose 10% tariffs on an additional \$300 billion worth of Chinese imports, including consumer goods such as clothing and electronics. Later that month, the U.S. postponed some of the tariffs until December 2019.
August 5, 2019	China devalues its currency	China allowed its currency, the yuan, to fall to its lowest level in more than a decade, making Chinese exports cheaper and potentially offsetting the impact of U.S. tariffs. The U.S. Treasury Department labelled China a currency manipulator in response.
January 15, 2020	U.S. and China sign Phase One trade deal	The United States and China signed a partial trade deal, with China agreeing to purchase more U.S. goods and services and make certain structural changes to its economy. The deal did not remove existing tariffs, but did include a commitment to further negotiations.
February 14, 2020	China announces tariff exemptions for some U.S. goods	China announced tariff exemptions for a range of U.S. goods, including medical devices and certain chemicals, in a move seen as a goodwill gesture ahead of further trade negotiations.
February 28, 2020	U.S. raises tariffs on Chinese imports due to COVID-19 pandemic	The United States announced that it would raise tariffs on certain Chinese imports, citing the economic impact of the COVID-19 pandemic.
January 13, 2021	U.S. adds more Chinese companies to blacklist	The United States added nine more Chinese companies to its economic blacklist, citing their alleged ties to the Chinese military.
March 18, 2021	U.S. and China hold high-level talks	The United States and China held their first high-level talks since the Biden administration took office, with both sides agreeing to continue discussions.

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July 30, 2021	U.S. issues advisory on risks of doing business in Hong Kong	The United States issued a business advisory warning companies of the risks of doing business in Hong Kong, citing China's imposition of a national security law and its potential impact on Hong Kong's autonomy.
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Source: Authors' research

China vehemently rejected the allegations levelled by the United States during the course of the trade war, categorizing them as “unjust” and “unilateral.” As a way of retaliating, China’s officials alleged that the US was engaged in protectionist measures aimed at stifling China’s economic progress (Mazarr, Heath & Cevallos, 2018). Furthermore, China contended that the tariffs imposed by the US were detrimental to American consumers and businesses and argued that they would not effectively accomplish their intended purpose of rebalancing the trade relationship (Redden, 2018).

Further perspectives on China’s reaction to the United States claims consist of the release of a comprehensive white paper in July 2018, in response to the US allegations. The document asserted that China’s trade practices in fact align with the principles of openness, transparency and adherence to World Trade Organization regulations. China accused the US of hypocrisy, highlighting instances where the US had imposed tariffs on Chinese steel and aluminum imports, despite the absence of evidence indicating dumping in the US market. China argues that the US tariffs were in violation of WTO regulations, a stance supported by a WTO ruling that deemed these tariffs discriminatory and contrary to WTO norms. According to the White House, these penalties are the beginning of a process that could result in a third of Chinese imports entering the US being subject to tariffs (Figure 4.1). The US will encounter numerous challenges in its effort to close the bilateral trade gap with China. This is primarily due to the fact that the majority of US firms have moved their production facilities to mainland China, where labor-intensive production is less expensive. Additionally, China has eliminated many of the import restrictions it had in place in the past, which has reduced the gap between the two nations. Due to the intricate nature of global trade networks, the current US administration's credo of bringing back the outsourced industries to the American shores through trade protectionist policies would encounter challenges (Marsman, 2020). In 2015, the Chinese Communist Party introduced the “Made in China” (MIC2025) policy, which is a national strategic plan and industrial policy aimed at advancing the development of China’s manufacturing sector. The plan aimed to make China a prominent player in advanced technology manufacturing on a global scale by 2025. To achieve this goal, for increased investment in research and development is mandatory, the development of a skilled workforce, and the creation of a favorable business environment for manufacturing firms, thus becoming less dependent on foreign technology. China’s investment in research and development has increased significantly since the launch of MIC2025. Eight years ago, China’s spending on research and development was \$280 billion. By 2020, it had reached \$440 billion. There are many experts who see this policy as one that helped lay the foundation for the US-China trade war. It is precisely this policy that seeks to position China as a global leader in advanced technology manufacturing, calling for increased investment in research and development for manufacturing companies. Across the Atlantic, the US government has expressed their concern, arguing that the policy is unfair and moreover, it will give China an unequal advantage in the global economy. The current trade battle thus proves to have an uneven

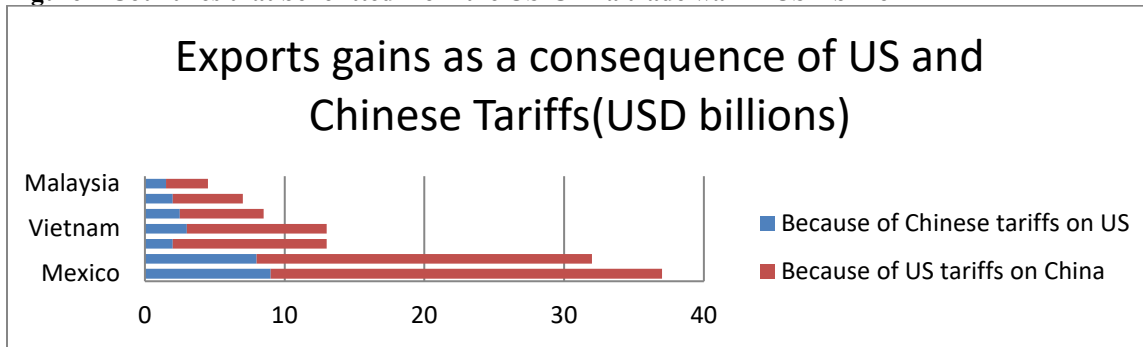
impact on both the world and the region. In the worst case scenario, China's GDP would decrease by nearly 0.5%, while the US@ GDP would decrease by 0.3%. Research findings indicate that Mexico and Canada would experience economic setbacks, with the latter's GDP projected to decline by 0.11%, resulting in a welfare loss of 3.7 billion USD. Conversely, the trade dynamics with the United States would not have a widespread impact on its other trading partners. This is because the reduction in U.S. trade competitiveness would create opportunities for gains in trade such as China, Japan, the European Union, and South Asian countries. Because commerce in electronics and textiles has been redirected, some emerging economies from Asia have somewhat benefited greatly from the trade battle.

### **Global Impact**

The US-China trade war has created ripple effects on global trade, the economy, and the geopolitical landscape. According to the World Trade Organization, global trade growth was 2.6% in 2019, down from 3% in 2018, all due to the US – China trade war (WTO, 2020). The same war has reconfigured the global supply chains. A report by Nomura Research Institute states that the US- China trade war has led to a decline in the role that China plays in global supply chains, and a corresponding proportional rise in the significance of countries from Southeast Asia (Nomura Research Institute, 2019). In 2019, an estimation by the International Monetary Fund (IMF) showed a reduction in GDP by 0.8% by 2020 (IMF, 2019). Consequently, the uncertainty caused in the financial markets increased volatility in stock markets and exchange rates. It has had a knock-on effect on commodity prices, particularly agricultural commodities. In one of its reports, the United Nations mentioned that the trade dispute has caused a fall in prices of agricultural commodities such as soybeans, cotton, and corn (UNCTAD, 2020), which has negatively impacted farmers in both the US and China, as well as in other countries that export agricultural commodities. The commercial war has also affected the relationship between the US and its allies in the region, particularly Japan and South Korea. The US has pressured these countries to reduce their economic ties with China, leading to tensions in their bilateral relationships. Similarly, China's relationship with its neighbors was reshaped, particularly in Southeast Asia, where China has sought to increase its economic and political influence. Fajgelbaum (2020) draws attention to the fact that when the US imposes protectionist measures, it can hurt its allies' economies. This can lead to tensions between the US and its allies, and it can make it more difficult for them to cooperate on other issues. This can make it more difficult for emerging nations to export their goods and services to the US, which can hurt their economies. For the USA, the gains are not as significant as they claim. Despite the potential modest domestic improvements in employment and other areas, the gain is insignificant when weighed against the harm. Chinese exports to Mexico have grown gradually and they include various economic sectors (Figure 4.2). On the other hand, Mexican exports to China have recorded a much slower increase and not as diversified. The unequal trade relationship has been emphasized since the beginning of 2000 and every study seems to indicate that there is a high possibility that the tendency will persist in the medium term. Considering the tangible effects that define the business connection between the two nations, there is one crucial factor that holds significant importance for both countries: trade with the US. Amidst such a clash between these major economies, accompanied by escalating tariffs, Mexico has emerged

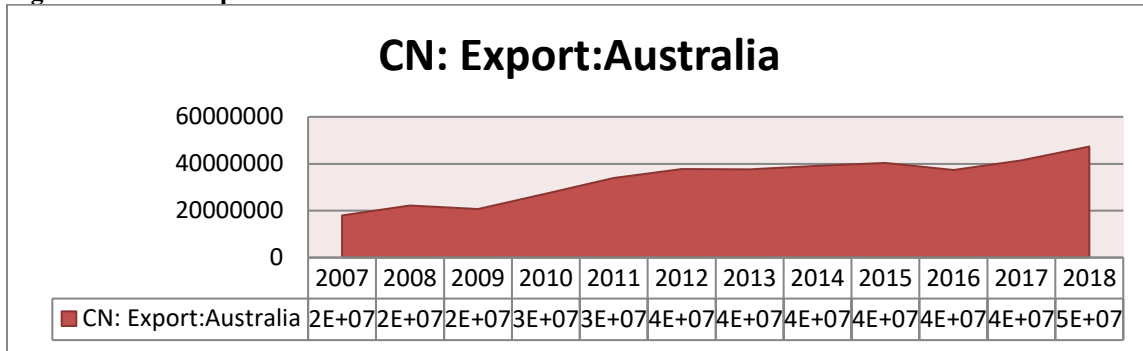
as the primary economic ally of the US, pushing China to second place in the rankings. In a historic development in 2019, Mexico achieved a milestone by reaching a trade volume of 614 billion dollars. In the immediate term, Mexico clearly benefits from external factors, particularly the rise in tariffs and consequent decline in Chinese exports to the US market. However, this scenario may not be advantageous for the country in the long run if the trade war comes to an end, unless it reconsiders its trade relationship with China (Maya, 2021). As far as the impact on African nations is concerned, the countries that benefitted the most from the trade war were those that export raw materials, such as oil and minerals, and agricultural products, as China has increased its demand for these commodities. Similar to Africa, Sri Lanka is a developing nation that could be negatively impacted by the trade war because China is its main importer and the United States is its top export destination, but if they come up with a wise and effective strategy they can entice foreign investment from both China and the US. By offering tax breaks and access to free trade zones, Sri Lanka has to find ways to entice them to the nation and continue doing business there. Exports will rise and eventually, the GDP will too, which may have a positive impact on the country's trade balance because at present Sri Lanka has a negative trade balance as there are more imports than exports. This is because Sri Lanka has a comparative advantage over other countries in the apparel and textile sector. According to Zhou (2019), Sri Lanka might benefit from exports if Chinese manufacturers choose Sri Lanka as the production location and send their goods to the United States and Europe. Chinese direct overseas investors might consider this opportunity. Additionally, Sri Lanka and India have a free trade agreement, which would assist Chinese manufacturers in exporting their goods to India because it has a larger market. This course of action may be advantageous to both China and Sri Lanka. China also purchases one third of Australia's exports and the country has gone nearly a quarter of a century without recession, more than any other nation (figure 4.3). Australia could not possibly have achieved this unless it had access to the economic growth of China (B. Collie), *the US – China Trade War and the Impacts on Australia*. Since the implementation of a ban on foreign political donations in 2017 and the subsequent exclusion in 2018 of Chinese technology giant Huawei from Australia's 5G network, the economic ties between China and Australia have experienced a severe decline. Nevertheless, the relations between the two countries notably worsened in 2020 due to enquiries surrounding the origins of the Covid-18 outbreak, which only increased existing tensions. Professor Jane Golley, from the Australian National University, specialized in Chinese economy, suggests that from China's point of view, the foreign policy adopted by Australia has already been oriented toward the United States (Dobson, 2021).

**Figure 2 Countries that benefitted from the US-China trade war in USD billion**



Source: UNCTAD/PRESS/PR/2019/002/Corr.1

**Figure 3: China exports to Australia**



Source: CEIC.data.com, General Administration of Customs

**Countries that benefitted from US-China Trade War**

The US - China trade war is a continuing dispute that hasn't shown any indications of ending or ceasing. It seems clear that the trade conflict will persist over the coming ten years. The global economy particularly that of poorer nations has suffered as a result of this trade conflict. The nations must devise some form of plans of action to lessen their undesirable characteristics. If the developing economies act strategically, they could and some of them have already been astute enough to use this trade dispute to their benefit (Table 2). They can take advantage of the free trade zone, which is a region within a nation where some common trade restrictions, such as tariffs and quotas, are removed, and administrative burdens are reduced in the hopes of luring new companies and foreign investors. States may also pursue bilateral negotiations or alliances to gain economic advantages or exert pressure on specific trading partners. They may prioritize their relationships with key trading partners based on their relative economic power or strategic importance. Both the U.S. and China have sought to negotiate directly with each other and engage in bilateral talks to address their economic grievances. They have also tried to build alliances or coalitions with other countries to gain leverage in the trade dispute. The majority of the US businesses that left China were drawn to Southeast Asian nations like Malaysia, Indonesia, Vietnam, and the Philippines. The initial predictions for Malaysia were rather gloomy in the context of the trade war. Malaysia not only possesses a significant inclination towards trade and investment, which contributes to its high dependence on international trade, but a substantial portion of its trade is deeply integrated within global supply chains. The majority of big companies in the country and almost half

of all medium-sized to small enterprises actively participate in global value chains. Moreover, Malaysia exhibits a substantial level of vulnerability to the Chinese economy, given that China served as its most reliable trading partner, as well as the primary source of tourists in 2018. Consequently, any supply chain will swiftly reverberate and impact Malaysian exports. Approximately 40 % of jobs in the country are directly linked to activities that involve exporting goods. Malaysia has gained lots of advantages due to the concentrated imposition of US tariffs on electronic and electrical components and circuits, being one of the countries that benefitted the most from exporting such products (Cheng, 2019). In fact, being considered the main producer of semiconductor assembly has turned Malaysia into an undeniable beneficiary of the US-China trade war. Furthermore, the same author conveyed to the press that, given the limitations on China's chip imports from the US, the country finds itself compelled to establish a domestic semiconductor ecosystem to meet its domestic chip needs. In 2021, Malaysia launched a five-year action plan aimed at enhancing the nation's competitiveness and improving its export rankings. The plan incorporates tactics aimed at minimizing redundancies among government agencies through the establishment of unified websites for exporters, promoting the "Made in Malaysia" brand, and encouraging companies to adopt e-commerce and digitalization (Ilim, 2021).

However, South Asian nations have faced difficulties in meeting the requirements of businesses that are relocating from China. The absence of a well-defined framework for establishing investment-friendly regulations is a common issue shared almost by all countries. Challenges such as customs clearances, skilled labor, investment approval, taxes, and labor efficiency are among the many obstacles that need to be tackled. Bangladesh is one of the countries that have benefited from the trade war. The nation has attracted investment from US companies looking to produce garments and other labor-intensive goods. This has led to an increase in employment and wages in Bangladesh. India has also benefited but to a lesser extent than Vietnam and Bangladesh. The country has attracted some investment from US companies, but it has also faced higher tariffs on its exports to the US. According to the United Nations, during the first half of 2019, India saw an increase of approximately \$755 million in its exports to the United States, primarily in the categories of chemicals, metals and ore (Singh, 2019). The US-China trade war has had a mixed impact on the Philippines. Some sectors have benefited from the trade war, while others have been harmed. Sectors that have benefited from the trade war include: electronics, agriculture and tourism. The Philippines is a major exporter of electronics and agricultural products to the US, and the trade war has led to an increase in demand for Philippine electronics as companies look for alternative suppliers to China. As a popular tourist destination, the trade war has led to an increase in tourists from the US. The Philippines has many young and skilled workers and has made big investments in infrastructure. If the economy can successfully attract increased trade from the nations affected by the trade war, the electronics sector within the country's manufacturing industry could anticipate a growth ranging from 0.2 to 0.7 percent (Chan, 2019). One can conclude from looking at the graphs below that the issue does not pertain to productivity. As can be seen in the first graph, Vietnam, which has benefited the most from the trade war, also has the lowest labor productivity rate among the nations examined below (figure 4.4). The trade war led to many US companies moving their manufacturing operations to Vietnam to avoid the tariffs imposed on Chinese goods. This led to a boom in the

Vietnamese economy, with GDP growth reaching 7.3% in 2020. Vietnam has a number of advantages that made it attractive to US companies looking to move their manufacturing operations: low wages, which makes it a cost-effective place to manufacture goods, a young and growing workforce, which provides a large pool of potential workers, a favorable business environment, as the country has a relatively open and free market economy, which makes it easy for businesses to operate, and last but not least, strong government support in terms of foreign investment, having provided tax breaks and other incentives to attract businesses (Kwon, 2022). Since the US-China trade war began, Vietnam's GDP growth reached 7.3% in 2020; the highest in Southeast Asia, foreign direct investment (FDI) reached \$18.7 billion in the same year, a 12% increase from the previous year, while manufacturing exports from Vietnam reached \$260 billion in 2020, an increase of 15% from 2019. Other than Vietnam, African nations have also shown a working plan to draw in businesses. By creating a dozen industrial zones to draw in international investment, Ethiopia has taken the lead. Based on official figures released by the Vietnamese government, they have surpassed China's reported growth rate of 6, 2 percent in 2019, achieving a growth rate of 6 and 7 percent. When compared to 2018, foreign direct investment went up 26%. The best market recovery in South East Asia was noted at the time. This resulted from the movement of US businesses to Vietnam. Chico's, Sentient Technologies, car parts supplier Genuine Parts Company, industrial machinery manufacturer Ingersoll-Rand, Dell, Apple, and Nintendo are among the businesses that have already migrated to Vietnam. The country has always welcomed foreign investors by changing its rules and regulations to reduce the costs of doing business within the country. The most efficient strategy has proven to be the incentives system: corporate income tax incentives for all investors, local or foreign, incentives based on location, sector and land rental exemptions. As a result, the FDI level skyrocketed in 2020. (Fig. 4.5) Education and tax breaks were two key factors when determining what Vietnam did properly to attract the attention of the businesses leaving China. To develop skilled labor, they implemented a skill-based economic structure. Vietnam also has a political system, which is an advantage. The legislature is above the country's executive and judicial branches. It is a single-party state that resembles China in its political structure. There won't be any additional obstacles after the legislature has approved a project. Companies founded in China are subject to high taxes and could not be worth anything if they export to the US. This is because those goods won't have a competitive advantage. After all, they can't compete with goods that are imported duty-free into the US. Countries like Vietnam, Malaysia or Sri Lanka get access to the market with subsidiary tax rates as a result of the GSP facility provided by the US. Even though there isn't a trade war with Europe, Chinese companies could take advantage of the chance to access the European market with the least amount of taxation. Finally, India has also been a beneficiary of the commercial trade. The Indian government has implemented policies to encourage foreign investment and promote exports, particularly in the electronics and textile sectors. As a result, India's exports across the Atlantic to the United States rose by 32.7% in the first six months of 2019, with significant growth in products such as machinery, chemicals, and pharmaceuticals (UNCTAD, 2019). The country's growth rate has also shown improvement, with GDP growth reaching 4.2% in 2019, up from 3.4% in 2018 (World Bank, 2020) Overall, some countries have managed to capitalize on the situation and increase their exports to the US as a result of the trade tensions. As the trade war continues though, it will be interesting to see how other countries



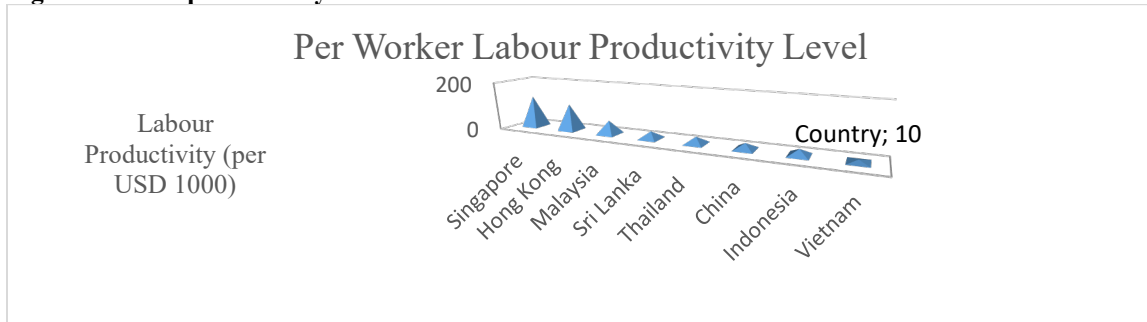
adapt to the changing economic landscape and whether they too will be able to take advantage.

**Table 2. Countries that benefitted from the US-China Trade War**

Country	Estimated Gains/Losses (USD)	Details
Vietnam	Gain of \$10 billion to \$20 billion	Vietnam has seen a surge in exports to the United States as companies move production out of China to avoid tariffs.
Taiwan	Gain of \$4 billion to \$7 billion	Taiwan has also seen an increase in exports to the United States, particularly in the tech sector.
Mexico	Gain of \$3 billion to \$5 billion	Mexico has also benefited from companies relocating production from China, particularly in the auto sector.
Canada	Gain of \$2 billion to \$3 billion	Canada has also seen some benefits in terms of increased exports to the United States.
European Union	Loss of \$11 billion to \$18 billion	The EU has seen a decline in exports to both the United States and China, particularly in the auto and machinery sectors.
Japan	Loss of \$5 billion to \$10 billion	Japan has also seen a decline in exports to both the United States and China, particularly in the auto and electronics sectors.
South Korea	Loss of \$3 billion to \$8 billion	South Korea has seen a decline in exports to both the United States and China, particularly in the auto and tech sectors.

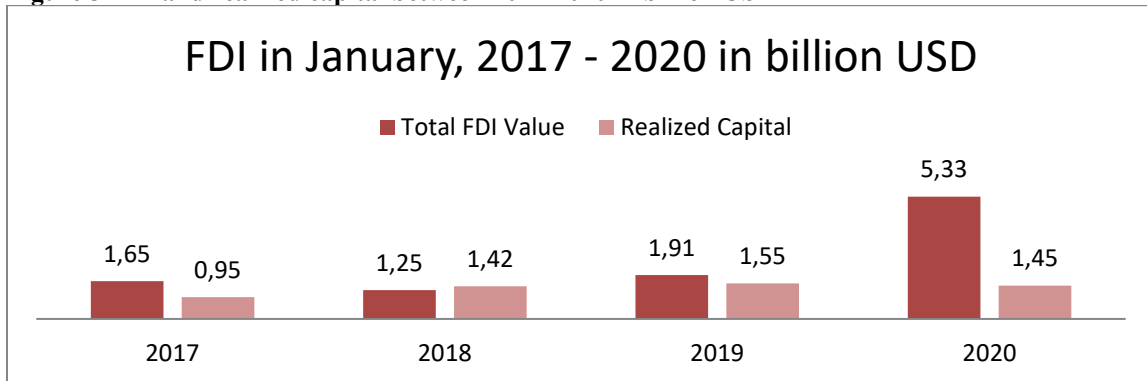
Source: Authors' research

**Figure 4 Labor productivity**



Source- APO Productivity database 2018, [www.statista.com](http://www.statista.com)

**Figure 5 FDI and realized capital between 2017-2020 in billion USD**



Source: Vietnam Ministry of Planning and Investment

## **Conclusion**

The economic clash between the US and China has significantly reshaped the global economic stage, with developing economies playing crucial roles in the economic turbulence. Delving how trade wars affect emerging economies with a primary focus on the US-China case study within the framework of the realistic theory in international relations, reveals a multi-dimensional and intricate terrain. The US-China trade war serves as a testament to the realist perspective, where states prioritize their own economic and strategic interests above all else. As both the US and China engaged in a “war” of tariffs and other protectionist measures, the repercussions were felt worldwide. Emerging economies, which often rely heavily on global trade, faced significant challenges as supply chains were disrupted, and markets became increasingly uncertain. While some emerging economies managed to exploit the situation by diversifying their trading partners and filling the void left by reduced US-China trade, many others struggled to adapt. The realist theory’s emphasis on power and self-interest underscores the notion that these trade wars are driven by a struggle for global dominance and economic supremacy, where emerging economies are often caught in the crossfire. Furthermore, major players in international relations have sought to align themselves strategically with either the United States or China to secure their own interests. This balancing act further complicates the dynamics of trade and diplomacy in the modern world.

Countries like Mexico may not experience long-term benefits from tariff increases if the trade war ends unless they reevaluate their trade ties with China. In contrast, nations like African countries have greatly benefited and are expected to continue reaping the rewards from increased Chinese demand for raw materials like oil, minerals, and agricultural products. There are also countries that could potentially capitalize on this situation by attracting foreign investments from both China and the US if they develop a prudent and effective strategy. As emerging economies continue to navigate this unsettled ground, the lessons from the US-China case study underscore the need for a nuanced and strategic approach to international trade and diplomacy.

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## JUSTICE IN THE IMPLEMENTATION OF NATIONAL HEALTH INSURANCE IN INDONESIA

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**Abstract:** *This article provides an analysis of the implementation of the National Health Insurance (JKN) based on the Law of the Republic of Indonesia Number 40 of 2004 concerning the National Social Security System. In the implementation of the National Health Insurance, which is part of social security, only provides guarantees to the poor, this is contrary to the purpose of the establishment of social security legislation which guarantees to provide Jamian to all Indonesian citizens without being based on the social, cultural and economic conditions of citizens which causes injustice because it is contrary to the constitution of the republic of Indonesia. Another fact that can be observed is the gap in health facilities and health resources between provinces, districts/cities. The number of doctors who are only scattered in big cities, hospital facilities and health centres between the island of Java and eastern Indonesia which creates a very large gap and is very influential in health services. People in cities and on the island of Java can enjoy all the benefits of health insurance, this is inversely proportional to JKN participants on the islands, especially those in eastern Indonesia.*

**Keywords:** *National Health Insurance (JKN), Republic of Indonesia, social security.*

### Introduction

The right of every human being to health was first established in the Constitution of the World Health Organization (World Health Organization) in 1946. As the authority of the world health organization within the scope of the United Nations (UN), in WHO's basic rules there are human rights enshrined In the principles which state that the right to health is the right of every human being regardless of race, religion, political beliefs, economic or social conditions, this principle defines health as a state of complete physical, mental and social well-being and not just the absence of disease or disability. This WHO definition is indeed revolutionary and has become a reference for various countries. Currently it has become a reference and is a broad definition of health (Giorgi, 2012). This is in line with the definition contained in Law of the Republic of Indonesia Number 36 of 2009 concerning Health in Article 1 to 1 which reads as follows "Health is a state of health, both physical, mental, spiritual and social which enables every person to live a productive life in a healthy manner. social and economic".

In the constitution of the Republic of Indonesia, the state has promised all members of the state to provide a decent life for all its citizens, which is outlined in the form of norms in a number of articles in the 1945 Constitution of the Republic of Indonesia. These promises are a contract. between the state and its citizens which will later be implemented by the government in power through statutory regulations which are the basis for implementing a program by the state to its citizens. Promises to citizens begin in Chapter X of the 1945 Constitution of the Republic of Indonesia, namely Article 27 paragraphs (1), (2) and (3).

These articles each provide a guarantee that all citizens have the same position before the law and government, a guarantee of the right of all citizens to get decent work and the obligation of all citizens to participate in defending the country. In Chapter X A Article 28 A to Article 28 i contains human rights which can be translated as human rights for all citizens.

Specifically, Article 28 H paragraph (3) provides a guarantee that every citizen has the right to social security provided by the state, which is further explained in 34 paragraph (2) that the state develops a social security system for all citizens by developing weak communities in accordance with with human dignity. This is a form of state presence in providing protection to its citizens in guaranteeing citizens' constitutional rights. To realize the mandate of Article 34 paragraph (2), in accordance with the provisions in Article 34 paragraph (4), a law was created with a social security system. Based on the attribution of Article 34 paragraph (2) of the 1945 Constitution of the Republic of Indonesia, Law Number 40 of 2004 concerning the Social Security System was born, which was promulgated on October 19 2004 and recorded in the State Gazette of the Republic of Indonesia of 2004 Number 150. This Law aims to to provide guarantees that every person has the right to social security to be able to fulfill the basic needs of a decent life and increase their dignity towards the realization of a prosperous, just and prosperous Indonesian society. Starting from the momentum of the enactment of NRI Law Number 40 of 2004 concerning the National Social Security System (SJSN) on October 19 2004, the Government and the House of Representatives (DPR) consisting of 8 (eight) chapters and 53 articles, at this time Indonesia entered a new phase in social security consisting of (1) Health Insurance, (2) Work Accident Insurance, (3) Old Age Security, (4) Pension Security and (5) Death Security. This law explains that the National Social Security Program will be implemented on humanitarian principles, benefit principles, and social justice principles, which are aimed at providing guarantees for the fulfillment of basic needs for a decent life for each participant and their family members (Arfianto, 2006).

## **Result and discussion**

### *Citizens' Rights to National Health Insurance*

At the end of the 20th century in the world, Social Security developed very rapidly, but in several countries quite a few people opposed social security. The reason for this opposition is because some community groups and social organizations think that social security, which mostly uses subsidies from the government, is considered too expensive and is seen as just a waste of money and can disrupt a country's fiscal stability. However, on the other hand, most people also think that social security will provide protection against increasing unemployment and poverty. In conditions like this, social security is what is most needed. Especially in developed countries (including the transition economies of Central and Eastern Europe), social security systems have to respond to new demographic challenges, such as aging and changes in family structure, with significant impacts on the financing of social protection. In some countries, there is dissatisfaction with the administration of social security, and there is a desire to review the role of the state, the responsibilities of social partners and greater participation from the private sector is desired (ILO, 2018).

Health services are a fundamental right of every human being, this has been regulated in Article 5 paragraph (1), (2) of the Law of the Republic of Indonesia Number 39 of 2009 concerning Health, in paragraph (1), it can be interpreted that every citizen has equal rights

in obtaining health services, whether promotional, preventive, curative and rehabilitative. Furthermore, paragraph (2) means that every citizen has the right to quality health services that can improve their level of health so that they can live a life worthy of physical and spiritual health while still receiving affordable health services that are not economically burdensome. The National Health Insurance Program (JKN) is a health insurance program implemented by the government as an order from the constitution to fulfill basic health rights for all citizens. JKN is part of the National Social Security System (SJSN) which is organized by the government with a mandatory social insurance mechanism for all Indonesian residents. Based on the NRI Law Number 40 of 2004 concerning SJSN with the aim of providing basic health needs for the entire population by paying contributions, while for the poor and disadvantaged the contributions are borne by the state. This is one of the government's efforts to fulfill citizens' rights to health services. As is known, human rights include, among others, "the right to development; right to peace; and the right to healthy and balanced environment" (Muladi, 2004).

One of the development goals in the health sector in Indonesia, in 2014 the government launched a road map for implementing Health Insurance to achieve Universal Health Coverage (UHC). As a form of concern and seriousness by the government in its efforts to implement the JKN program for the entire population of Indonesia through the implementation of NRI Law Number 40 of 2004 concerning SJSN. This law is a mandate from the constitution to gain access to social security so that every resident can fulfill basic living needs and improve their dignity. The implementation of JKN uses the principles of social insurance and equity, which means that it provides justice for all. The social insurance mechanism was initially expected to contribute to controlling health financing and ensuring continuous financing. In this way, the guarantee of health services for all residents will continue until the next change occurs.

In the Constitution of the Republic of Indonesia, in the 2nd (two) amendment, the right to social security has been regulated in Article 28 H paragraph (3) of the 1945 Constitution of the Republic of Indonesia. The basic principles shared by all Indonesian citizens which are the ideals of the founders of the Republic of Indonesia as contained in the concept of the second paragraph in the preamble to the opening of the 1945 Constitution of the Republic of Indonesia are to deliver the Indonesian people to the front gate of Indonesian independence. independent, united, sovereign, just and prosperous. This is one of the foundations of the Indonesian nation's philosophy towards a more prosperous life.

Based on Presidential Regulation Number 82 of 2018 concerning the National Health Insurance System which has undergone several changes, since January 2014 the National Health Insurance (JKN) has been implemented with the aim of providing guaranteed health services to the entire population, including promotive, preventive, curative and rehabilitative. Especially for people who are classified as poor and underprivileged, their contributions are guaranteed by the state and will be registered by the state as National Health Insurance (JKN) participants as regulated in Article 14 Paragraph (1) and (2) of the NRI Law Number 40 of 2004 concerning SJSN. Further regulations regarding recipients of contribution assistance are regulated by Government Regulation Number 101 of 2012 concerning Recipients of JKN Contribution Assistance. Then the implementing regulations are regulated by Presidential Decree Number 12 of 2013 concerning the JKN System, which has been discussed several times and is currently Presidential Decree Number 82 of 2019 About the JKN System. JKN is one part of the national social security system

program regulated in NRI Law Number 40 of 2004 concerning SJSNI and NRI Law Number 24 of 2011 concerning BPJS. JKN is organized by BPJS Health, which is a transformation of PT Askes (Persero). JKN participants are all Indonesian residents, including foreigners who have worked for at least 6 (six months) in Indonesia and are required to participate in the JKN program. Based on the JKN road map created by the government, it was announced that at the end of 2019 all Indonesian residents would be registered as JKN participants, but this target was not met so that universal health coverage had not been achieved. Until the end of October 2020, the number of JKN participants had only reached 87% of the total population of Indonesia.

Compulsory participation, as regulated in Article 14 of the Republic of Indonesia Law Number 24 of 2011 concerning BPJS, whose norms require all Indonesian people to become participants in social security, in this case the National Health Insurance. Achieving universal health coverage is not an easy thing to achieve. This requires cooperation between all institutions involved in implementing JKN, and between all these institutions there must be a unified perception of the meaning of Universal Health Coverage (UHC). In order to optimize the achievement of UHC, it is necessary to review the JKN roadmap or road map, so that the goal of registering all citizens to become participants can be achieved (Mundiharno, 2012). In the perspective of National Health Insurance, Universal Health Coverage has several points of view; (1) coverage of participation where the meaning of UHC can be interpreted as meaning that coverage of participation must be comprehensive, in the sense that all residents must be registered as JKN participants; (2) access for all residents to health service facilities, meaning that the government must be able to increase the number of health facilities so that all citizens can access health service facilities easily; (3) it can also be interpreted that people's out of pocket payments are getting smaller so that financial catastrophes do not occur which can cause participants to fall into poverty. Because the state provides health insurance to all citizens, Article 28 H paragraph (3) of the 1945 Constitution of the Republic of Indonesia provides a guarantee for all citizens to receive Social Security, the state should proactively register all citizens without conditions to become National Health Insurance participants. as a form of state compliance with the constitution. Currently, National Health Insurance membership consists of:

Recipients of Contribution Assistance (PBI) as regulated in Presidential Regulation Number 101 of 2012 concerning Recipients of Health Insurance Contribution Assistance, PBI participants in this case are the poor and underprivileged

Non-recipients of contribution assistance (Non PBI) consisting of Wage Recipient Workers (PPU) are participants who work in the informal sector consisting of PPU State Administrators consisting of State Officials, Central/Regional Civil Servants (PNS), PNS employed in BUMN/BUMD, TNI/PNS TNI, POLRI/PNS POLRI, DPRD and Non-State Servant Government Employees (PPNPN), PPU Non-State Organizers consist of State-Owned Enterprises (BUMN), Regional-Owned Enterprises (BUMD) and Private

Non-Wage-Earning Worker Participants (PBPU) are anyone who works or does business at their own risk, consisting of: Notaries/Lawyers, Private Practicing Doctors/Midwives, Traders/Service Providers, Farmers/Ranchers, Fishermen, Drivers, Ojeks, Mechanics and other workers who are able to pay contributions.

Non-Worker (BP) is every person who is not part of the community who is registered and whose contributions are paid by the Central/Regional Government, PPU and PBPU, which



consists of: BP State Organizers and BP Non-State Organizers. State Administrators consist of State Official Pension Recipients (PP), Central/Regional Civil Servant PP, TNI PP, POLRI PP, Veterans and Independence Pioneers.

### **Justice in the Implementation of National Health Insurance**

The Republic of Indonesia places Pancasila as the state philosophy and is also referred to as the source of all sources of law in carrying out national and state civilization, this is because the principles contained in Pancasila very clearly mention the word justice in the formulation of the second principle and justice in the formulation of the principle. fifth. This makes Pancasila the foundation of the state in providing justice for all Indonesian citizens. That is why legal ideals will always be part of the philosophical values contained in Pancasila, which is the foundation of the Indonesian nation state which leads to justice (Yusuf, 2015). Laws must contain elements of values that are fair to all citizens. Even though justice seems abstract, it must be the basis for the state in carrying out national life. In various legal literature and research, there are many theories that discuss justice. One of the theories of justice is ethical theory, which aims solely to achieve justice. Legal implementation of ethical theory departs from a belief that justice will be realized or, conversely, justice will not be realized (Apeldoorn, 1995). Law according to this theory aims to present or realize the meaning of justice. Philosophical thinking is based on the perspective of three layers of legal science (dogmatics, legal theory and legal philosophy) in interpreting justice and of course is very beneficial in legal practice. From the thoughts of various philosophers, including Aristotle to today's philosophers, they have provided various references on the regulatory function in legal practice.

Departing from different thought bases in 3 schools of thought regarding the theory of justice consisting of utilitarianism, transcendental intuitionism, and contractarianism, in implementing solutions to problems of injustice, they often do not focus on one of the three schools of thought, so they often use conflicting approaches. between one another. The intuitionist school of explaining injustice is only based on considerations of conscience which cannot be quantified so it is very far from a scientific approach. The second school of thought is utilitarianism which was initiated by Jeremy Bentham in Kusumaningrum and Adian (2014), using a justice approach with the jargon "Greatest happiness for the greatest number", where happiness can be quantified from the greatest number of people who experience justice.

When looking at justice in the implementation of JKN, of course we don't just look at participation numbers and participant obligations, but the government's role in fulfilling the number of health facilities is also very important from a justice perspective. The development of health facilities is still dominated on the island of Java, we can see this from the number of hospitals and the distribution of doctors, dentists and specialist doctors, 70% of which are still on the island of Java. This health facility will certainly have an impact on access to health services which still experiences disparities between health services on the island of Java and other islands, especially in the Eastern Indonesian archipelago. Nationally, in 2022 the ratio of beds in hospitals collaborating with BPJS Health will be 2 per 1000 participants, this is still far from the WHO (World Health Organization) recommendation of 5 per 1000 population. If we look at the ratio per province, there is also a very large comparison between the island of Java and outside Java, especially eastern Indonesia.

Specifically for first level health facilities or community health centers, currently there are 10,228 community health centers collaborating with BPJS Health, these health centers are in sub-districts in 514 districts/cities throughout Indonesia. Even though the physical health center building exists, the facilities and infrastructure owned by the health center are not evenly distributed. Based on data from the Health Human Resources Information System (SISDMK), only 39.6% of community health centers have 9 (nine) appropriate types of health workers (nakes), namely: (1) doctors or primary care doctors; (2) dentist; (3) nurse; (4) midwife; (5) public health workers; (6) environmental sanitation personnel; (7) medical laboratory technology expert; (8) nutrition workers; and (9) pharmaceutical staff. A health center is said to be sufficient or adequate if there is at least 1 (one) person from each type of health worker (Indonesian Ministry of Health, 2021). The province with community health centers that meet 9 (nine) types of health workers according to the highest standards based on data from the Ministry of Health is DI Yogyakarta province (88.4%), followed by Bangka Belitung Islands province (81.3%) and Central Java province (70.6 %). Meanwhile, the lowest percentage of provinces with community health centers that meet 9 (nine) types of health workers according to standards is Papua province (6.1%), followed by West Papua province (8.5%), and Maluku province (10.6%). From the data above we get information that the distribution of doctors, dentists and paramedics is also very unequal between one province and another, this will of course greatly affect the services of the national health insurance program to people in rural areas who should have the same rights as people in the city.

Puskesmas which function as gatekeepers in health services must be supported by the availability of further referral health facilities or hospitals. Some large hospitals do not yet have facilities that meet standards in health services, for example the availability of specialist doctors, most of which are in big cities, as well as hospital medical facilities which are still very limited. As an illustration, the percentage of class C district/city hospitals that have 4 basic specialist doctors and 3 supporting specialist doctors in 2020 is 69.8% with the highest percentage in the provinces of Aceh (95.8%), Central Java (91.1%) and Bengkulu (90%) while the provinces with the lowest percentages are Papua Province (20%), Riau Islands (25%) and West Papua (25%).

According to Minister of Health Regulation Number 340/MENKES/PER/III/2010 concerning Hospital Classification, Article (3) states that hospitals must have service capabilities of at least general medical services, emergency services, nursing services, outpatient care, inpatient care, operations/surgical services, basic specialist medical services, medical support, pharmacy, nutrition, sterilization, medical records, administrative and management services, public health education, corpse screening, laundry and ambulances, maintenance of hospital facilities, and waste processing.

Currently, with around 245 million JKN participants, of course they will not receive the same health services, this is due to the distribution of health resources and facilities that have not been distributed fairly. The impact of this condition is the emergence of disparities and injustice in health services. In Article 28 H paragraph (1) of the 1945 Constitution of the Republic of Indonesia, it is stated that "everyone has the right to live in physical and spiritual prosperity, to have a place to live and to have a good living environment and has the right to receive health services" has not been fulfilled evenly, even in several cities, some of the people participating in JKN have received the benefits of good health services. Apart from that, Article 2 of the NRI Law Number 40 of 2004 concerning SJSN states

explicitly that the national social security system is implemented based on humanitarian principles, the principle of benefit and the principle of social justice for all Indonesian people.

If we examine the opinion of Amartya (2009), he says that at least humans can feel and enjoy the essence of justice even though ideal justice is utopian and is not needed based on minimizing and eradicating injustice by not relying on justice which is very difficult to achieve, but by using injustice as a basis for resolving injustice while remaining based on resolving the problem of injustice in order to restore justice as a right that every individual should have. Even though justice according to Amartya Sen is a utopia, from empirical conditions it is very clear that the state has not been able to provide a sense of justice in health services which is one of the basic human rights.

Next, Amartya looks at justice by reducing injustice by taking a comparative approach to see facts about justice in various societies. Sen sees that there are very pluralistic facts in terms of justice. Sen agrees with seeing justice by taking a multiculturalistic approach. In terms of Sen's model of comparative approach to justice, which departs from justice practices in actual cultures, these are also multiculturalistic steps. This means that he does not start from just a theory of justice but rather starts from the practice of justice that exists in various "cultures" in society. This means that the approach was initially pluralistic and led to multiculturalism. He not only arrived at a diversity of concepts of justice but through comparison, discussions and dialogue, from various very diverse concepts of justice he finally arrived at a justice that was very multiculturalistic and mutually acceptable. Because justice practices exist in various cultures, it must start from there to contribute to the creation of justice and eliminate injustice, and not just build a multicultural society's ideal of justice and match it to a theoretical ideal model. This is in line with the "practical comparative" method adopted by him with Adam Smith, Karl Marx, and not the "ideal transcendental" method adopted by John Rawls, John Locke, Immanuel Kant, etc. (Amartya, 2009).

In the 1945 Constitution of the NRI Constitution, the founding fathers of the nation agreed on the concept of a welfare state as formulated in paragraph IV of the 1945 NRI Constitution. As said by Ahmad Ali, the aim of the law was focused on the aspect of "justice". Meanwhile, Gustav Radbruch formulated the aim of law or the ideal of law as the realization of "justice" in addition to the usefulness and certainty of the law itself (Ali, 2002). Meanwhile, according to Aristotle, the aim of law is to realize the value of justice in society. The justice referred to is *ius suum quique tribuere*, which means giving to each person what is their share or right. To be able to achieve the principles of justice, namely *honeste vivere* (living honorably), *alterum non laedere* (not disturbing other people), *suum quique tribuere* (giving to each person what is his or her right) (Tanya, et al., 2007).

### **Conclusion**

The implementation of the Law of the Republic of Indonesia Number 40 of 2004 concerning the Social Security System which is a delegation of Article 28 H and Article 34 Paragraphs (2) and (3) of the 1945 Constitution of the Republic of Indonesia has not been implemented properly as intended by the aim of establishing the Republic of Indonesia as stated in declare in the 4th paragraph of the preamble to the 1945 Constitution of the Republic of Indonesia that the state will guarantee prosperity for all its citizens.

The state should guarantee basic health services for all citizens and improve the health service system and increase the distribution of doctors by making policies in distributing doctors and specialist doctors.

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## FISCAL NEUTRALITY HYPOTHESIS: AN ANALYSIS OF THE NIGERIAN LOCAL GOVERNMENT REVENUE AND EXPENDITURE

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**Abstract:** *There is yet to be a consensus on government expenditure and revenue nexus. The debate revolves round four major arguments, namely, revenue-spend hypothesis, spend-revenue hypothesis, fiscal synchronization hypothesis and fiscal neutrality hypothesis. The fiscal neutrality hypothesis postulates lacks of causal relationship between revenue and expenditure of the public sector. This study specifically examines the validity of the fiscal neutrality hypothesis in the Nigerian Local Government. The extent to which this hypothesis is true or false in the Nigerian Local Government (LG) deserves empirical investigation considering the role of the tier of government at ensuring grassroots development. Hence, this study sets out to test the fiscal neutrality hypothesis in the LG of Nigeria, using a quarterly data from 1993Q1 to 2019Q4. The data were sourced from Central Bank of Nigeria's statistical bulletin and analyzed using pairwise Granger causality technique after testing for unit root and cointegration. This therefore study upholds the fiscal neutrality hypothesis in the Nigerian LG, having confirmed no causal relationship between expenditure and revenue in the Nigerian LG. It is high time that fiscal synchronization of Local Government revenue and expenditure be vigorously pursued by the government through various reforms.*

**Keywords:** *Fiscal neutrality hypothesis, local government, government revenue, government expenditure, institutional separation hypothesis.*

### Introduction

There are four basic strands of arguments on government expenditure-revenue nexus, namely, fiscal neutrality hypothesis (otherwise called independence or institutional separation hypothesis), revenue dominance hypothesis (or tax-spend school), expenditure dominance hypothesis (or spend-tax school), and fiscal synchronization hypothesis. The fiscal neutrality hypothesis is a hypothesis of institutional separation or independence which postulates a neutral, and independent relationship between revenue and expenditure of the public sector. The validity of this hypothesis in the Nigerian Local Government (LG) deserves empirical investigation considering the role of the tier of government at ensuring grassroots development. Murana (2016) reiterates that the 1976 Local Government reform in Nigeria has resulted in the autonomy of this third tier of government and as a result of standing as a separate legal entity, their performance of the constitutional roles as entrenched in the 1979, 1989 and 1999 of the Nigerian constitution, have relatively improved.

Basically, the Nigerian Local Government revenue is currently composed of revenues from sources like federation account, state allocation, Value Added Tax (VAT), internally generated revenue (IGR), excess crude, budget augmentation and Subsidy Reinvestment and Empowerment Program (SURE-P), exchange gain and non-oil excess revenue, and grants and others. Nigerian Local Government expenditures like other tiers of government

(state and federal), could be divided into capital and recurrent expenditures. Statistics indicates that within 27 years of this study (1993-2019), The 774 Local Government Areas (LGAs) in Nigeria generated an average revenue of N784.1259billion while their average expenditure was N786.5919billion; thus the expenditure exceeds the revenue by N2.466billion (0.31%). The revenue of the LG in Nigeria in the study period ranges between a minimum of N19.22000 and a maximum of N1810.050. However, N18.97000 and N1806.910 are minimum and maximum value of LG total expenditure over the period (Central Bank of Nigeria, [CBN], 2019). The revelation from these statistics is that there is fiscal deficit in the Nigerian local government and prudent management of this fiscal situation is key to the attainment of macroeconomic objectives of government in the area of economic growth, stability and welfare of the country.

Understanding the direction of causal relationship between revenue and expenditure of government helps the government in fiscal management in the area of budget deficit control and management (Richter & Dimitrios, 2013). Thus, in a situation where tax-spend fiscal reality in a country, budget deficits can be controlled using government revenue stimulating policies but in a situation of no causality between revenue and expenditure of government, revenue and expenditure decisions of government are made independently and separately (Narayan & Narayan, 2006). The situation of fiscal neutrality, according to the authors, could bring about excessive budget deficits with the government expenditure increasing faster than government revenue. Moreover, the authors explain that when the spend-tax hypothesis plays out, government spends first and pays for the expenditure by increasing taxes; and therefore there is resultant capital outflow because of the fear of paying higher taxes in the future by the tax payers.

Furthermore, understanding the relationship between government revenue and expenditure is key in providing policy solutions to fiscal problems occasioned by budget deficit, rising public debt and the attendant issues (Kiminyei, 2018). One of the yet unresolved issues in public finance and accounting is the empirical relation between government revenue and expenditure. Despite the avalanche of research on the subject matter, this notwithstanding, divergent results are being reported in various studies, ranging from unidirectional causality flow from government revenue to public expenditure, thus upholding the revenue-spend hypothesis (Mehrara and Rezaei (2014) in Iran; Obioma and Ozughalu (2010), Ogujiuba and Abraham (2012), Yinusa and Adedokun (2017), and Yinusa et al (2017) in Nigeria). However, other crops of studies, such as Richter and Dimitrios (2013) in Greece; Nwosu and Okafor (2014) in Nigeria; Lojanica (2015) in the Republic of Serbia; Kiminyei (2018) in Kenya, provide evidence of a unidirectional causality flow from public expenditure to government revenue, thus lending credence to the spend-revenue hypothesis. Moreover, studies like Mehrara et al (2011) in 40 Asian countries, and Babarinde et al. (2021) in Nigeria, documented an empirical evidence of a bidirectional causality between the government revenue and expenditure, which provides support for the fiscal synchronization. In addition to the divergent findings in past studies, large number of past studies that had investigated the relationship between government revenue and government expenditure concentrated on the central/federal government without considering the Local Government-the third tier of government targeted at grassroots development. Hence, there is an empirical lacuna on the nexus between revenue and expenditure at the Local Government level most especially in a developing country such

as Nigeria. Therefore, the divergent results and scarcity of studies on LG revenue-expenditure nexus constitute the primary motivations for this study.

The main aim of this study was to determine the causality between Local Government revenue and expenditure in Nigeria. The specific objectives are to: examine if there is long-run connection between revenue and expenditure at the Local Government level in Nigeria; and investigate the direction of causality between Local Government revenue and expenditure in Nigeria.

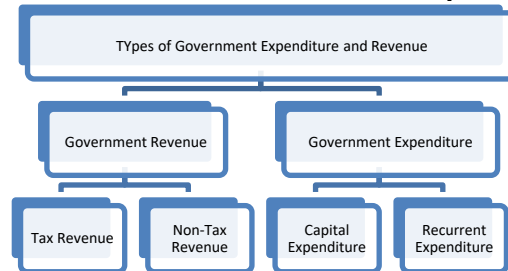
## Literature Review

### *Conceptual Literature: Government Revenue*

Government revenue refers to the revenue received by a government to employed in the financing of its activities and projects and programmes (Muriithi, 2013). Government revenue otherwise called public revenue refers to various income sourced by government from sources like taxes, fines, investment income, business, donations, grants, aids, etc., which are used in financing its operations, activities and expenditures. Prominent among these sources is taxes.

The basic classification of government revenue and expenditure is depicted diagrammatically in Fig.1.

**Figure1: Classification of Government Revenue and Expenditure**



Source: Author's design, 2021

The classification of government revenue and expenditure as shown in Fig.1 indicates the two basic forms of public revenue, namely, tax revenue and non-tax revenue. Tax refers to compulsory levy imposed by the government on its subjects, their income, profits, consumption and assets. Thus, government revenue obtained solely from taxes collection are called tax revenue. Ogwuche et al (2019) also conceptualize tax as a compulsory fee, individual as well as corporate bodies are obliged to comply with as stipulated by the tax laws. Muriithi (2013) explains non-tax revenue as the government revenue other than taxes, such as fees, grants and gifts, fines and penalties, etc.

### *Government Expenditure*

Government expenditure (or public expenditure) are various expenses and costs incurred by government in acquiring items of capital expenditure, and settling day-day expenses for the efficient operation and administration of government activities and provision of public goods. Government expenditure could be classified in to capital expenditure and revenue expenditure (see Fig.1). It is capital expenditure when is expended in acquiring long-lasting assets and investment of long term duration, value and durability, like construction of bridges, houses, roads etc. A government expenditure is said to be revenue expenditure

when it is incurred on day-to-day expenses for the proper administration of governmental units, department, units, organisations, such as payment cost incurred in payment of salaries and wages, purchase of consumables, etc.

### *Nature and Functions of Local Government in Nigeria*

In Nigeria, the local government is the third tier of government. It is local unit of government within the state in which constitutional authority decide on issues of community importance and consequently engage in the mobilization of community resources for implementation of the local decisions (Diejomaoh & Eboh, 2010). Okeke and Agu (2016) opine that Local Government as an institutional arrangement, and distinct institution, receives input from some other institutions and its output is expected to also grow these other intuitions. The authors also regard Local Government as a process of ensuring that government and its activities are brought in close proximity to every citizen in any location, no matter how remote.

Local Government in Nigeria is the closest to the people and is charged with the responsibility of policies formulation and implementation geared towards community development (Ibietan & Ndukwe, 2014). Local Governments are strategic institutions for the development of the grassroots (Diejomaoh & Eboh, 2010). Nigeria is a federation of 36 states, federal capital territory (FCT) and 774 Local Governments and has three tiers, namely, federal, state and Local Government. As the as the third tier of government in Nigeria, each Local Government area is administered by a Local Government Council, headed by a chairman and assisted by other elected members (called Councilors) (1999 constitution of the Federal Republic of Nigeria [CFRN], 2011).

CFRN (2011) provides for the main functions of a LG council to include the provision of policy recommendations on economic development of the state. L G is also saddled with the responsibility of certain levies, fees, taxes and rates such as rate on radio and television licences; licensing of bicycles, trucks, canoes, wheel barrows and carts; establishment and maintenance of cemeteries, burial grounds, slaughter houses and slabs, markets, motor parks and public conveniences. Furthermore, LG is also involved in the construction and maintenance of roads and streets including naming of roads and streets and numbering of houses. Other functions of LG in Nigeria include registration of all births, death and marriages; control and regulation of out-door advertising and hoarding; movement and keeping of pets of all description; shops and kiosks; restaurants, bakeries, laundries; as well as licensing, regulation and control of the sale of liquor.

### **Theoretical and Empirical Literature**

Theoretically, the government spending-revenue behavior theory (fiscal theory) is a strand of propositions explaining the various relationship between government revenue and expenditure. These four major arguments are the revenue-spend hypothesis, the spend-revenue hypothesis, fiscal neutrality and fiscal synchronization hypothesis.

The revenue-spend hypothesis also called revenue dominance hypothesis or tax-and-spend school led by Friedman (1978) and Buchanan and Wagner (1978) states that raising taxes Granger-cause (lead) expenditure, thus more spending will increase fiscal deficit in the country. The theory contends that taxes have a positive impact on government expenditure. In other words, the theory states that changes in public revenue causes changes in public



expenditure, hence the existence of a unidirectional causality running from government revenue to government expenditure (Obioma & Ozughalu, 2010).

The spend- revenue hypothesis led by Peacock and Wiseman (1961, 1979) contends that government expenditure Granger-cause government revenue, such that government spending have a positive causal impact on government revenue. In other words, there is a unidirectional causality flow from government expenditure to revenue.

Fiscal synchronization hypothesis as proposed by Musgrave (1966) and Meltzer and Richard (1981) posits a bidirectional causal link between government revenue and expenditure. This suggests a mutual connection between the revenue machinery and the expenditure framework in the country, in that taxes and spending decisions are made concurrently.

This study derives its theoretical strength from the fiscal neutrality hypothesis otherwise called fiscal independence theory or institutional separation theory. Proposed by Baghestani and McNown (1994), fiscal neutrality hypothesis is a hypothesis of institutional separation or independence which postulates a neutral and independent relationship between government revenue and expenditure. Hence, revenue decisions are made independent of expenditure decisions and vice versa. It is long run economic growth the determines the revenue and expenditure of government rather than each other. The hypothesis states that there exists no causal relationship between government revenue and expenditure.

The fiscal neutrality hypothesis operates on the principle of separation of powers among the arms of government, in terms of executive, legislature and judiciary. According to Lojanica (2015), since the executive and legislative authorities are independent, hence the appropriate policy implications are related to the fact that the budget deficit is a result of higher increase in government expenditure than in government revenues, since these two variables are mutually independent. In this theory, there is no long-run relationship between government expenditure and revenues, hence, this fiscal policy option is considered not to be sustainable over a long period (Richter & Dimitrios, 2013). Therefore, fiscal neutral hypothesis implies that neither of the revenues and expenditure are related with changes in budget position.

Empirically, the subject matter of nexus between government revenue and expenditure has been examined by various scholars among which is Mehrara et al (2011) who examined the relationship between government revenue and government expenditure in 40 Asian countries. The study indicates that there is a bidirectional causal relationship between government expenditure and revenues in both the long and the short run and fiscal synchronization hypothesis is confirmed. Hence, in the selected Asian countries both revenue generation and expenditure decisions are made simultaneously.

Similarly, Richter and Dimitrios (2013) analysed the direction of the causality between government spending and revenues in Greece. Granger-causality test's result indicates that the causality runs from expenditure to revenues, thus support of the spend-tax hypothesis in Greece. This implies that the government of Greece makes expenditure decisions first and pay for their spending later by raising taxes. This unlike in Iran (as established by Mehrara and Rezaei (2014)) and Republic of Serbia (Lojanica (2015)) where the authorities raise taxes first before expending, hence the existence of revenue-spend hypothesis in the countries.

In another study, Otinche (2014) investigated the dynamics of fiscal policy at the Nigerian Local Government level. The author condemned at the existence of municipal area councils but advocated for more rural based Local Government councils and implementation of fiscal laws for fiscal efficiency and grassroots development.

In a related study, Murana (2016) examines Local Government finance in Nigeria with a focus on Iwo Local Government Area, Osun State, Nigeria. The study shows that financial transfers from federal government are the most viable and reliable source of Local Government revenue and that without federal allocation no capital project can be embarked on in the Local Government. While Murana reiterates the over-reliance of LGA on the federal government for its fiscal survival, Otinche however, emphasizes the strict fiscal discipline as a catalyst for the third tier of government to contribute meaningfully local development.

Furthermore, Kiminyei (2018) investigated the nexus between tax revenue and government expenditure in Kenya. The study found that changes in government expenditure causes changes in government revenue, hence Kenya budgetary authorities follow the spend-revenue hypothesis.

An evidence of a bidirectional causality between state government revenue and expenditure (fiscal synchronization hypothesis) in Nigeria was found by Babarinde et al (2021) when they tested the validity of the fiscal synchronization hypothesis in Nigeria's states and Federal Capital Territory using pairwise Granger causality technique.

Most of the studies in Nigeria confirm the reality of the tax-spend hypothesis in the federal government fiscal policy prescription (Obioma and Ozughalu (2010); Ogujiuba and Abraham (2012); Yinusa et al (2017); Yinusa and Adedokun (2017)). This implies that Federal Government of Nigeria tries to find means of raising revenue via taxes and other means before decisions are made on spending the revenue. Therefore, changes in the revenue structure in Nigeria spurs changes in the expenditure framework in the country at the federal level. Specifically, Obioma and Ozughalu (2010) examine the relationship between federal government revenue and expenditure in Nigeria. The study established an evidence of a unidirectional causality from government revenue to government expenditure, thus supporting the revenue-spend hypothesis for Nigeria. Similarly, Ogujiuba and Abraham (2012) examine the revenue-spending hypothesis for Nigeria and found that causality runs from revenue to expenditure in the country. In the same vein, Yinusa et al (2017) revisits the revenue-expenditure nexus in Nigeria using the asymmetric cointegration methods. Results of the study show that state and FCT government revenue have a significant impact on state and Local Government expenditure in the short run, thus supporting the tax-spend hypothesis for the state and FCT government in Nigeria. Moreover, Yinusa and Adedokun (2017) investigate the various fiscal hypotheses (tax-spend, spend-tax, fiscal synchronization and fiscal neutrality hypotheses) in Nigeria. The study established one-directional causality that runs from government revenue to expenditure (tax-spend hypothesis) in Nigeria in the study period.

However, Nwosu and Okafor (2014) assessed the relationship between both government expenditure and capital expenditures, and revenue and non-oil revenues in Nigeria. The study shows among others, an evidence of unidirectional causalities running from expenditures to revenue variables, thus supporting spend-tax hypothesis in Nigeria. The study is different from findings of others on the same subject, in that, rather than revenue dictating the nature of expenditure, Nwosu and Okafor argue the other way round, that is,

the Federal Government of Nigeria incurs expenditure first, then tries to raise taxes and other revenue to take care of the expenditure.

In summary, past studies on government revenue-expenditure was examined via the lens of the federal/central government. None of the study reviewed actually examined the nexus between Local Government revenue and expenditure in a developing country like Nigeria.

**Methodology**

In this study, the investigation of the nexus between Local Government revenue and expenditure in Nigeria is anchored on the ex-post facto design where past historical time series were used to establish relationship between the two variables of interest, namely, LG revenue and expenditure. The annual data on the two variables were sourced from the Central Bank of Nigeria (2019)’ statistical bulletin and were computed/prorated on quarterly basis to cover a period from the first quarter of 1993 to the last quarter of 2019 (1993Q1-2019Q4). The quarterly computation of the series becomes necessary due to the insufficiency of the available total number of observations (27) to ensure robust and realistic output in data analysis. Hence, a total of 108 quarterly data sets were used in the data analysis as against the total annual time series of 27 annual time series observations. Both variables (LG revenue and expenditure) are expressed in Billion Naira and were analyzed using pairwise Granger causality technique of estimation after testing for unit root and cointegration tests.

Granger causality technique tests whether lagged values of one variable predict changes in another, or whether one variable in the system explains the time path of the other variables in the system (M’Amanja & Morrissey, 2005). In Granger causality, it is assumed that past and present information determines the future better; such that variable y causes variable x if past values of y and x predict x better rather than previous values of x alone, and vice versa (Kiminyei, 2018). Types of causality could be unidirectional causality (one-way causality), bi-directional causality (two-way causality or feedback causality), and zero causality. There is causality from revenue to expenditure, if the present and past values of revenue predict the present value of expenditure. Thus, if revenue granger-cause expenditure or expenditure granger-cause revenue, then we have a unidirectional causality in each case. However, if revenue granger-cause expenditure and expenditure granger cause revenue at the same time, then there is a case of bi-directional causality. In a situation where there is no causality between revenue and expenditure, then there is independence or zero causality situation.

The Granger causality equations of the causal relationship between Local Government revenue and expenditure in Nigeria are specified in equations (1) and (2) thus:

$$LGREV_t = \sum_{i=1}^n \beta_i LGTEXP_{t-1} + U_{t1} \dots \dots \dots (1)$$

$$LGTEXP_t = \sum_{i=j}^n \beta_j LGREV_{j-1} + U_{t2} \dots \dots \dots (2)$$

Where;

LGREV denotes Local Government revenue, expressed in billion Naira;

LGTEXP represents Local Government total expenditure, expressed in billion Naira;

$U_t$  is the error term.

In line with the postulate of fiscal neutrality hypothesis which implies a separation between government revenue and expenditure, it is expected that LGREV and LGTEXP will not Granger-cause each other.

**Results And Discussion**

*Descriptive Statistics*

According to the descriptive statistics in Table 1, the Local Government expenditure (LGTEXP) and revenue (LGREV) averaged N196.6480billion and N196.0315billion respectively which exceed their respective standard deviation values of 166.0021 and 165.0619. Hence, both variables could be described as being relatively stable around their mean value. LGTEXP ranges between a minimum of N4.742500b and a maximum of N451.7275b while N4.805000b and N452.5125b are the minimum and maximum of LGREV respectively. The p-value of the Jarque-Bera which is less than one percent led to the rejection of normality of LGREV and LGTEXP, thus indicating non-normality of the two series.

**Table 1. Study variables’ descriptive statistics**

	N	Mean	Min.	Maximum	Std. Dev.
LGTEXP	108	196.6480	4.7425	451.7275	166.0021
LGREV	108	196.0315	4.8050	452.5125	165.0619
	N	Skewness	Kurtosis	Jarque-Bera	Prob.
LGTEXP	108	0.1742	1.4187	11.7978	0.0027
LGREV	108	0.181	1.4441	11.4877	0.0032

Source: Author’s computation, 2021

*Unit Root Test*

Unit root test otherwise called stationarity test is an essential estimation process in time series data analysis. This is because the test aids researcher in determining whether the series are stationary or not and if stationary, the order of integration of the series. Unit root test also informs the choice of the actual estimation technique for the study. Therefore, in this study, the Augmented Dickey-Fuller (ADF) test of stationarity was employed to ascertain the order of integration of the series and the results of the test as presented in Table 2 reveals the variables to be stationary after first difference. Hence, both Local Government revenue and expenditure are integrated of order one, that is, they are I(1) series.

**Table 2. Augmented Dickey-Fuller test**

Variables	ADF test Statistic	Prob.	t-Statistic	Prob.
LGREV	-0.5803	0.8694	-10.4544	0.0000*
LGTEXP	-0.5739	0.8707	-10.4594	0.0000*

Note: \* represents rejection of hypothesis of unit root in the variable at 1% level.

Source: Author’s computation, 2021

*Cointegration Test*

Since Local Government revenue and expenditure are I(1) series, a test of cointegration becomes necessary and therefore, the Engle-Granger cointegration test was conducted and the result reported in Table 3. According to the result of the cointegration test, the variables

are cointegrated. This suggests that both Local Government revenue and expenditure in Nigeria have long-run relationship.

**Table 3. Engle-Granger cointegration test**

Dependent	tau-statistic	Prob.	Z-statistic	Prob.
LGREV	-3.186789	0.0807***	-31.33064	0.0027*
LGTEXP	-3.173647	0.0830***	-30.87779	0.0030*

Note: \*\*\* and \* Rejection of the null hypothesis that the Series are not cointegrated at 10% and 1% respectively.

Source: Author's computation, 2021

### Granger Causality Tests

The Granger causality test suggests that the past values of certain variable is a predictor of the current value of another. Hence, as a condition for application of Granger causality test, this study found that both Local Government revenue and expenditure in Nigeria are cointegrated even though both are not stationary at level but until after first difference. This study therefore applies the pairwise Granger causality technique in testing the fiscal neutrality hypothesis by checking whether or not any causal relationship exists between Local Government revenue and expenditure in Nigeria. Table 4 which presents the pairwise Granger causality test's results indicates no causality between the two variables. This suggests that there is a disconnection between Local Government revenue and expenditure in Nigeria. In other words, there is separation between government revenue-generating machinery and those formulating the policy for implementation of expenditure at the LG in Nigeria. By thus result, the study therefore upholds the fiscal neutrality hypothesis at the Nigerian Local Government level. This study argues that LG revenue neither lead LG expenditure nor LG expenditure lead LG revenue in Nigeria.

**Table 4. Pairwise Granger causality tests**

Null Hypothesis:	F-Statistic	Prob.	Decision	Causality?
LGTEXP does not Granger cause LGREV	1.49848	0.1980	Do not reject	No
LGREV does not Granger cause LGTEXP	0.50428	0.7723	Do not reject	No

Source: Author's computation, 2021

### Discussion of Findings

This study attempts to test empirically one of the four main strands of hypothesis on government revenue-expenditure nexus, that is, the fiscal neutrality hypothesis. The hypothesis is a hypothesis of institutional separation or independence which postulates a neutrality and disconnection between government revenue and her expenditure. Having ascertained the LG revenue and expenditure are integrated of order one via unit root test, the study found that there is long-run co-movement between government and revenue at the local government level in Nigeria. However, from the Granger causality analysis, this study confirms no causal relationship between LG revenue and expenditure in Nigeria in the study period. This finding is consonance with the a priori expectation of no causality between revenue and expenditure of the Nigerian Local Government and therefore lends credence to the fiscal neutrality hypothesis in the Nigerian Local Government. While this study focused on the Nigerian LG, dissimilar results of studies which focused on central/federal government found a unidirectional causality flow from government revenue

to her expenditure (supporting the revenue-spend hypothesis) (Obioma and Ozughalu (2010), Ogujiuba and Abraham (2012), Yinusa et al (2017), Yinusa and Adedokun (2017) in Nigeria; Mehrara and Rezaei (2014) in Iran and Lojanica (2015) in Republic of Serbia). Other non-similar finding of a unidirectional causality flow from central government expenditure to revenue (upholding the spend-revenue hypothesis) is reported in the studies of Richter and Dimitrios (2013) in Greece and Nwosu and Okafor (2014) in Nigeria; Kiminyei (2018) in Kenya. Moreover, the fiscal synchronization hypothesis (bidirectional causality between central government revenue and expenditure) was also confirmed by Mehrara et al (2011) in selected Asian countries; Babarinde et al. (2021).

Therefore, this study established an empirical evidence of a disconnection/separation between the expenditure framework and the revenue generation framework of the LG in Nigeria. This implies that changes in Local Government revenue does not induce changes in Local Government expenditure but machineries for both are not mutually inclusive or has no causality. This suggests that there is no interdependence between revenue and expenditure of the Nigerian Local Government. Rather each determining the other, revenue and expenditure framework is determined principally by economic growth goal set and other considerations by the Local Government in Nigeria. The policy implications of this finding are that there is a neutral, independent and zero causal relationship between government revenue and expenditure at the local government level in Nigeria. This study suggests Nigerian local government revenue decisions are made independent of her expenditure decisions and vice versa. It is long-run economic growth that determines the revenue and expenditure of government at the local government in Nigeria rather than revenue and expenditure determine each other.

### **Conclusion**

This study tested the validity or otherwise of the fiscal neutrality hypothesis in the Nigerian Local Government, using quarterly data sets from 1993Q1 to 2019Q4. From the analysis using pairwise Granger causality technique, this study upholds the fiscal neutrality hypothesis in the Nigerian local government, having confirmed no causality between revenue and expenditure in the Nigerian LG. The policy implication of the result is that there is no interdependence between government expenditure and revenues at the Local Government in Nigeria. This seems to suggest that the Local Government in Nigeria does not makes its revenue and expenditure decisions concurrently but separately.

It is high time that fiscal synchronization of Local Government revenue and expenditure be vigorously pursued by the government through various reforms and policies that will make Nigerian local government really autonomous particularly in her fiscal operations. LG fiscal autonomy should be realistically implemented such that the disconnection between their revenue and expenditure machinery is bridged. The decider of the use (expenditure) should also be actively and greatly involved in the sourcing for the revenue to fund the expenditure in order to ensure proper accountability. To this end, the Nigerian Local Government should avoid over-reliance on federal allocation, as a source of financing their operations. Furthermore, revenue officers and machineries at the Local Government should also be strengthened by the Local, State and Federal Governments through the proper and prudent implementation of the enabling laws.

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## THE ROLE OF LOCAL AND REGIONAL ADMINISTRATIONS IN IMPLEMENTING THE EU STRATEGY FOR UNIVERSITIES

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***Abstract:** Just like in the Renaissance, today’s universities are the ones leading the paradigm shift, this time towards the green and digital transition. The Commission proposed in 2022 a “European Strategy for Universities” that contributes in the achievement of the European Education Area by 2025. The European Committee of the Regions appreciated the approach suggested, requesting though a wider local and regional dimension, considering that universities play an important role in the sustainable and resilient development.*

***Keywords:** university, green and digital transition, local and regional dimension*

### **The university is a European institution**

The University is a European institution, in some respects it is the very European institution. It is a creation of the Christian medieval Europe, which manifests itself from the beginning at a level that goes beyond the states’ borders, the attempts to restrict the movement of professors and students being present ever since the very first universities, but being destined to fail. As a community consisting of professors and students, organised with the purpose of transmitting, cultivating and developing the scientific and scholarly knowledge, the university has answered certain needs present in the European societies (the four traditional faculties were arts, law, medicine and theology faculties - Pedersen, 1996, p. 451) and it has kept its fundamental social role to this day. If there is a European ethos, it was formed in the universities, the values and ideals extending beyond the national borders propagate at the level of an academic elite, which is a European one (Rüegg, 1992, pp. XIX-XX).

As in the Renaissance or in the Scientific Revolution period, today’s universities are the ones leading the paradigm shift, this time towards the green and digital transition, just like they generated in the past a new approach in the anatomy study and just like the rediscovery of mathematics in ancient Greece produced the Renaissance of mathematics (Grendler, 2002, pp. 413-415). In those time, as it is today, the universities were centres of knowledge, with a strong mark at local and regional level. More recently, the Scientific Revolution was a product of the university. Scholars who founded modern science were university professors (e.g.: Galileo or Newton) and most of those who contributed to this revolution passed through universities. Furthermore, the fields where scientific knowledge made major progress were those strongly present at the time in the university curriculum (Porter, 1996, pp. 542-544). In western modernity, the university models diversify, but their role never ceases to grow, such university models producing the intellectual foundation in which modern states are looking for their legitimation and are supporting the education

necessary for the functioning of societies (Hammerstein, 1996, p. 639). At global level, along with the European powers expansion, an expansion of the universities also takes place – often accompanied by the challenging of the colonising authority – based on the consensus regarding the type of knowledge promoted by the universities, the one based on formulating theories and testing them and on the critical study of sources (Shils and Roberts, 2004, pp. 227-229).

In the context of building the European architecture, the Universities began, relatively difficultly, to be seen as an element of European integration and of European value expression, even if, in fact, they are such an element ever since they first emerged. The emergence of universities of Europe (Barblan, 2011, pp. 572-574) is a process that has accelerated in recent years also due to the framework created by the European Union. The Commission proposed in 2022 a “European Strategy for Universities”, part of the "Higher education package", that contributes in the achievement of the European Education Area by 2025 and it outlines a few essential aspects of the relationship between the universities and the European construction: the EU's commitment to excellence in education; the universities are seen as a basic component of the European way of life and of the European values; there is a sector of the diverse higher education, with approximately 5.000 higher education institutions, 17.5 million students in the tertiary education, 1.35 million professors who teach within the tertiary education 3 and 1.17 million researchers; the pan-European Erasmus programme has exceeded 10 million learners; the universities are key actors in the green and digital transition, but, within this role, they face limitations and barriers; for the implementation of the Strategy, a multi-level governance approach is needed, which will involve all the social actors interested on multiple levels, European, national, regional and local level (EC, 2022). The European Committee of the Regions appreciated the approach proposed, requesting though a wider local and regional dimension (CoR, 2022).

### **A wider local and regional dimension**

When a more obvious local and regional dimension is requested, regarding the implementation of the Strategy for the universities, CoR takes into consideration several main lines of action, where local and regional authorities have the capacity and the need to act. In short, they can be summarised in three aspects: the competitive advantage for the communities (especially if we think about the digital and green transformation), the creation and consolidation of local and regional innovation ecosystems, which are able to cultivate the cooperation and the symbolic role of the European dimension development of the tertiary education.

Universities have a key role in the sustainable development, at local and regional level, being an essential element of resilience in case of economic shocks and being able to contribute to crisis management and to post-crisis economic and social recovery (Howard, Weinstein and Yang, 2021, *passim*). Problem solving is something that people expect from the universities, when it comes to the pressing issues of the contemporary world, namely the specific problems identified at the EU level within the two transformation processes manifesting today, the digital and “green” transformation. Of course, these expectations need to be accompanied by an appropriate financing and by a closer connection between research, teaching, learning and innovation in universities (CoR, 2021, pp. 3-4). Education expenditure in the tertiary sector is significantly higher than the expenditure with other

education levels in almost all OECD countries, by an average of more than 50% as compared to the secondary education. In the last 20 years, the number of tertiary education graduates increased from 27% in 2000 and up to 48% in 2021 for people aged between 25 and 34 years old from the OECD countries (OECD, 2022, p. 22). It is noteworthy that this increase was higher among women, who represent today 57% of the adults with tertiary education.

At local and regional level, universities can provide a major competitive advantage by generating and actively supporting the implementation of certain strategies, starting from the strategy design level, continuing with the monitoring and even the implementation of specific projects, where both an institutional presence and a university environment specialist presence is seen, such specialists acting as leaders or experts within projects developed by several partners (Fonseca and Nieth, 2021, pp. 308-309). Likewise, universities are a point of attraction for investors, because they generate highly skilled labour force, cooperation and technological transfer opportunities. From an economic point of view, the existence of the universities may be quantified by their generating significant income within the community and there is a relevant multiplication effect regarding the consumption generated by the universities (Chircă and Lazăr, 2021, pp. 56-57). However, the advantages brought by the universities go beyond the economic factor, although such element must be taken into consideration and many strategies and action plans have failed because they lacked a solid and pragmatic economic approach, the advantages being oriented towards the values related to cultural, ethnic, religious diversity etc. (Goddard and Vallance, 2013, pp. 26-27).

According to the “European Strategy for Universities”, a synchronization of the public policies at local, regional, national and European level is necessary, but it is extremely important to build strategic partnerships between the local and regional authorities and the universities, mainly regarding the local development strategies and the development of local ecosystems (CoR, 2021, p. 4).

From a different perspective, the access to infrastructure, the quality of life, the facilities regarding sustainable mobility, an inclusive and safe environment, are all elements determined by the actions of local and regional authorities and they influence universities, they represent a framework where the universities manifest themselves. One can see here a process that might become a virtuous circle: the universities undertake and are pushed to undertake new functions as actors involved in the community, of actors promoting technological and social innovation, entrepreneurship, technological transfer towards economy, besides their traditional research and teaching role (Liddle and Addidle, 2022, pp. 99-100); on the other hand, they are part of the city’s life and the universities’ development also depends on the way in which “the city” is led, on the values promoted within the communities, on the type of local governance established. The fact that the environment influences the evolution of any institution, including the academic institutions, can be seen by the way in which universities manage to cooperate with other social actors, namely in the fact that there is the temptation of the authorities to intervene in various aspects related to the university autonomy, in the important limitations regarding the appropriate financing in certain countries or in the bottlenecks caused by bureaucracy pathologies.

Universities can answer with more or less success to the structural changes on the labour market, because there are fields where the fast reaction of the higher education institutions

is a plus for the societies and the cooperation with the local authorities is an advantage. We can see that more and more emphasis is placed, at all levels, on “practical” STEM (Science, Technology, Engineering, and Math), undoubtedly starting from the needs of the digital transition. However, it is important for us to remember that universities are – or it would be desirable for them to be – places where people discuss and debate fundamental aspects regarding human condition and the way in which the material and symbolic world in which we are living is built (Moore, 2019, p. 111), which is more, much more, than acquiring certain crafty skills useful on the labour market.

The impact of education is major at local and regional community level and for issues related to the innovation ecosystem development, to the brain drain/gain phenomenon, to the cooperation between social actors in general and between the academic environment and other sectors in particular. Although education related public policies represent a field where national authorities play the pivotal role in defining the legislative framework, ultimately, education, as praxis, is local. That is why it is desirable for the regional and local levels to be included in the creation of the European education area, besides the European and national levels, so that local and regional authorities may take part in the decision making processes and may undertake resource allocation.

Local and regional authorities can play the role of initiators and supporters of certain local collaboration and innovation ecosystems, where universities play a central role through the expertise they bring. More specifically, local and regional authorities can be the initiators or supporters of educational clusters. Together with such clusters and with the support of the private sector, innovation and entrepreneurship stimulation tools can be generated. Such an example is the Innovation and Experiment Fund (FIX), launched in 2022, in Cluj-Napoca, where local authorities are the co-financers and the co-participants respectively to the fund’s management, but the main resources and most of the people involved in the unfolding of this project come from the private sector and from the organised civil society. The Fund aims to provide assistance (space, training, consultancy, financing etc.) for the young entrepreneurs. Another example, also from the experience of the city of Cluj-Napoca, is represented by the Award for the young science and engineering researchers, which already reached its eight edition in 2022 and which is considered to be a good practice model at European level (Cavallini, S. et al., 2018, pp. 33-34), by the fact that it provides recognition and a cash prize for the young researchers (up to 35 years old) and it attracts the attention of private companies on projects with technological transfer potential. Local and regional authorities can facilitate the experimenting of certain solutions in various fields, related to the citizens’ everyday life, constituting the so-called “living labs”, spaces where innovative solutions are tested within pilot projects, which, depending on the results, can be later on scaled to another dimension (CoR, 2022, p. 7). This requires though an approach that goes beyond the strictly bureaucratic framework, because such framework very often limits the formal role of local and regional authorities in their relation with the universities.

Local and regional authorities can and must play an important role in supporting social categories exposed to social exclusion risk through social programmes addressing basic needs (food, housing, scholarships for pupils and students etc.), but they can collaborate with the universities in order to provide professional training for these categories exposed to risks. In particular, digital skill and digital equipment courses. Such an example comes also from Cluj, where, during the pandemic, both at the city level and at the county level,

the authorities purchased tablets for the pupils belonging to disadvantaged groups, who did not have access otherwise to the online courses.

Local and regional authorities are in direct contact with vulnerable people, and the universities have the capacity to provide training courses. Besides, the universities can turn diversity, inclusion and equity into a core part of their organisational culture (Stoerber and Morrisroe, 2021, p. 24), acting together with local and regional authorities, or, in other words, bringing the undertaking of a set of actions to the ecosystem level, answering thus to the “nobody is left behind” desideratum.

As for the new green technologies, from the research projects carried out for the most part either within the universities or in collaboration with the universities, the solutions enabling Europe to put in practice its ambitious plans are expected. When the allocation of the resources necessary to carry out the disruptive innovation is lacking, the necessary technological leaps, the European plans and commitments can cause other effects than the desired ones, namely the social cleavages. The digital and green transition needs to comply with the social contract that sees the European construction as a welfare construction and it needs the consent and the participation of all social actors.

Local and regional levels are important from the political perspective, because the European option is a political option and not a technocrat one. And because "all politics is local" (Trounstine, 2009), local and regional authorities and the European Committee of the Regions are structured and continuous dialogue partners for the national and European authorities respectively. The European option is a political option also from the European identity perspective, which is built through joint action in order to answer local and regional educational needs and through the development of tools by means of which local and regional authorities can learn from the local good practice experiences of other communities at Union level. The development of a pan-European experience and existing resource system, which enables the use of such resources in a flexible and efficient manner, will contribute to the creation of the European education area (CoR, 2021, pp. 3-4).

Likewise, local and regional authorities can support universities in their effort to assert a European identity and to promote the Union at global level (CoR, 2022, p. 8). Such effort includes the support for the involvement of universities in transnational alliances, the Commission's target being a very ambitious one, that of reaching 60 European Universities comprising over 500 academic institutions until mid-2024 and a budget of 1.1 billion euro for the Erasmus+ programme between 2021 and 2027 (EC, 2022, p. 6). The construction of the European universities as transnational institutions represents a relatively recent development in the EU landscape and the Strategy proposed by the Commission is a challenging one, which encourages the universities to imagine their future in the European context. The European universities are, practically, a continuation of the Bologna Agreement, which was a document negotiated by people with a political vision (Ritzen, 2009, p. 190), a vision that believes universities to be a fundamental element of the European life style and that trusts Europe and the values proposed by this Union.

## **Conclusions**

Education, and especially the university education, is the basis on which the technological solutions are built, the solutions we are waiting for in order to solve the problems of the contemporary world. The two transitions – the green and the digital one – are processes that are putting a constant pressure upon everyday life, where local and regional authorities

are called to find answers, because they are the closest ones to the citizen. In our "lifeworld" (Habermas, 2001, p. 82), in which our values and practices are developed and shared, citizens are waiting for solutions from the authorities who are closest to them, solutions to the changes on the labour market, which impose lifelong training, advanced training and retraining, solutions for the disadvantaged groups, for maintaining and increasing the quality of life given that the world is changing on an accelerated basis. Thus, local and regional authorities can have a significant impact upon university development, not only by creating the right environment, but also by promoting certain values such as intercultural dialogue, social inclusion, public safety, intellectual rigour and free debate based on verifiable arguments, but also directly by initiating certain participatory governance structures, an innovation ecosystem and by actually transposing certain concrete projects where universities play a pivotal role.

In a situation where the European Strategy for Universities is one of the pillars on which building the European education area until 2025 and further is based, the European Committee of the Regions underlined the importance of cooperation and partnership between local and regional authorities, on one hand, and universities, on the other hand, the strategic advantage with which the Union is provided due to the diversity of the tertiary education sector and it proposed "the establishment of transnational networks" (CoR, 2022, p. 5) to help identify and disseminate the good practices.

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## THE RIGHT TO DISCONNECT

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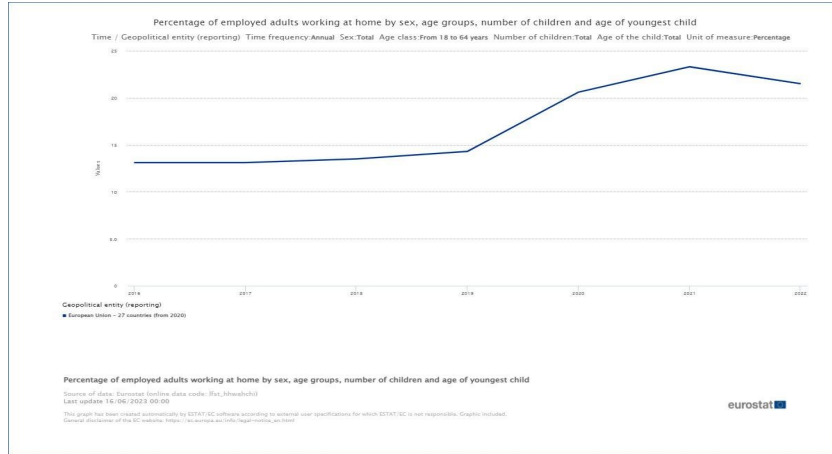
***Abstract:** The right to disconnect is an increasingly urgent issue in the context of labor law and human resources, because in the digital age connectivity often has negative effects on the mental health of employees. The phenomenon is not new, but in the 1990s what started naively with an urgent telephone conversation once a week between the employer and the employee outside working hours, quickly progressed into dozens of e-mails or conversations on WhatsApp groups between the company's employees, the pursuit of which is of course not a contractual obligation, but rather an expectation from the employer. This paper is focusing on the existing legal framework on the European Union level, Romania and other member states and the directive proposal regarding the right to disconnect.*

***Keywords:** right to disconnect, Directive 2003/88/EC, working time, directive proposal*

### **Introduction**

The right to disconnect of employees has become a widely discussed issue since the introduction of electronic devices that allowed remote work. We all heard of exceptional situations when the employer asks the employee for just a small favor by phone or calls him just to ask him something at 9 pm. But if the situation in which it becomes a habit, and the employee no longer has the possibility to refuse the employer, everything changes. The issue of disconnecting after working hours has become more and more pressing in the context brought by the COVID-19 pandemic, when a large number of employees had to work from home. Working from home or teleworking often also resulted in the flexibility of working time, so that the boundary between work time and rest time became more and more transparent. In my opinion, the spread of working from home has a major influence on the issue of the right to disconnect. In Europe, according to Eurostat statistics, in 2016 13.1% of the active population (18-64 years old) worked from home, in 2021, the year in which the effects of the pandemic were felt most strongly, this number increased to 23.3% and in the following year, 2022 it dropped slightly to 21.5%.





There is the category of employees whose work schedule is hybrid [1](#). The individual employment contract stipulates the periods in which the employee works from home and the periods in which he must be present at the employer's headquarters.

In my view, the two mentioned situations (those who work from home and those who have a hybrid program) would be the most vulnerable categories from the perspective of the right to disconnect, precisely because the space in which they operate does not change at the end of working hours [2](#).

Of course, the need for the right to disconnect also persists in the case of other employees, who work from the employer's headquarters. The technology which allows the employee to check their e-mails or messages on the mobile phone is a temptation for employers, who have the possibility to contact their employees practically at any time [3](#).

This introduction is the brief reflection on the presented problem, which of course can be and is developed in numerous studies in the field of psychology and human resources. Starting from the hypothesis that there is a social problem that would require an appropriate legislative framework, in the next part of the paper I want to present the current national and European regulations that fall within the spectrum of the right to disconnect, then some regulations from the states of the European Union, where the legislature is concerned with this topic, and at the end I will formulate *de lege ferenda* proposals.

### European regulation

At the level of the European Union, a legislative procedure started in 2019 to regulate the right to disconnect. Specifically, a report was formulated in the European Parliament [4](#) in order to adopt a directive in this field. The report mentions the risks associated with the increasing use of digital tools for work purposes: higher workloads, longer or unpredictable schedules and a culture of always being available. These can violate workers' fundamental rights, fair working conditions, health and safety at work, work-life balance and gender equality. The report points out that the greater the use of digital tools, the greater the incidence of psychosocial risks such as anxiety and burnout. The COVID-19 health crisis has forced a quarter of EU workers to work remotely. This compares to a figure of only around 10% who worked from home before lockdown. There is, as yet, no specific EU legislation on the right of workers to disconnect from the digital tools they use for professional purposes.

The next step was to present the report to the Parliament in January 2021, and it was adopted with 472 votes in favor, along with the guidance to the European Commission to formulate a proposal for a directive, under its competence. At the same time, the report itself contains a proposal for a directive, which has not been adopted and is not currently in the sights of the European legislature, because the Commission should in turn formulate a proposal for a directive, which could be voted on in Parliament [5](#). However, the proposal in the report, in my opinion, could indicate the main ideas of a future adopted directive. Basically, there are three key elements in the text. The first is the definition of the term "disconnect", which means that "the employee does not engage in work-related activities or communication, with the help of digital tools, outside of working hours." This would be the right guaranteed by the concept of "disconnecting from work". The second key element is an obligation on the part of the employer to establish an objective, reliable and accessible system that allows the measurement of the time worked each day by each worker, in accordance with the worker's right to privacy and protection personal data. Workers will be able to request and obtain records of their working time. In the Romanian Labour Code, this obligation already exists in art. 119, which I will detail in the context of the analysis of national legislation. The third, and most important, element in the text is the listing of minimum measures that should be implemented by employers: the practical arrangements for turning off digital tools for work purposes, including any work-related monitoring tools; the working time measurement system; health and safety assessments, including psychosocial risk assessments, in relation to the right to opt out; the criteria for any waiver by the employer from the employee to implement the employee's right to disconnect; in the case of a derogation, the criteria for determining how compensation for work performed outside working time should be calculated; awareness measures, including on-the-job training, to be taken by employers regarding the working conditions outlined above. In what follows, the text resumes the general and specific protection measures that belong to workers and in the other regulatory areas. As an observation, this text, of course, is a proposal, which in the future will most likely look different in an adopted version. Having said that, however, we can consider it as a starting point (there being no other draft at the moment) of any regulation that will be adopted at the European level. The most important ideas in this text are turning off digital tools after working hours, having a well-defined record of working hours, and if the employee has to respond in his free time, this period should be considered as additional work and rewarded in a fair way. Having this information, I will analyze the national rules, checking if there are correspondences in the current form of domestic legislation with the "future directive". However, before this analysis, I will review the currently existing European regulations, which, even if they are not aimed at regulating the right to disconnect, tangentially touch on the topic addressed. These would be: Directive 2003/88/EC concerning certain aspects of the organisation of working time Directive 2019/1158 on work-life balance for parents and carers and The 20 principles on the European Pillar of Social Rights. Directive 2003/88/EC concerning certain aspects of the organisation of working time has the main purpose of defining the different forms of rest and the minimum time that must be granted on a case-by-case basis. In the context of the right to disconnect, we are looking for norms that would define the quality of this time. That is, the fact that the employee cannot be requested to work during these periods. The directive only contains the definition of rest time, which means any period that is not working time, and working time means

any period during which the worker is at the workplace, at the disposal of the employer and performs his activity or functions, in accordance with national laws and practices. At the same time, the Nicușor Grigore case is also related to this directive [6](#), through which the Court of Justice of the European Union defined and explained the conditions that should be met in order for a certain period of time to be considered working time. The Court states that there cannot be an "intermediate" category between working time and rest time, because the two are mutually exclusive. If the above mentioned criteria are met, it does not matter the output or intensity of the work, that period is considered working time. In its reasoning, the European court does not continue the dissemination of the problems related to this "intermediate" period, although it would be very interesting from the point of view of the right to disconnect. The factual situation, which requires the regulation of the right to disconnection, is precisely this "intermediate" period, when the employee really works with a lower yield and with a minimum intensity (he answers a phone, an e-mail, a message). In any case, if we accept the Court's view and interpret this decision *stricto sensu*, we could draw the conclusion that the right to disconnect is no longer of interest, because working time and rest time are mutually exclusive, and any activity performed by the employee is considered working time. In my view, however, we cannot interpret the Court's decision in this way, and it would add to the legislation to accept this simplistic idea. Moreover, in favor of this statement, we can bring the Simap decision [7](#), in which the doctors who provided a "permanently accessible" type of guard, i.e. they are at home, but must be accessible, and in case they are requested to intervene in a patient, they must ensure this activity. In this case, the Court ruled that the possibility for workers to manage their time without major constraints and to dedicate themselves to their own interests is an element that shows that the respective period does not constitute working time within the meaning of the Directive [8](#). In the spirit of this decision, we could conclude exactly the opposite, that the obligation to be accessible and to act when needed in favor of the employer represents rest time, so the right to disconnection does not exist and does not have its place. The obligation to answer the phone, messages or through other means of communication is not likely to affect the management of time with major constraints and to devote to one's own interests. In my view, this interpretation is also much too radical. In conclusion, in the two cases presented, the Court had to decide, based on the specific facts, whether it is work time or rest time. Probably in both cases we are dealing with an intermediate variant, but this cannot exist from a legal perspective, so the European court had to choose, even if solutions were reached, which interpreted *ad litteram* could lead us to wrong conclusions.

Directive 2019/1158 on the balance between the professional and private life of parents and carers and the 20 principles on the European Pillar of Social Rights are two normative acts that tangentially touch on the issue of quality rest time. The part of the Directive that could be relevant is about flexible working arrangements for parents with children under eight, but this option could create even more problems related to the right to disconnect, given the surveys presented in the introduction, especially those that refers to workers who carry out their professional activity from home. The 20 principles on the European Pillar of Social Rights refer to the mentioned Directive. Principle number 9 ensures the balance between private and professional life, but only from the perspective of gender equality in the case of leave related to the birth of a child and the flexibility of labor relations in this

case. These two normative acts, which apparently could be relevant from the perspective of the right to disconnect, in fact do not essentially touch the analyzed issue.

In conclusion, at the European level, Directive 2003/88/EC on certain aspects of the organization of working time indirectly defines rest time, but the two analyzed cases can help us outline a vision of what rest time should mean in reality. However, there is a lack of specific and concrete regulation regarding the right to disconnect. The social phenomenon exists and is as widespread as possible, but the European legislator has not yet managed to intervene with an appropriate regulation. The adoption of the proposed directive that I mentioned before would be a genuine solution, but until that moment we will have to be guided by the legislation in force.

In what follows, I will analyze from the perspective of Romanian labor legislation the aspects related to the right to disconnection.

### **National legislation and doctrine**

The regulation of working time and rest time can be found in the Labor Code from art. 111 to art. 158. The legal text first concerns the various forms of distribution of working time, then rest periods, the categories being similar to those in Directive 2003/88/EC.

At the beginning of the two large chapters, we can see the definition of working time, respectively rest time, compared to how they were defined by the Directive, the national norm approaches a broader vision, using the phrase, "the employee performs work" instead of "he is at work". The transposition into Romanian law is more up-to-date, because the provision of work does not necessarily mean physical presence at the workplace [9](#), precisely where the right to disconnect comes in play.

Referring strictly to the Labor Code, in 2022 there was an important change in terms of the right to disconnect, respectively art. 119. This article imposes the obligation towards the employer to keep track of the hours worked, highlighting the start and end time, respectively the obligation to establish in writing with mobile employees and employees who work from home the method of counting working hours. This provision is very similar to the first provision in the proposed directive on the right to disconnect. Of course, the first condition to be able to establish the extent of the right to disconnect is knowing and counting the exact working time, then the rest time. Several provisions that would give us clues about the quality and characteristics of rest time do not exist in the national positive law. However, the doctrine highlights some important aspects in reference to the decisions of the Court of Justice of the European Union, which answer the question: In reality, what should rest time look like? As it is defined in European and national rules, it is the opposite of working time. In order to qualify a certain period of rest time, three cumulative conditions must be met: [10](#) the spatial criteria, which means that the employee should be at work, the authority criteria, that is to be at the employer's disposal, and the professional criteria, which refers to exercising their activity or functions. [11](#) Regarding the cumulative fulfillment of the three conditions, currently a large part of employees do not meet these conditions, by the simple fact that they work from home. Indeed, if the workplace, also mentioned in the individual employment contract, is the domicile of the employee, this condition can be met, but in this case it no longer qualifies as a criteria for differentiating between working time and rest time. Going further, the professional criteria is a clear one, it answers the question whether at the time of the analysis the employee is working or not. The criteria of authority, however, is the one that poses problems under the aspect of the

right to disconnect. The very right to disconnect presupposes the exclusion of the obligation to be available to the employer. Per a contrario, if the employee answers the phone or reads and reacts to e-mails, he is at the disposal of the employer, the authority criteria is met, the professional criteria as well, because he actually works, but the spatial criteria is not. Thus only two of the three conditions, which should be met cumulatively, are present.

In conclusion, following the idea of the Advocate General, in the case of the preexisting state of facts to analyze the right to disconnect, the time in which the employee is at the disposal of the employer, but is not at work, is considered rest time. In my view, this conclusion would be unfair to the employee from all points of view.

On the occasion of dealing with the situation of mobile workers, the Court of Justice of the European Union and the doctrine highlighted aspects related to working time and rest time, which could be clues in determining the content of the right to disconnect. The court ruled that in the case of workers who travel at the beginning of the program directly to a client and at the end of the program travel home from the last client, the time spent on the route is considered working time [12](#). The first argument is that travel is a necessary tool for the performance of work, without which it could not be done. Then, the court states that in order for a worker to be considered to be at the disposal of the employer, he must be placed in a situation where he is legally obliged to obey the instructions of that employer, during the execution of an activity for the employer. The worker cannot dispose of his free time, even if it was claimed that he could solve personal problems during these periods. Although this decision has been intensively criticized in the doctrine, we can conclude that this travel period, intermediate between working time and rest time, is qualified by the European court as working time [13](#). Indeed, this form implies a greater effort and coercion on the part of the employee than a simple answer to the phone or e-mail, but we can observe that the idea that a so-called intermediate period is considered working time is revisited, and the three aforementioned conditions were not met cumulatively in this case either.

In conclusion, the Romanian legislator has not yet addressed the issue of the right to disconnect, there are no specific provisions in this regard. However, it can be observed that the obligation to count working hours is present in the Labor Code, and working time is defined more broadly than in Directive 2003/88/EC. These two specific aspects will probably help us to implement a future directive in the national legislation, but at the moment it would be necessary to include the right to disconnect in the Labor Code.

In the next chapter I will present some member states of the European Union where the decision to regulate the right to disconnect was taken.

Ways of regulating the right to disconnect by other member states of the European Union  
Some member states of the European Union have decided to implement legal provisions regarding the right to disconnect, in others there are legislative or soft-law measures to implement appropriate measures to protect employees' rest time. In the next section I will present some examples, which could serve as a model in the context of Romanian regulations, possibly until the date of adoption of an appropriate European directive, which will be able to react appropriately and uniformly to the phenomenon underlying the right to disconnect.

### *Belgium*

In 2018, the first rules regarding the right to disconnect were adopted, but in 2022 (it became mandatory from April 1, 2023) the legislation was amended

From the perspective of the new version, every employer with a minimum of 20 employees is obliged to implement rules regarding the right to disconnect by collective labor agreement or by internal regulation. As minimum expectations, the employer must take measures so that employees cannot be accessed after working hours, give instructions to employees in order to use digital tools so that rest periods are guaranteed and organize information for employees and those working in management regarding the correct use of digital tools, such as drawing attention to the risk of excessive connectivity.

#### *France*

In France, on January 1, 2017, a provision regarding the right to disconnect came into force [15](#). This provision applies to employers with more than 50 employees. The obligations laid down are essentially consulting with the employee's representatives and trying to reach an agreement on the use of digital tools intended for work during rest time. This negotiation must be resumed annually with the employee representatives. If an agreement is not reached, the employer must adopt a "charter of good conduct" that includes measures regarding the right to disconnect [16](#).

#### *Luxembourg*

In Luxembourg the regulation appeared in an interesting context, in the sense that the Court of Appeal of Luxembourg decided in a case [17](#) that the employee cannot be disturbed by telephone during a holiday. As a consequence of this judicial action, the Chamber of Deputies took measures to amend the Labor Code, in the sense in which it introduced a new section (Section 8 of Book III, Title I, Chapter II, consisting of articles L 312-9 and L312- 10) which is called "Respecting the right to disconnect" and is in force from July 4, 2023 [18](#). The regulation refers to employers who have more than 15 employees, and the stipulated main obligation is to negotiate and introduce through the collective labor contract a scheme of rules regarding the right of disconnect, which includes concrete technical and practical measures, the organization of trainings and awareness raising campaigns, as well as how to reward the periods in which the employee must stay connected.

#### *Portugal*

Portugal decided to amend the Labor Code by Law no. 83/2022, thus a provision regarding the right to disconnect were introduced in the chapter where the law deals with teleworking. This norm is much more succinct and concrete than the ones analyzed previously, respectively it imposes the obligation of employers not to contact their employees outside of working hours. Of course, the question was raised, what does "contact" from the employer mean, or does this provision refer exclusively to employees who work in a teleworking system?

This way of regulating the right to disconnect has been intensively criticized and is a novelty in this aspect [19](#).

#### **Conclusion**

The right to disconnect is an increasingly urgent issue in the context of labor law and human resources, because in the digital age connectivity often has negative effects on the mental health of employees. The phenomenon is not new, but in the 1990s what started naively

with an urgent telephone conversation once a week between the employer and the employee outside working hours, quickly progressed into dozens of e-mails or conversations on WhatsApp groups between the company's employees, the pursuit of which is of course not a contractual obligation, but rather an expectation from the employer. Precisely for this reason, the urgent regulation of this social reality is indispensable. As I presented in the paper, the efforts at the European level started and progressed in a good direction, even developing a proposal for a corresponding directive, the implementation of which in the legislation of the member states would be the most qualitative solution. First of all, because there would be a supranational legislative framework, which rewards the quasi-uniform application of the provisions in each member state. Secondly, in the context of the spread of teleworking, labor relations have become internationalized, so that the employee and the employer often come from different countries, so a directive, which proposes similar solutions for the member states of the European Union, ensures a minimum level of protection for each employee. Moreover, at the European level, the existing rules and the jurisprudence of the Court of Justice of the European Union regarding the subject of work and rest time do not cover the facts discussed in the context of the right to disconnect. Positive Romanian law is in line with the European norms in force and as I highlighted, with the exception of the two differences regarding the definition of working time and the addition of the article regarding the obligation to count the hours worked, it does not expressly or indirectly regulate the right to disconnect.

As a *De lege ferenda* proposal at the European level, the adoption of the proposed directive or a modified form of it would be the most appropriate solution, with the preservation of the central ideas formulated, and at the national level, until the adoption of the directive, the inclusion of an article in the Labor Code, which imposes on the employer the obligation to address the topic of the right to disconnect in collective negotiations or, in the absence thereof, to introduce measures in the internal regulations regarding the rules for contacting employees during free time, respectively to define rest time as a qualitative one, in which the employer may or may not intervene, and to what extent.

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## ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC) AND WAR AGAINST WHITE-COLLAR CRIMES IN NIGERIA

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**Abstract:** *The activities of corrupt individuals engaged in white-collar crimes still persist despite EFCC's existence. This study was thus conducted to examine: the achievement of EFCC on containing money laundering and misappropriation of funds in Nigeria; and the implementation of EFCC's anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria. The study adopted scooping and survey method wherein 301 participants were sampled from selected states in Nigeria. It revealed that the fight against money laundering and misappropriation of funds; and obtaining money by false pretense and fraudulent banking were to a low extent implemented by EFCC. This finding is sacrosanct for understanding the dynamics of the anti-graft war in Nigeria. The study's originality/value stems from its departure from the apparently over flogged issues regarding causes and/or effects of corruption to interrogating the extent of the performance of EFCC's objectives through mixed method design.*

**Keywords:** *Fraudulent Banking; Misappropriation of Funds; Money Laundering; Obtaining Money by False Pretense; Prebendal Theory*

### **Introduction**

Public administration and the area of public policy analysis is replete with studies on anti-corruption policies of the government in Nigeria. This study is an attempt to add to the body of empirical literature on public policy analysis with special reference to anti-

corruption policy of the Nigerian government implemented by Economic and Financial Crimes Commission (EFCC). EFCC is a Nigerian law enforcement agency that investigates financial crimes including advance fee fraud and money laundering. It is an agency crafted and duly charged with the responsibility of enforcing laws that have to do with white-collar crimes and other criminal acts which are economic and financial in nature. The agency established in 2003 by former President Olusegun Obasanjo has the constituting legal instrument which is EFCC Establishment Act 2004, also has the mandate of educating, enlightening and sensitizing the public against corruption and economic crimes. However, within the last few decades, the pervasive and quantum of financial crimes has taken the center stage of scholarly studies. The matter has not been exhausted given emerging cases of corruption and Nigeria's low position in fight against corruption. Corruption Index in Nigeria averaged 21.5 points since 1996 and ranks 154 out of 180 countries listed in Transparency International's Corruption Index. This study analyses the EFCC's efforts to reducing cases of money laundering and misappropriation of funds; and obtaining money by false pretense and fraudulent banking in Nigeria.

Prior to the establishment of the Economic and Financial Crimes Commission, Nigeria was named as one of the 23 countries non-cooperative in the international community's efforts to fight money laundering as reported by the Financial Action Task Force on Money Laundering (FATF). Thus, economic and financial crimes constituted a great challenge to the Nigeria economy and its image profile. Obara (2010) had observed that fraudulent activities, economic mismanagement, corruption, lack of accountability and transparency have been the bane of the economy. Ogundiya, (2017, p.281) described the situation thus: "And with the benefit of hindsight, almost all Nigerian leaders who have come in as physicians have left office as patient." To this end, there is no doubt that public administration at all levels and sectors in Nigeria is enveloped in a complicated web of limitations cum anomalies aimed at not addressing corruption of all sorts and as such corruption has lingered unabatedly. For instance, Oyadonghan and Ogoun (2017, p.7) observed that, the main problem in today's public sector is the misappropriation of fund. Obara (2010, p.2) aptly stated that in Nigeria corruption is a pervasive phenomenon; corrupt practices have become synonymous with governance and consequently have become the bane of Nigerian society. Arowolo (2022, p.7) therefore believes that, the major challenge that the persistence of corruption poses to all Nigerian of integrity and conscience is mainly on how to de-ethnicise corruption.

### **Research Background**

In order to have effective public administration and engender sustainable development of Nigeria, the fight against money laundering and misappropriation of funds remain part of the specific cardinal objectives that EFCC is legally bound to pursue. This is because the State lost colossal capital for development through money laundering, misappropriation of funds and other corrupt practices. Sadly, corrupt practices like money laundering and misappropriation of funds have continued to be menaces to the development of Nigeria depicting somewhat ineffectiveness on the part of EFCC. In fact, Bello and Ahmad (2017, p.14) observed that the machineries crafted for the fight against corruption are either faulty or defective and that makes the whole exercise a joke at the start. Since there are encumbrances against EFCC's operations; the problem of this study is to unravel how

EFCC has directed its war against money laundering and misappropriation of funds despite those encumbrances.

It is believed that the activities of EFCC have not been instrumental in the war against obtaining money by false pretense and fraudulent practices. Umar, Shamsiah and Bin (2016, p.108) thus argued that: “Despite the existence of the EFCC, cases of economic and financial crimes dominated the media. This depicts the inability of the Commission, to some extent, tackle fraudulent practices in Nigeria due to mostly internal and external factors.” Irrespective of other social malaises, corruption in Nigeria seems to introduce turbulent and engulfing corrupt practices/issues into the system. These are perhaps the reasons why Klitgarrd (1998) contends that the post-independent Nigeria experienced corruption which overwhelmed the country’s political leaders cum office holders. Sadly, this study holds that past administrations and even the current administration have more often than not demonstrated at one time demonstrated the sincere and stark readiness and at another time the shadow/partial readiness to fighting corruption. This is worrisome.

Given the foregoing problems, this work examines the achievement of Economic and Financial Crimes Commission on money laundering and misappropriation of funds in Nigeria; and the implementation the EFCC’s anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria. In lieu of these specific objectives, the following questions suffice: How has Economic and Financial Crimes Commission significantly directed its fight against money laundering and misappropriation of funds in Nigeria? How has Economic and Financial Crimes Commission implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria? The null hypotheses of the study are: Economic and Financial Crimes Commission has not significantly achieved its anti-graft mandate on money laundering and misappropriation of fund in Nigeria; and Economic and Financial Crimes Commission has not significantly implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria. The sample size that produced the data for this study were 301 participants consisting of EFCC staff, Public opinion analysts, Opinion leaders and general public selected across the different geopolitical zones in Nigeria.

### **Theoretical Construct**

Crucial to the theoretical analysis of the pandemic (widespread) load of financial crimes in Nigeria is the prebendal theory of corruption. Prebendal theory of corruption has clear analytical overview for adequate comprehension of the prebendal political inclination of financial crimes with its obnoxiously ubiquitous effects on the quest for resisting further occurrences of corrupt indices in the country. Central to the current discourse on prebendalism is that, “Joseph used the term to describe sense of entitlement that many people in Nigeria feel they have to the revenues of Nigerian state (Ndukwe, Ogo and Nwuzor, 2020, p.104).” Within the context of this study, prebendalism is political corruption, as this is done by those pretending to be representing the interest of the state. Prebendalism or political corruption involves serious financial crimes against the state perpetrated through the help of public bureaucracies.

Introduced in modern social science by Max Weber and historically rooted in feudal societies, a “prebend” is a public office procured by an individual in return for loyal service to a lord and retained for his personal use and for benefiting his own followers (Joseph, 1987). Max Weber drew widely in his writings on patrimonial systems: “The office-holders

in Weber's decentralized patrimonial administration – feudal knights, Indian jagirdars, Egyptian Mamelukes – were able to exercise many of the powers which accrued to the patrimonial order as a whole” (Joseph, 2013). Richard A. Joseph is usually credited as the first to adapt the concept of ‘prebend’ to the forces of clientelism and (neo) patrimonialism at work in Nigerian politics (Arrey, 2020, p.174) and in addition, Joseph used the term to describe a sense of entitlement that many people in Nigeria think they have in Nigerian revenues (Ndukwe, et al, 2020, p.104).

Prebendalism, which is corruption in a relative parlance, is cancerous to any democracy where it is prevalent (Chioke, 2020, p.278). In Nigeria's case, the ordeal is even more than other developing democracies in Sub-Sahara Africa and beyond, because political office holders both at the federal, state and grassroots manifestly see their official positions as having conferred upon them the uncontrollable right to use state apparatuses and power to arrogate the commonwealth in order to satisfy their insatiable wants and that of their relatives, political clients, cronies and godfathers. The theory of prebendalism supports in understanding the causes (quest for power, politico-economic aggrandizement, e.t.c) of corruption in a clientelistic and neopatrimonial society like Nigeria, but has no adequate hint on the understanding of the critical challenges surrounding the fight against corruption by anti-corruption agencies.

Then to further advance on this philosophy of corruption in relation to prebendalism, the question is: to what extent has Prebendal dispositions manifested in the country's war against white-collar crimes, political economy and other areas? Oni (2017, p.427) had commented as follows:

One clear violation of Weberian ideals is that meritocracy is sacrificed for mediocrity in preference for candidates to fill bureaucratic positions of the state. To worsen the situation, each individual holding state's office is constantly aware of his route of ascension to such position and in most cases, primordial interests supersede national interests in decisions that should be taken on their merits.

Richard Joseph's 1987 theory of prebendalism is quite profound in shaping and relaying useful understanding on the prevalent corruption dynamics in Nigeria's political milieu. No doubt, public servants and the rest of the citizens are involved in fraudulent practices in the Nigeria's public domain that has been greatly battered by prebendalist philosophy. Thus, the study of corruption from the perspective of prebendalism is one to look at the concept of corruption from the perspective of the political office holders.

To advance this, the study shows how the activities of EFCC have contained prebendal politicking through money laundering, misappropriation of funds, obtaining money by false pretense and fraudulent banking activities by the corrupt political elites in Nigeria.

### **Research Design**

Mixed method research design was adopted. The study used scooping and survey methods. This method has been found to be a useful tool in determining complex phenomenon that may defy a single method design (Creswell, 2014). The study focuses on the assessment of the anti-graft agency (EFCC), therefore the opinions of Nigerians and not merely the opinion of the employees of the Commission were sought through face to face method. The population comprises relevant stakeholders such as: Economic and Financial Crimes Commission, Social activists and Opinion leaders, and general public that reside in Nigeria. With Taro Yamani formula for sample size determination, a sample of 400 was drawn from

the population. Purposive sampling technique was employed to select the targeted participants across Nigeria. The sources of data were from responses from the administered structured questionnaire, open ended interview guide and use of documentary sources. The structured questionnaire was structured on a 5 points Likert-scale was distributed with face to face method of. Judgmental sampling technique was applied in selecting the participants for the quantitative and qualitative data (expressed thoughts from the interview session). Out of the four strata, two (2) participants from 3 strata were selected; because EFCC did not approve the researchers' letter for permission to conduct Key Informant Interviews (KIIs) among its members of staff. In other words, a total of six (6) interviewees – that is, (2) interviewees per the other strata were interviewed in line with the questions raised in the interview schedule. The key informants include two (2) Academic Staff, 2 Social activist and opinion leaders, and 2 general public from the selected States of Nigeria. This total number of key informants was justified by Morse (1994, pp.225-230) who advocated at least six samples for interviews on a phenomenological research. The interviewed Key Informants (KIs) and their respective strata for each interviewee are abbreviated as – Social activist and Opinion leader (SAO); Academic Staff (AS); and Others (O), while numbers 1 and 2 were used to differentiate the opinions of interviewees from the same group/strata. Cronbach Alpha reliability test was used in analyzing data retrieved from the trial testing. Interestingly, 0.9 reliability coefficient was arrived at which shows that the instrument for data collection is reliable. The data generated were analyzed in two phases – quantitative method and qualitative method. The first phase was quantitatively approached using simple mean statistics whereas the second phase of the analysis was done qualitatively via open ended interview.

**Data Analysis**

This section presents in tabular format the relevant data addressing the research objectives and questions.

*First Phase: Quantitative Data Analysis:*

The quantitative analysis was done using descriptive statistics with the help of SPSS version 20. The decision parameter are: 4.50 – 5.00 (Very Great Extent), 3.50 – 4.49 (Great Extent), 2.50 – 3.49 (Low Extent), 1.50 – 2.49 (Very Low Extent) and 1.00 – 1.49 (No Extent).

Economic and Financial Crimes Commission and fight against money laundering and misappropriation of funds in Nigeria

The table 1 shows the psychographic analyses of substantive data collected in the course of this research to answer the question: How has Economic and Financial Crimes Commission significantly directed its fight against money laundering and misappropriation of funds in Nigeria?

**Table 1: Descriptive Statistics on EFCC’s achievements against money laundering and misappropriation of funds in Nigeria**

Variables	N	Minimum	Maximum	Mean	Std. Deviation	Remark
EFCC recorded the arraignment of suspects for offenses of money laundering and misappropriation of funds.	301	1.00	5.00	3.7076	1.00710	Great Extent

EFCC recorded a geometrical increase in the number of convicted persons on the account of money laundering and misappropriation of funds.	301	1.00	5.00	2.9435	1.08327	Low Extent
The activities of EFCC have been useful in curtailing misappropriation of funds by public officials.	301	1.00	5.00	2.9169	1.40822	Low Extent
A decrease in the number of cases on money laundering in Nigeria since the inception of the Commission.	301	1.00	5.00	3.2392	1.22852	Low Extent
The activities of EFCC have engineered the recovery of monies stashed abroad contrary to money laundering (Prohibition) Act.	301	1.00	5.00	3.5814	1.38234	Great Extent
Dismissal of corrupt public officials for money laundering and misappropriation of funds related crimes.	301	1.00	5.00	3.1063	1.08720	Low Extent
Valid N (listwise)	301					

Source: Field Survey, 2021 (SPSS output data)

Table 1 shows the mean and standard deviation result on the extent Economic and Financial Crimes Commission achieved the fight against money laundering and misappropriation of funds in Nigeria. From the result, variables 1, 4, 5, and 6 have their mean scores ( $\bar{x} = 3.7076, 3.2392, 3.5814$  and  $3.1063$ ) above the criterion mean of 3.00. However, variables 2 and 3 have mean scores ( $\bar{x} = 2.9435$  and  $2.9169$ ) below the criterion mean, indicating that the rate of a geometrical increase in the number of convicted persons on the account of money laundering and misappropriation of funds is neither great extent nor very great extent and that the activities of EFCC have been useful in curtailing misappropriation of funds by public officials to a low extent. With the cumulative mean score of ( $\bar{x} = 3.2492$ ), the study concludes that EFCC achieved the fight against money laundering and misappropriation of funds in Nigeria to a low extent. Supporting the proposition that EFCC, ICPC and other anti-graft agencies in Nigeria are like a toothless bulldog that can only bark without biting (Abugu, 2014, p.137). Hence, the results of the integrative analysis done by Umar, et al (2018, p.658) supports that the EFCC has been ineffective.

**Second Phase: Qualitative data analysis:**

In this phase, data were analyzed using qualitative approach. From the interviewed persons, four (4) of them were male, while two (2) were female and they all fall between the age brackets of 30-50 years of age. All of them have attended tertiary education and two (2) interviewees representing academic staff are with higher degrees. They all have understanding on the variable being investigated.

The following analysis of the interview (shown in Table 2) reveals the respondents opinions on the performance of the Economic and Financial Crimes Commission in the fight against money laundering and misappropriation of funds in Nigeria.

**Table 2: Opinions on Economic and Financial Crimes Commission efforts in the fight against money laundering and misappropriation of funds in Nigeria**

Code	Institution/State	Views
(KI: SAO1)	University of Jos	True! The EFCC’s war against corruption has witnessed a few victories with a number of high profile convictions made and billions of stolen naira recovered by the agency. However, the

		agency's operations continue to be hindered by cronyism, corruption and government interference.
(KI: SAO2)	Enugu South LGA/Enugu State	EFCC is a Commission established by law with a mandate to fight corruption, gratification and other economic crimes. Since the creation of this anti-graft agency, it has recorded a lot of successes ranging from conviction of top public servants and highly placed business men. From assessment, I will say that EFCC of today has performed below expectations unlike what the pioneer Chairman, Alhaji Nuhu Ribadu did during his reign. He secured the conviction of Former IGP Mr. Tafa Balogun and other prominent individuals stealing our commonwealth. No corrupt individual was spared from prosecution even to the members of the ruling party (PDP) that brought him to power then.
(KI: AS1)	NAU (Department of Public Administration)/Anambra State	The agency has the responsibility to fight money laundering in the country. The EFCC we know of Ribadu is not the EFCC of today.
(KI: AS2)	Crown Theological Seminary /Bayelsa State	It has succeeded in creating fear and caution in looters. It has positive influence on government and society. It is significant, but to a low extent.
(KI: O1)	Nigeria Police Force/Nasarawa State	True! With the fear of EFCC in the country, a lot find it difficult to engage in corruption that will tarnish their image in the society. To a very great extent.
(KI: O2)	Nigeria Police Force/Enugu State	The fight against money laundering is political. For me, the agency is only used against political opponents.

Source: Survey Report, 2021

While one interviewee differed in opinion, the general perception of respondents on this issue is that although EFCC has done a lot in the fight against money laundering and misappropriation of fund, the fight remains political and as such, the extent of the performance is low extent when compared to the number of cases they have had.

Assessing Economic and Financial Crimes Commission acts to mitigate against obtaining money by false pretense and fraudulent banking in Nigeria

The table 3 shows the psychographic analyses of substantive data collected in the cause of this research to answer the question: How has Economic and Financial Crimes Commission implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria?

**Table 3: Descriptive Statistics on EFCC's activities against obtaining money by false pretense and fraudulent banking**

Variables	N	Minimum	Maximum	Mean	Std. Deviation	Remarks
EFCC implemented its anti-graft mandate through the arraignments and prosecution of defaulters on account of obtaining money by false pretense and fraudulent banking.	301	1.00	5.00	3.6445	1.16184	Great Extent
EFCC implemented its anti-graft mandate through non-conviction based forfeitures.	301	1.00	5.00	3.3023	1.33353	Low Extent
EFCC implemented its anti-graft mandate through conviction based forfeitures.	301	1.00	5.00	3.5316	.86207	Great Extent
EFCC implemented its anti-graft mandate through repatriation of wealth gotten via fraudulent banking.	301	1.00	5.00	2.9003	1.11805	Low Extent

The activities of EFCC have engineered the recovery of illegally acquired properties gotten via obtaining money by false pretense and fraudulent banking.	301	1.00	5.00	3.7874	1.32965	Great Extent
EFCC staff are committed to fighting obtaining money by false pretense and fraudulent banking in Nigeria.	301	1.00	5.00	3.6678	.98789	Great Extent
Valid N (listwise)	301					

Source: Field Survey 2021

The preceding table 3 shows the mean and standard deviation result on the extent Economic and Financial Crimes Commission achieved the fight against money laundering and misappropriation of funds in Nigeria. From the result, all the variables except number 4 have their mean scores ( $\bar{x}$  = 3.6445, 3.3023, 3.5316, 3.7874 and 3.6678) above the criterion mean of 3.00. The interpretation of the data presented in the table shows that item 4 mean scores of ( $\bar{x}$  = 2.9003) indicated a low extent to which the activities of EFCC have led to repatriation of wealth gotten via fraudulent banking.

With the cumulative mean score of ( $\bar{x}$  = 3.4723), the study concludes that EFCC implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria to a low extent. This finding corroborated the study carried out by Adetayo (2019, p.52), which found that the achievement of EFCC’s mandates is low. Adetayo’s study stated that despite various anti-corruption strategies, corruption is perceived to be prevalent in Nigeria (Ibid).

*Second Phase: Qualitative Data Analysis:*

Summary of the interviews shown in Table 4 reveals respondents’ views on how the Economic and Financial Crimes Commission implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria.

**Table 4: Opinions on the Economic and Financial Crimes Commission efforts to mitigate against obtaining money by false pretense and fraudulent banking in Nigeria**

Code	Institution/State	Views
(KI: SAO1)	University of Jos/Plateau State	Yes! By identification of suspicious persons/financial activities, investigations, arrests and prosecution. The Economic and Financial Crimes Commission has done a lot in trying to curb incidences of obtaining by false pretense but the problem seem to be on the rise as poverty and unemployment keep pushing the youths into cybercrime, 419 and other fraudulent practices.
(KI: SAO2)	Enugu South LGA/Enugu State	EFCC is not relenting in taking the fight to the door steps of cyber criminals popularly known as Yahoo Yahoo that has become a menace to the sanity of our youths and Nigeria. EFCC has recorded the conviction of many Yahoo guys and having their ill-gotten assets forfeited to the government. However, I rate the extent of their overall performance low.
(KI: AS1)	NAU (Department of Public Administration)/Anambra State	When you look at the implementation of anti-graft mandate in terms of obtaining money by false pretence and fraudulent practices especially in the banking, the problem with our banking institutions is that if they fail to collaborate in obtaining money by false pretense that means their packaging and gigantic building will collapse. It is part of all this false



		pretence and fraudulent practices, there is no way you can commit fraud without collaboration from a bank. There is a serious collaboration between banks and EFCC. Most of their cases are media trial.
(KI: AS2)	Crown Theological Seminary /Bayelsa State	Low extent, because activities are on the increase.
(KI: O1)	Nigeria Police Force/Nasarawa State	By inviting their suspect to their office for questioning and checking the suspects' bank account. The EFCC now has an eagle eye and they are doing it to their very best.
(KI: O2)	Nigeria Police Force/Enugu State	Not much has been done in this regard.

Source: Field Survey Report, 2021

From the interview, the majority of the key informant interviewees shared a collective view that the rate of EFCC's implementation of its anti-graft mandate in terms of obtaining money by false pretense and fraudulent practices is low even though they have done a lot in trying to curb incidences of obtaining by false pretense. This implies that their activities are below the expectations of the general public.

*Test of Hypotheses*

H01: The EFCC has not significantly achieved its anti-graft mandate on money laundering and misappropriation of funds in Nigeria.

Ha1: The EFCC has significantly achieved its anti-graft mandate on money laundering and misappropriation of funds in Nigeria.

To test hypothesis 1, the mean ratings of respondents shown in Table 1, were processed to estimate the statistic using Chi-square test, and the summary result is presented in Table 5.

**Table 5: Chi-Square Test on how EFCC has achieved its anti-graft mandate on money laundering and misappropriation of funds in Nigeria**

	Df	$\chi^2$	$\chi^2_{\alpha}$	Sig.	Alpha Level	Decision
Pearson Chi-square	12	21.03	132.763	.000	.05	S, R
Number of Valid Cases		301				

Source: Computed from Table 4.2 using SPSS version 20

Key: Df = degree of freedom (12),  $\chi^2$  = critical value (21.03),  $\chi^2_{\alpha}$  = chi-square calculated (132.763), Sig. = P-value (0.000);  $P < .05$ , S = Significant, R= rejected

This table 5 shows a chi-square calculated value of 132.763 which is greater than the critical value of 21.03 at .05 level of significance and with 12 degree of freedom (i.e  $\chi^2_{\alpha} = 132.763 > 21.03$ ). The H0 is therefore rejected. We conclude that the EFCC has significantly achieved its anti-graft mandate on money laundering and misappropriation of funds in Nigeria.

H02: The EFCC has not significantly implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria.

Ha2: The EFCC has significantly implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria.

To test research hypothesis, the mean ratings of respondents presented in Table 3 were processed using Chi-square test and the output results were depicted in Table 6.

**Table 6: Chi-Square Test of how EFCC has implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria**

	Df	$\chi^2$	$\chi^2_{\alpha}$	Sig.	Alpha Level	Decision
Pearson Chi-square	12	21.03	128.161	.000	.05	S, R
Number of Valid Cases		301				

Source: Computed from Table 4.3 using SPSS version 20

Keys: Df = degree of freedom (12);  $\chi^2$  = critical value (21.03);  $\chi^2_{\alpha}$  = chi-square calculated (128.161); Sig. = P-value (0.000);  $P < .05$ ; S = Significant, R= rejected

Table 6 shows a chi-square calculated value of 128.161 which is greater than the critical value of 21.03 at .05 level of significance and with 12 degree of freedom (i.e  $\chi^2_{\alpha} = 128.161 > 21.03$ ). Thus, the  $H_0$  is rejected. We therefore conclude that the EFCC has significantly implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria.

### Discussion of Findings

The study made some salient revelations as regards the achievement of EFCC on fight against money laundering and misappropriation of funds in Nigeria. The EFCC's directed fight against money laundering and misappropriation of funds in Nigeria is of low extent. First, with mean score of ( $\bar{x} = 3.7076$ ), the respondents held the opinion that arraignment of suspects for offenses of money laundering is part of the specific achievements made in terms of the fight against money laundering and misappropriation of funds in Nigeria. EFCC through its headquarters and zonal offices was able to arraign many suspects on account of money laundering. This buttresses the view that the effort of the Commission is claimed to have aggressively sensitized the general public and the politically exposed persons on the ills of corruption. With this awareness creation, there is a growing and indisputable understanding of the negative impact of public funds misappropriation and the need to gradually reduce corrupt practices is gaining much ground in Nigeria so as to promote good governance and accountability (Eniola, 2019). With mean score of ( $\bar{x} = 2.9435$ ), the respondents did agree that the degree to which EFCC recorded a geometrical increase in the number of persons convicted on account of money laundering and misappropriation of funds was to a low extent. It could thus be inferred that there has been a slow progress in the number of convicted persons on the account of money laundering and misappropriation of funds. Consequently, there is growth in white-collar crimes such as money laundering and misappropriation of funds in Nigeria. Similarly, in a study conducted by Schneider (2018), it was revealed that white-collar crime offenses in Paraguay increased dramatically. The low extent recorded by EFCC in the fight against money laundering and misappropriation of funds has confirmed the fact that in Nigeria, "...there has been geometrical growth in the rate of corruption (Etanbi, 2018)." This work agrees with this finding on the basis that lack of political will and allied problems has clogged the wheel of justice as regards the war against corruption. Therefore, applying the logic of the word, 'geometrical,' which connotes a fast increase in something, this study submits that by all indications, there is no geometrical (very high) increase in the number of convicted persons on account of money laundering and misappropriation of funds when compared to the high rate of such cases in Nigeria. The study discovered that the activities of EFCC have not been effective in curtailing misappropriation of funds by public officials. This is evident from the number of respondents who shared a collective take in that regard

thereby giving fillip to the mean score of ( $\bar{x} = 2.9169$ ), which signifies a low extent to which EFCC has curtailed misappropriation of funds in the country's public domain. Paul and Ofuebe (2020, p.50) in their study observed that those political and public office holders across administrations in Nigeria perceived corruption as a worthwhile venture despite the campaign against corruption. It is also noticed that the EFCC created to lead anti-corruption war only barks without biting. The foregoing position has helped in supporting the fact that the activities of EFCC have not been useful in curtailing misappropriation of funds by public officials. Many funds have been misappropriated since the inception of EFCC and other associated agencies. Abugu (2014, p.137) rightly contended that, there is need for system to be overhauled so as to produce a functional cum effective control mechanism. Another finding relayed in this cluster is that the activities of EFCC have engineered the recovery of monies stashed abroad contrary to money laundering (Prohibition) Act. This finding supports the position that, apart from the existing machineries on ground, the anti-graft crusade under President Buhari took further steps by signing bilateral as well as multilateral agreements with foreign partners on repatriating funds stashed abroad (Thompson, and others, 2020,p.202). This study shows that dismissal of corrupt public officials is part of the achievements on the fight against money laundering and misappropriation of funds in Nigeria.

On EFCC's implementation of its anti-graft mandate in terms of obtaining money by false pretense and fraudulent banking in Nigeria; the study again made some salient revelations as follows: With mean score ( $\bar{x} = 3.6445$ ), respondents agreed that arraignments and prosecution of defaulters on account of obtaining money by false pretense and fraudulent banking was implemented to a great extent in Nigeria. Therefore, there has been an increase in the number of persons who were arraigned and successfully prosecuted by EFCC. With mean score ( $\bar{x} = 3.3023$ ), respondents were in support that non-conviction based forfeitures was implemented by EFCC to a low extent. Significantly, "Through this tool, a number of properties and monies believed to be proceeds of crime have been forfeited to the Nigerian government, while the substantive criminal proceedings are still pending in courts (Zero Tolerance, 2019, p.48)." But the fact remains that the number of non-conviction based on forfeitures in the eyes of the respondents remains low compared to the expectations of the general public. With mean score ( $\bar{x} = 3.5316$ ), respondents were in support that conviction based forfeitures was implemented by EFCC to a great extent. Justice Dimgba of Abuja Federal High Court, had ordered Huzee Nigeria Limited, a body corporate, owned by Omenyi to forfeit ₦60,000,000 (Sixty million Naira) to the Federal government. The Court of Appeal in Lagos have also okayed the final forfeiture of ₦1.4 billion Paris Club Refund, which Melrose General Services, a firm linked to immediate past Senate President, Bukola Saraki, allegedly obtained from the Governors' Forum through false consultancy claims (Zero Tolerance, 2019, p.48). With mean score ( $\bar{x} = 2.9003$ ), respondents were in support that repatriation of wealth gotten via fraudulent banking was implemented by EFCC to a low extent. It is to be noted that repatriation of stolen wealth is framework through which EFCC implements its anti-graft war in Nigeria. Aside from recoveries, efforts are on-going towards the repatriation of stolen funds from foreign jurisdictions. In the light of this, Nigeria has entered into bilateral agreements with a number of countries for mutual assistance, aimed at checking illicit financial flows, tracking recovery and return of stolen assets (Zero Tolerance, 2019, p.48). For example, it should be noted that through repatriation of wealth, the return of \$321million (fraudulently obtained money by late

General Sani Abacha popularly called Abacha loot) was repatriated to Nigeria by Switzerland. Apart from Abacha loots, there are little or no known instances of the implementation of this framework by EFCC and as such, respondents adjudged that EFCC implemented its anti-graft mandate in terms of obtaining money by false pretense and fraudulent practices in Nigeria through repatriation of wealth to a low degree. The study conducted by Adetayo (2019, p.52) corroborated the above findings by submitting that the achievement of EFCC's mandates is low and has consequently made corruption to be prevalent in Nigeria. However, a study conducted earlier proved otherwise as it portrayed that, EFCC has been able to serve as instrument of the economic development for the nation (Oladapo, 2014).

This study shows that the activities of EFCC have engineered the recovery of illegally acquired properties gotten via obtaining money by false pretense and fraudulent practices. With mean score ( $\bar{x} = 3.7874$ ), respondents accepted this item to a great extent. It is always in the news that EFCC have recovered so and so money, but why continuing unending borrowing culture of the current Administration of President Muhammadu Buhari.

It was discovered that, EFCC staff were committed to fight against obtaining money by false pretense and fraudulent banking in Nigeria. With mean score ( $\bar{x} = 3.6678$ ), respondents accepted this item to a great extent. Ugwuja (2016, p.74) found that, the extent of EFCC efforts in curbing economic and financial crimes in Nigeria was excellent. Also, the former acting Chairman of the Commission, Mr. Magu was quoted to have said that the efforts of the Nigerian government to trace, recover and return assets stolen from Nigeria, coupled with our increased advocacy to discourage safe havens have begun to yield results (Zero Tolerance, 2019, p.48). Indeed, EFCC's increased advocacy to discourage safe havens is a pointer to the extent of their commitment to fighting fraudulent practices in the country.

### **Conclusion and Recommendation**

This study has shown the extent to which EFCC has executed its constitutional mandates in terms of money laundering and misappropriation of funds; obtaining money by false pretense and fraudulent banking. The issue is that while there is significant achievement in the fight against white-collar crimes (money laundering and misappropriation of funds, obtaining by false pretense and fraudulent banking); there is need for a reorientation and rejigging of the system hugely rooted in prebendal ideology and its attendant systemic quagmires. In fact, the war against white-collar crimes such as money laundering and misappropriation of funds; obtaining money by false pretense and fraudulent banking by EFCC has been sluggish in Nigeria. Thus, the study emphasizes that unless the masses jointly overhaul the fundamentally erroneous and corrupt philosophy of prebendalism that has enslaved Nigeria till date, the quest to completely offload the load of financial crimes cannot be greatly achieved.

Based on the findings of this study, the following policy recommendations suffice:

Since Nigeria has continued to experience systemic quagmires in form of money laundering and misappropriation of funds despite the establishment of EFCC, there is need for a systemic overhaul such as restructuring the governance in favor of States and Local Government Areas.

Since EFCC has made progress in terms of recovery of illicitly acquired properties amassed via obtaining money by false pretense and fraudulent banking irrespective of obvious

challenges; efforts should be made by the government to motivate EFCC staff via improved welfare scheme and institutional autonomy – freedom from executive meddlesomeness, and upgrading the enabling statute to address emerging challenges and loopholes in the EFCC Act, 2004. Let the Chairman of the Commission be accountable and independent within the period of his/her approved tenure; not just accountable to Mr President, but to Nigerians (the National Assembly).

Based on the findings of this study and the fact that fraudulent activities have become the bane of effective public administration and development administration in Sub-Saharan Africa especially Nigeria; the implication of this study for practice is that for Nigeria to be relieved of financial crimes through the instrumentality of Economic and Financial Crimes Commission, accountability and transparency must be the guiding principles of its operations. With this, public administration will experience an unprecedented positive turn around.

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## CAPACITY BUILDING AS A TOOL FOR EFFECTIVE LOCAL GOVERNANCE IN SOUTH AFRICA

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**Abstract:** *In South Africa, local government is responsible for administering various activities in municipalities, towns and cities. The effectiveness of governance at a local level is based on the delivery of essential services and the management of public affairs. Many municipalities in the country face several challenges, such as lack of administrative capacity, shortage of skills and lack of essential service delivery. These challenges have presented an opportunity to improve governance and delivery of services. In order to mitigate these challenges and maximise these opportunities, capacity building is a tool that can be used to develop the ability of local government to effectively deliver essential services by enhancing human capital. In this paper, the concept of local government is introduced in section 2; a background follows this on the state of local governments in South Africa and a summary of the challenges faced and opportunities available for local governments. In section 3, capacity building is introduced, and theoretical frameworks and models for capacity building are discussed. Section 4 of the essay consists of the discussion, which links section 3 and section 2. The identified theories are linked to background on local governance in South Africa, and the section demonstrates how capacity building can be used as an effective tool for local governance. Recommendations and conclusions are documented in section 5 of the essay. This section includes closing remarks on the discussions made and a summary of suggested critical points for consideration by local governments on how to proceed further by using capacity building to strengthen governance at the local level.*

**Keywords:** *South Africa, local government, governance, service delivery, capacity building*

### **Introduction and background**

Local governance refers to the administration, decision-making, and management system of public affairs at the local level, including cities, towns, and municipalities. It involves coordinating various activities, services, and resources to address the needs and interests of the local population, such as provision of water for domestic, commercial or industrial areas; hospitals, clinics, ambulances, schools, libraries; provision of housing and transport facilities; construction and maintenance of drains, sewers, bridges, parking; cleansing and

refuse removal disposal; prevention of air, land and water pollution; police services and street lighting (Miller, 2002; Murimoga & Musingafi, 2014).

Critical components of local governance include local authorities, decentralisation, community participation, service delivery, resource allocation, urban planning and development, policy innovation, and accountability and transparency. Local authorities are responsible for developing and implementing policies and regulations and promoting their communities' social, economic, environmental, and cultural well-being (Javier & Elazigue, 2011). Local governance often involves decentralising certain powers and responsibilities from national and provincial governments to local authorities to enable specific and responsive decision-making that considers the unique requirements of the local community (Miller, 2002). Active participation by the public in decision-making processes relating to local governance is vital (Lee & Kim, 2014). Public participation can involve consultations, community forums and meetings to gather input from residents (Yang & Callahan, 2005). Local governance is responsible for service delivery by providing essential public services within the local area, such as education, healthcare, waste management, transportation, water supply, and sanitation (Haq, 2013; Haque, Hossain, & Haque, 2023). Local governments manage local resources, including finances, infrastructure, and human resources, to meet the community's needs and promote local development (Reddy, Nemec, & de Vries, 2015). Local governance is vital in urban and regional planning, zoning regulations, land use policies, and infrastructure development to ensure orderly growth and sustainable development (Burby, Deyle, Godschalk, & Olshansky, 2000). Local governments are also responsible for developing innovative policies and initiatives to serve the community (Lowndes & Pratchett, 2012). Local governance ensures accountability and transparency in decision-making processes, resource utilisation, and service delivery to foster trust and maintain the public's confidence (Azfar, Kahkonen, Lanyi, Meagher, & Rutherford, 2018).

### **The structure of local government in South Africa**

The Constitution of South Africa outlines the principles and structures of local government in the country. It emphasises the importance of local government in delivering services and fostering community participation in decision-making. The local government in South Africa comprises metropolitan, district and local municipalities, and the local government's election occurs once every five years. The elected council comprises members who approve policies and by-laws for their area. The council's function includes review and approval of the annual municipality budget, conception of development plans and provision of service delivery for those municipal areas (www.cogta.gov.za, 2022). Service delivery, governance, financial management, infrastructure development and fighting corruption are essential focus areas for the local government in South Africa. These areas were chosen to expedite the strategy's implementation to provide better community service through responsive, accountable, effective and efficient local governance (www.gov.za, 2022).

### **The state of local governance in South Africa: challenges and opportunities**

#### *Challenges in local government*

According to Mashamaite and Lethoko (2018), poverty, unemployment, lack of services, shortage of skills, lack of administrative capacity, inability to implement policies, and



perishing local economies are some of the challenges facing local municipalities in South Africa. A third of South African municipalities' finances are inoperable (Brand, 2018). Factors that have led to this situation include a lack of financial and management skills, political interference and the failure to appoint individuals to crucial positions. Financial distress in municipalities has led to a backlog in providing housing, electricity, water and sanitation and other essential basic services (Mbanye, 2021a). The lack of top-performing leaders in municipalities leads to the inability to deliver essential services to communities. Factors which were found to lead to substandard performance by leaders in these positions include lack of support within the organisation, squabbling for authority, excessive regulation, political interference, bureaucracy, inadequate administration system, poor organisational culture, improper use of human resources, poor oversight, and working in silos (Masiya, Davids, & Mangai, 2021). Corruption Watch (2021) reported that municipalities in South Africa have been adversely impacted by corruption over the last decade. This corruption has led to the failure of local governments to provide essential services to communities. The main drivers of corruption in the local government were abuse of power and resources and leaders looking after personal and private interests. Bribery, procurement and employment irregularities, misappropriation of funds, nepotism and disregard of policies were found to be the manifestation of corruption in local government. According to Mbanye (2021b), corruption has also led to maladministration due to the absence of credible accountability structures. Other factors that lead to delays and compromised service delivery include extended turnaround time and lengthy decision-making processes (Ndevu & Muller, 2018).

#### *Opportunities in local government*

Many strides have been taken to ensure the provision of services to all communities since the dawn of democracy. Some milestones that can be celebrated and opportunities that can be explored have been reached. There has also been an increase in access to services such as water, sanitation, electricity, solid waste and roads to historically neglected communities based on racial lines, and local government played an essential role in delivering social welfare to these local communities.

A report by the Department of Planning, Monitoring and Evaluation (2015) has identified several opportunities for improvement in local development. These items are listed below:

1. The need to Improve Governance
2. Improving cooperative governance
3. Improving accountability and participatory governance
4. Increased and improved municipal management
5. Improved delivery of services

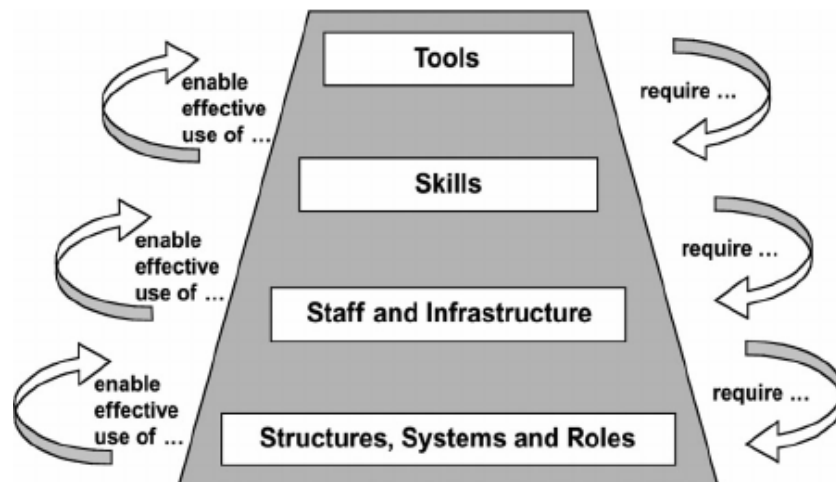
There is also an opportunity for provincial and national governments to assist municipalities. Assistance can be done through training, technical support and capacity-building workshops. Provincial and national governments can also monitor the service delivery and financial performance to eliminate misappropriation of funds and resources. Audits can be performed to identify the root cause of challenges experienced by local governments and make recommendations for corrective and preventative actions for challenges facing municipalities. The public must also hold government officials accountable (Brand, 2018).

According to Kesson (2022), the local government must consider the following areas to ensure success. Resolution of energy crisis through the energy transition, improving municipal infrastructure, this can include roads, drainage systems, etc., and commitment for greater permissions for broadband to enable access to opportunities through the digital medium; this can assist with local economies and reduce the unemployment rates, provision of infrastructure for water delivery through the elimination of bureaucracy and using efficient mechanisms and lastly, ensuring stimulation of economic activity, this will create opportunities of employment and generation of fiscal revenues (Kesson, 2022).

### **Review of literature**

Capacity building refers to developing an organisation's ability to deliver efficient services by enhancing the human capital through activities designed to improve or develop the employees' knowledge, skills and attitudes. This process can improve an organisation's capacity and reputation in communities (Merino & de los Ríos Carmenado, 2012). According to (Mufidah, Susanti, Yunus, & Iva, 2022), capacity building can also strengthen management and governance so that organisations achieve their targets (Mufidah et al., 2022). The capacity pyramid is a model by Potter and Brough (2004) that shows how capacity building can be approached by demonstrating the interdependency of levels of capacity building. The model is depicted in Figure 1 below.

The levels of capacity building are tools, skills, staff and infrastructure and structures, systems and roles. Tools require skills to be used effectively. Skills are obtained from staff and infrastructure. Appropriate staff and infrastructure enable the effective use of skills; structures, systems and defined roles are required for an organisation to accommodate appropriate staff and infrastructure. This infrastructure will enable effective use of staff and infrastructure.



**Figure 1: Capacity Pyramid (Potter & Brough, 2004).**

According to Potter and Brough (2004), nine capacity-building components exist. Namely, performance capacity, personal capacity, workload capacity, supervisory capacity, facility capacity, support services capacity, systems capacity, structural capacity and role capacity. Kirchhoff (2006) further associated these components with the capacity levels in the capacity pyramid. The association is summarised in Table 1 below.

**Table 1: Levels of capacity building and associated components (Kirchhoff, 2006).**

Level of capacity building	Associated component(s)
Tools	Performance capacity
Skills	Personal capacity
Staff and infrastructure	Workload capacity Supervisory capacity Facility capacity Support services capacity
Structure, system and roles	Systems capacity Structural capacity Role capacity

Performance capacity refers to the resources a skilled individual requires to carry out their duties. These resources include equipment, instruments, etc. Personal capacity refers to the knowledge, skills and attitudes of individuals. It includes personal motivation, technical skills, interpersonal skills, etc. Workload capacity refers to the availability of skills in an organisation to handle the available workload. Supervisory capacity refers to systems and processes for reporting issues and monitoring compliance and performance. Facility capacity refers to the practicality of the workspace if it is safe and conducive to operating and delivering on the available workload. Support services capacity refers to the availability of external facilities and organisations that can support the operations when required. Systems capacity refers to how information flows within the organisation and documented processes to ensure that work is carried out effectively and efficiently. Structural capacity refers to the presence of committees and decision-making boards to ensure accountability and make decisions on disciplinary matters. Lastly, role capacity defines individual and team responsibilities (Kirchhoff, 2006; Mufidah et al., 2022; Potter & Brough, 2004).

**Strategies for capacity building**

Strategies for capacity building include capacity assessment and capacity development. Capacity assessment assesses various capacity dimensions within organisations by structured and analytical processes. Capacity development is expanding the capabilities of individuals and teams to ensure efficient delivery of core functions, improved problem-solving skills, and achieving organisational objectives (Enemark & Williamson, 2004). The approach for capacity building will follow the adapted analytical framework in Table 2 below. Capacity assessment will also be assessed using the capacity pyramid model mentioned above.

**Table 2: Analytical framework for capacity building (adapted from Enemark and Williamson (2004))**

Level	Dimension of capacity assessment	Dimension of capacity development
Systems level	1. Policy, Social and institutional dimension 2. System dimension 3. Legal and regulatory dimension	1. Policy issues 2. Organisational administration vision 3. Organisational administration system 4. Organisational and legal principles

Organisational level	<ol style="list-style-type: none"> <li>1. Organisational culture</li> <li>2. Managerial and resource issues</li> <li>3. Institutional issues and processes</li> </ol>	1. Organisational infrastructure
Individual level	<ol style="list-style-type: none"> <li>1. Professional competence</li> <li>2. Human resources needs</li> <li>3. Educational resources</li> </ol>	<ol style="list-style-type: none"> <li>1. Educational programs</li> <li>2. Training programs</li> <li>3. Education and research centre</li> </ol>

This model presents the three levels of capacity building, systems, organisational and individual, to demonstrate the capacity assessment and development dimensions for consideration. The system-level dimensions are concerned with processes that ensure an organisation is effective, efficient and sustainable. The organisational level dimensions are concerned with system management to ensure optimal output. The individual-level dimensions focus on developing staff skills to manage and operate the systems within the organisation. As such, capacity building can be directed at these levels (Enemark & Williamson, 2004).

*Dimensions of capacity at the systems level*

This level's capacity assessment and development considers factors such as policies, systems, legal and regulatory frameworks and socio-economic context. Review of policies, the organisation's vision and administration and assessment of legal principles can be used as tools for capacity building at this level.

*Dimensions of capacity at the organisational level*

At an organisational level, capacity assessment considers the Organisational culture, Managerial and resource issues and Institutional issues and processes. Capacity development at this level includes adjusting the existing institutional infrastructure, which can be done by clarifying roles and responsibilities and lines of reporting.

*Dimensions of capacity at the individual level*

This level considers essential skills an individual requires to perform effectively and efficiently. Individual skills can be assessed by assessing professional and technical competencies, human resources, and educational gaps. Educational programs, training programs, the establishment of education, and research centres can be used as tools to build the capacity of individuals.

**Discussions**

It is essential to acknowledge that local government is necessary. It is an entity established to be led by community members to serve the communities they come from. That is important because only community members who live in these municipalities know the challenges, gaps, and opportunities they're facing. Provincial and National governments are not within reach of communities, tiny rural communities in remote areas. That is the essence of local government, a community-accessible decision-making part of government.

Therefore, when you have such a component of government, it must work very well. It must deliver on its mandate to serve communities. Proper service delivery, resource

allocation, urban planning and development, policy innovation, and social, economic, and environmental sustainability require the appointment of local authorities who are skilled, qualified and experienced to champion these aspects of local governance. There are also other skills, such as accountability, responsibility, and integrity, which are personal attributes of ethical leaders, which are required to ensure individuals appointed to decision-making positions are well equipped to make the right decisions, to serve the community and not themselves.

Looking at South Africa now, there are different spectrum of local governments. Local governments such as The Cape Agulhas Local Municipality, the Bergvievier Local Municipality and Saldanha Bay Local Municipality are regarded as the top-performing municipalities in the country based on administration, planning and monitoring, and service delivery. Whereas in municipalities such as Msinga Local Municipality, Ingquza Hill Local Municipality and Tokologo Local Municipality, where there is poor planning, lack of essential services and mismanagement of resources has led to unemployment and higher poverty levels, these are regarded as poor-performing municipalities (Corruption Watch, 2022; [www.gga.org](http://www.gga.org), 2021).

In properly governed municipalities, things work. There is visible policing, roads are maintained, waste is collected, water is constantly running, there are employment opportunities, schools are correctly running, and hospitals are equipped to cater to the communities. The absence of these services in poorly run local governments leads to high levels of crime; because of unemployment and lack of policing, there are often riots and protests, which are mainly for service delivery. This absence of services affects the operation of schools and businesses, often leading to the demolition of public and private infrastructure. Inflicting more damage to an already damaged community. It is, therefore, essential to reflect on the difference between top and poor-performing local governments. In a democratic country like South Africa, political parties are elected during local elections every five years, and the party with the majority votes from the community comes into the municipality's governance. The elected council and its members become responsible for those municipalities' policies, budgets and developmental plans. Some mayors and councillors are at the forefront of the execution of plans and ensuring service delivery. Municipal and district managers are also significant critical players in the performance of local governments.

The structures are there. It is who is appointed and how they are appointed that is often the difference between good and bad governance in municipalities. This type of leadership is essential. However, governance is a political function, and the political party that governs by obtaining majority votes during elections is the kingmaker and decides who to appoint to leadership positions. There is a concept of cadre deployment: appointing party patriots to key leadership positions. There are many reasons for that; it could be to avoid sabotage if they employ an individual affiliated with another party or appoint someone who will push the party's political agenda in that position. Both reasons are good enough; the problem is when the agenda is to loot state funds, self-enrichment, or have a mascot serving the selfish interests of the people who appointed them.

Cadre deployment is also dangerous because there is no assessment of an individual's credentials. Appointments are not based on merit but rather on loyalty. The bottom line is that ethical and competent leadership is critical to govern municipalities properly. Since we cannot change how and whom political parties choose to appoint, I think that capacity

building is a tool that can be used to ensure good governance despite the use of cadre deployment.

Capacity building can be used to develop the knowledge and skills of individuals appointed to key positions in local government. The council in local government can adopt the capacity pyramid model discussed in section 3 above to strengthen management and governance in municipalities. Firstly, elected parties need to reflect on their structures and systems to ensure that processes are documented, such as processes for budgets, appointments, measuring performance, etc. Committees must be established to ensure these processes are adhered to and take disciplinary actions against members who do not follow them.

The second step would be identifying areas requiring urgent attention in their municipalities. It could be eradicating crime, creating job opportunities or expediting the delivery of essential services. Prioritising these tasks can assist them in identifying how to allocate resources. Lastly, appointing leaders to drive the implementation of their strategy. At this point, the parties need to consider individuals' knowledge, skills, experience, and attitudes and ensure that sufficient resources are required for that individual to carry out their duties successfully.

To demonstrate a practical example of how good governance can be used for effective local governance using Porter's capacity pyramid model and the analytical framework for capacity building, I will look at Alfred Nzo district municipality as a case study. In this municipality, approximately 47% of the people are unemployed, 16% have access to running household water, and there are several corruption and fraud cases, leading to a loss of hundreds of millions of state funds (Du Plessis, 2016; Dayimani, 2022; Onlinetenders.co.za, 2021).

The vision must be clear for the municipalities on a systems level: Where does the leadership endeavour to take the municipality? Their policies must be clear and guide how to achieve the vision, and the municipality's administration must comply with the policies to ensure the execution of the vision. Given the state of the Alfred Nzo district municipality, the vision of the local government could be to transform the municipality into a performing one. The critical policy issues would address are corruption, essential services and creating economic opportunities.

Once this has been outlined in the vision and policies, the organisation level is essential for ensuring implementation. There must be an assessment of institutional processes that may hinder job creation and delivery of essential services. The managerial resources must be assessed to determine if there are enough resources to support the implementation of the roles. Lastly, the organisational culture, if there is a culture of urgency, efficiency or complacency and address that. On an individual level, the people who are employed, what are their professional competencies? Educational and training programs can address any skills gaps. Accountants can do competency assessments to ensure no miscounting of state funds, etc.

Lastly, appointed individuals must have the right tools to conduct their jobs. Appropriate individuals with the right skills must be appointed, and there must be continuous training and competency assessments. The environment in which these individuals work must also enable them to work well. This can be achieved by addressing defined processes, support from managers and a collaborative organisational culture. The local government's policies must speak to the desired outcome the organisation seeks to obtain.

### *Recommendations and conclusions*

In essence, capacity building requires an organisation's holistic reflection and introspection to identify its shortcomings and develop strategies to improve and strengthen the resources, infrastructure and policies. This exercise will ensure effective and efficient output delivery. Capacity building can be exercised at all levels, from the men on the ground to the decision-makers at the top. It is also beyond the people but looks at the resources and infrastructure. Due to the nature of leadership and its influence on the actions and behaviours of followers, it is crucial that leaders set a standard of proper conduct. Leadership in an organisation is vital because it can jeopardise the organisation's reputation and impact the efficiency and effectiveness of an organisation. Therefore, the capacity building of leaders in critical positions can lead to effective local governance by ensuring leaders have the appropriate tools, skills, infrastructure and systems to execute their tasks.

### *Recommendations to local government*

Political parties should implement a meritocracy policy when deploying individuals to key positions in local government. The candidate's capacity must be assessed to see if they have the right skills, qualifications and experience to do the job. Capacity development can be used to support appointed individuals to ensure they address any skills shortcomings identified.

Local governments must also ensure that the infrastructure and resources provided to appointed leaders are sufficient. There is no use appointing technically gifted individuals who cannot do their tasks because of a lack of resources and infrastructure.

Lastly, policies must be clear, and they must be specific to the challenges that are facing the municipalities in which they govern.

Local government must invest in continuous training and competency assessments for employees to ensure everyone has the appropriate skills and abilities to perform their duties.

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## SHARED VALUES AND STRATEGIC IMPLEMENTATION SUCCESS

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***Abstract:** In this seminar work, we delve into the critical relationship between shared values and the success of strategic implementation in organizations. We explore the significance of shared values as the core beliefs and principles that unite employees and stakeholders, contributing to successful strategic implementation. Furthermore, the paper examines the impact of shared values on strategic implementation outcomes and how they help achieve organizational strategic goals. Additionally, we outline effective strategies to cultivate a shared values culture within organizations, fostering an environment where shared values thrive.*

***Keywords:** shared values, strategic implementation, success*

### **Introduction**

Amidst the ever-changing business landscape, organizations must develop effective strategies to attain long-term goals. However, strategic planning alone does not guarantee success; its implementation is equally vital. One critical aspect influencing strategic implementation success is shared values a set of core principles and beliefs shared among members of an organization. This paper delves into the relationship between shared values and strategic implementation success, highlighting the significance of cultivating a shared values culture to attain organizational objectives.

### *Objectives of the Study*

To investigate the impact of shared values on strategic implementation success in organizations

To identify the key shared values that contribute to successful strategic implementation

To examine the relationship between employee commitment to shared values and strategic outcomes

To analyze the role of organizational culture in promoting a culture of shared values

To propose strategies for cultivating a culture of shared values within organizations.

### *Scope of the Study*

This study on "Shared Values and Strategic Implementation Success" is focused on exploring the connection between shared values and the effective execution of strategic plans within organizations. The study will encompass various aspects concerning shared

values, organizational culture, and strategic outcomes, aiming to provide valuable insights into how shared values influence strategic implementation success.

#### *Review of related literature*

The review of related literature delves into an extensive body of research, investigating the crucial relationship between shared values and strategic implementation success within organizations. The review objective is to provide a comprehensive understanding of the significant findings, theories, and empirical evidence in this domain, thereby establishing a robust theoretical foundation for the seminar topic on "Shared Values and Strategic Implementation Success."

#### *Conceptual Review*

The conceptual review on "Shared Values and Strategic Implementation Success" aims to provide an in-depth understanding of the vital concepts related to shared values and their impact on the successful execution of strategic plans within organizations. This review synthesizes relevant literature, theoretical frameworks, and empirical studies to shed light on the critical role of shared values in achieving strategic objectives.

##### **Definition and Dimensions of Shared Values:**

Shared values refer to the core beliefs, principles, and ethical standards that prevail and are widely held and embraced by members of an organization. These values act as guiding principles, shaping employees' behaviours, decision-making, and overall organizational culture. The review delves into the various dimensions of shared values, examining their alignment with the organization's mission and vision.

##### *Theoretical Foundations:*

The conceptual review explores the underpinnings of shared values, drawing upon theoretical foundations such as organizational culture theory, social identity theory, and institutional theory. It examines how shared values emerge, evolve, and become embedded in an organization's culture, influencing strategic decision-making and implementation.

##### **Influence of Shared Values on Strategic Implementation:**

It analyzes how a strong alignment between shared values and strategic goals leads to increased employee commitment, engagement, and motivation, consequently enhancing the likelihood of successful strategic execution.

##### **Role of Organizational Culture in Fostering Shared Values:**

Understanding the pivotal role of organizational culture in fostering shared values is an essential aspect of this review. It explores how a positive and inclusive corporate culture nurtures shared values, fostering a collective sense of purpose and identity among team members and promoting a collaborative and cohesive work environment.

##### **Relationship between Shared Values and Employee Behavior:**

The review investigates the relationship between shared values and employee behaviour during strategic implementation. It explores how shared values positively influence employee decision-making, communication, and problem-solving, subsequently affecting the overall strategic outcomes.

**Impact of Shared Values on Stakeholder Trust and Support:** Examining the influence of shared values on stakeholder trust and support is another vital component of this conceptual review. It investigates how organizations that exhibit a strong commitment to shared values

are more likely to gain the trust and support of stakeholders, leading to enhanced strategic partnerships and favourable market perception.

**Strategies for Cultivating a Culture of Shared Values:** This conceptual review concludes by identifying and analyzing approaches for cultivating a culture of shared values within organizations. It explores best practices, leadership approaches, and communication methods that facilitate the establishment and reinforcement of shared values, thereby fostering a supportive environment for successful strategic implementation.

### **Theoretical Review**

This theoretical review explores the relationship between shared values and strategic implementation success. Influential contributors like (Henry Mintzberg, Peter Drucker, Michael Porter et al.) have significantly influenced the development and understanding of corporate strategy. The *Practice of Management* by Peter Drucker (1973) emphasized the significance of management principles and the role of managers in shaping strategy. Corporate strategy is a critical area of management that plays a vital role in guiding organizations toward their long-term goals and sustainable success. (Michael Porter 1980 - 1985) laid the foundation for competitive strategy analysis. His frameworks on the Five Forces and value chain analysis are influential tools for understanding industry dynamics and developing strategic advantages.

Shared values represent the core beliefs and principles widely accepted and embraced by members of an organization. They form the foundation of organizational culture and shape employees' attitudes, behaviours, and decision-making processes (O'Reilly & Chatman, 2015).

Research suggests that shared values significantly impact strategic implementation success. Employees who identify strongly with an organization's shared values exhibit higher levels of commitment and engagement in the execution of strategic plans (Denison, 2016). This alignment fosters a collective effort and a shared sense of purpose, driving effective strategic implementation.

According to (Cameron & Quinn, 2018), when employees deeply resonate with an organization's values, they are more likely to invest their discretionary effort and go the extra mile to achieve strategic objectives.

Furthermore, (Liedtka, 2017) stresses that, for successful strategic implementation, there must be precise alignment between shared values and strategic goals, while shared values are vital for strategic implementation success, organizations may face challenges in cultivating a shared values culture (Ashkanasy et al., 2018).

Organizations that exhibit an unwavering commitment to their shared values earn greater trust and support from customers, investors, and partners (Paine, 2020). This trust fosters stronger relationships and facilitates the successful execution of strategic initiatives.

### **Influence of Shared Values on Strategic Implementation**

#### *Alignment of Vision and Goals*

The existence of shared values within an organization cultivates alignment among employees towards a common vision and shared goals (Denison, 2016). This alignment ensures that all stakeholders work cohesively towards the same objectives, reducing conflicts and enhancing the overall strategic implementation process.

#### *Employee Commitment and Engagement*

Employees who share common values with their organization tend to exhibit higher levels of commitment and engagement (O'Reilly & Chatman, 2015). Such heightened dedication leads to increased efforts in executing strategic plans, resulting in improved implementation success rates.

#### *Shared Values as a Motivational Factor*

Shared values catalyse employees, inspiring them to go the extra mile in accomplishing strategic goals (Cameron & Quinn, 2018). When employees strongly identify with an organization's values, they are more likely to invest their energy in the strategic implementation process.

#### *Challenges in Fostering Shared Values*

Cultivating and maintaining a shared values culture within organizations present several challenges that can hinder successful strategic implementation. These challenges arise from various factors and circumstances, affecting the alignment of employees with the organization's core values. The following are some key challenges faced by organizations: **Size and Complexity:** As organizations expand and become more intricate, ensuring consistent shared values across diverse units becomes increasingly challenging. Various departments, teams, and locations may develop subcultures that diverge from the organizational values (O'Reilly & Chatman, 2017). Ensuring uniformity and alignment of values presents a significant challenge for top management.

**Mergers and Acquisitions:** During these processes, organizations with different cultures and values come together, creating cultural clashes and value conflicts (Denison, 2018). Harmonizing diverse value systems and fostering a new shared values culture can be formidable, potentially leading to resistance and employee disengagement.

**Leadership Alignment:** If leaders do not consistently demonstrate and uphold shared values, employees may become sceptical and perceive the values as mere rhetoric (Goffee & Jones, 2018). Leaders must embody the organization's values authentically to inspire employee commitment.

**Resistance to Change:** Introducing shared values may encounter resistance from employees accustomed to existing cultural norms (Hassan & Ahmed, 2017). Change can evoke fear and uncertainty, leading to a lack of buy-in from employees and undermining the effectiveness of the shared values culture.

**Employee Diversity:** In diverse workforces, employees may have different cultural backgrounds, beliefs, and values, making it challenging to establish a universally shared set of values (Park & Kim, 2021). Understanding and accommodating this diversity while maintaining coherence in shared values can pose a significant challenge.

**Lack of Communication:** Insufficient communication about shared values can hinder their integration into the organization's culture (Cameron & Quinn, 2019). Employees may not fully grasp the significance of shared values or how they relate to strategic goals, leading to a lack of commitment.

**Organizational Silos:** The existence of silos within organizations can create barriers to shared values implementation (Lee & Choi, 2020). If departments or teams operate independently and do not collaborate effectively, shared values may not permeate the entire organization.

### **Benefits of Shared Values in Achieving Strategic Goals**

#### *Enhanced Organizational Culture*

A robust shared values culture contributes to a positive organizational environment (Kotter & Heskett, 2016). This environment promotes collaboration, innovation, and adaptability, which are vital for successful strategic implementation.

#### *Improved Decision Making*

Shared values streamline the decision-making process, as individuals possess a shared understanding of the organization's principles and priorities (Liedtka, 2017). Such alignment enables quicker and more effective decision-making during strategic implementation.

#### *Increased Stakeholder Trust*

Organizations prioritizing shared values cultivate stakeholder trust (Paine, 2020). Stakeholders trust organizations that demonstrate steadfast commitment to their stated values, leading to increased support for strategic initiatives.

- **Enhanced Employee Morale and Engagement:** Shared values foster a sense of belonging and purpose within employees (Hassan, 2019). When employees align with an organization's values, they experience higher job satisfaction and increased commitment to the strategic goals, resulting in improved morale and engagement.
- **Greater Organizational Resilience:** A strong shared values culture enhances organizational resilience amidst challenges and uncertainties (Bakker et al., 2018). When employees share common values, they are more willing to adapt to changing circumstances, making the organization more agile and better equipped to navigate turbulent environments.
- **Alignment of Personal and Organizational Goals:** Shared values foster alignment between employees' values and the organization's mission (Nishii & Wright, 2018). When personal and organizational values align, employees are more likely to dedicate themselves to advancing strategic objectives, leading to a stronger sense of ownership and commitment.
- **Enhanced Customer Satisfaction:** Organizations with shared values are more likely to deliver products and services aligned with customer expectations (Moriarty et al., 2019). This alignment results in enhanced customer satisfaction, loyalty, and positive word-of-mouth, contributing to achieving strategic goals.
- **Innovation and Creativity:** A shared values culture fosters trust and psychological safety, encouraging employees to share innovative ideas and take calculated risks (Martins & Terblanche, 2015). This creativity and innovation contribute to developing unique strategic approaches and competitive advantages.
- **Long-term Sustainability and Reputation:** Organizations prioritizing shared values are more likely to demonstrate ethical behaviour and social responsibility (Lee et al., 2021). This commitment to responsible business practices enhances the organization's reputation, leading to increased stakeholder support and sustained success.

### **Strategies to Nurture a Culture of Shared Values**

#### *Communication and Transparency*

Open and transparent communication is essential for promoting shared values (Senge, 2015). Regularly sharing the organization's values and explaining their significance concerning strategic goals enhances employees' understanding and commitment.

#### *Employee Participation*

Engaging employees in developing organizational values nurtures a sense of ownership and commitment (Ashkanasy et al., 2018). Organizations can conduct workshops and focus groups to actively engage employees in shaping these values.

#### *Leading by Example*

Leaders play a crucial role in nurturing a culture of shared values within an organization (Schein, 2016). By demonstrating alignment with the organization's values through their actions, leaders set the tone for employees to follow.

- **Integration of Shared Values into Performance Management:** Integrating shared values into the performance management system reinforces their importance (Harter et al., 2016). Aligning individual goals and performance evaluations with shared values encourages employees to uphold them throughout their daily tasks.
- **Training and Development on Shared Values:** Offering training programs that emphasize shared values and their connection to strategic goals helps employees internalize and apply these principles (Barrick et al., 2021). Training sessions can include case studies and real-life examples to illustrate how shared values drive organizational success.
- **Inclusion of Shared Values in Organizational Stories and Rituals:** Incorporating shared values into organizational stories and traditions enhances their visibility and impact (Cameron & Quinn, 2019). Narratives of employees exemplifying shared values and rituals that celebrate these values during company events create a shared sense of purpose and identity.
- **Cultural Assessment and Feedback Mechanisms:** Conducting periodic cultural assessments and soliciting employee feedback on shared values and their implementation aids in identifying areas for improvement (Park & Kim, 2023). Employee surveys and focus groups provide valuable insights to refine the shared values culture.
- **Social Media and Internal Communication Platforms:** Leveraging social media and internal communication platforms to reinforce shared values enhances visibility and highlights the organization's commitment to these values (Kang et al., 2020). Sharing success stories, testimonials, and updates related to shared values creates a sense of community and alignment.
- **Collaboration and Cross-functional Projects:** Promoting collaboration across different departments and teams facilitates incorporating and strengthening shared values (Yukl & Mahsud, 2019). Cross-functional projects allow employees to experience shared values in practice, enhancing their commitment to these principles.
- **Recognition and Rewards for Value Alignment:** Recognizing and rewarding employees who exemplify shared values reinforces the significance of these principles (Henderson & McNulty, 2018). Incentives, such as recognition programs or bonuses tied to value-driven behavior, promote a culture of shared values.

#### **Research Method**

The research method for the study utilized a descriptive qualitative approach, which involves semi-structured interviews with leaders and employees to explore perceptions. The thematic analysis identifies common themes, while focus groups facilitate discussions on shared values alignment. We review organizational documents for value integration, and case studies provide insights into successful strategic outcomes. This comprehensive approach offers valuable insights for organizations aiming to foster a shared values culture and achieve strategic success.

### *Recommendations*

To achieve strategic implementation success through shared values, organizations should align these values closely with their strategic goals and vision (O'Reilly & Chatman, 2017). This alignment ensures that shared values contribute directly to strategic objectives. Leadership development programs are crucial in instilling the significance of shared values among leaders, enabling them to lead by example and exhibit an unwavering commitment to these values (Goffee & Jones, 2018). Additionally, involving employees in defining and refining shared values fosters a sense of ownership and dedication (Cameron & Quinn, 2019). Organizations should integrate shared values into their performance management systems, recognizing and rewarding employees who exemplify them (Denison, 2018). Open communication channels should be encouraged to consistently reinforce shared values and their impact on strategic implementation (Schein, 2017). Addressing cultural and structural challenges, such as managing cultural integration and promoting cross-functional collaboration, is essential in cultivating a cohesive shared values culture (Cameron & Quinn, 2019). Providing continuous learning and training opportunities helps employees understand and apply shared values in their day-to-day activities (Lee & Choi, 2020). Ethical leadership practices are also vital, emphasizing the importance of decision-making in alignment with shared values (Goffee & Jones, 2018). Lastly, engaging stakeholders in understanding and appreciating shared values strengthens support for strategic initiatives (Park & Kim, 2021).

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## NATURE OF THE POLITICS OF INTERNATIONAL LAW WITHIN THE NIGERIAN STATE

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***Abstract:** The paper looks at the nature of international law politics within the Nigerian state and the challenges Nigeria faces in implementing it successfully. Neorealism theory, which relies on secondary data gathered from documentation through published and unpublished books, journals, articles, and other publications on human rights and maritime/environmental treaties, was used as the intellectual framework and adopted the qualitative synthesis of the scientific method. It was also discovered that the majority of international treaties are less enforceable due to the National Assembly's inability or negligence in domesticating the laws to which Nigeria is a party. The conclusions drawn from these observations lead to the following recommendations, which are listed in no particular order. The 2004 Treaties Act comes first. should be changed right away to make consultation with the appropriate National Assembly committees a prerequisite for making treaties. In the same vein, training and capacity building for the bureaucracy and other pertinent agencies are necessary to guarantee the efficient execution of the numerous international legal instruments to which Nigeria is a party.*

### **Introduction**

International law was pivotal in the emergence of global institutions and mechanism for the enforcement of international law Balanda (2003). The enforcement quality as argued by the classical theorists, has been identified as one major problem of enforcement of international law. It was often said that international law failed to have desired impact for its absence of enforcement mechanism Beetham, (2008). However, the contention has mainly been set aside by the growing significance of international treaty making procedure. In the words of Baricako (2008), the Rome Statute, Statute of ICJ and other related documents of numerous temporary or transitional tribunals have provided international law with sufficient and firmly grounded mechanisms or institutions to put in force its rules. While treaties demand certain expectations from the parties, the moral perception its derive for comity of Nations and citizen is tremendous. Arising from the foregoing there is a sense of commitments, at a moral level, that such treaties exert on states and people, it is therefore not surprising that the obligatory and moral force that treaties exert have been extended beyond parties that are signatory to such treatise Baderin, (2007). After post Second World War dynamics significant, entered cross-national and global relation. It created conditions favorable for country to assume duties, roles established via treaties to which they are not signatory to Bello, (2007).

Furthermore, it has to be noted that the essential of being a party for assuming duties and rights under international law is ruled with the notion of sovereignty Benedek, (2005). International law assumed that nothing can be carried out without or contrary to the political will of a sovereign Nations.

International Treaty therefore have dual offer, conflicting roles, limitation on the exercise of sovereignty and protection of citizens. The contradiction arising from the constraining effects that international law expert on the use of force in global affair Beyani, (2004). The freedom of Nations is thus, always one of the 'central points' of international law. The law of treaties however cannot be required to offer for such statutes that negatively have an effect on the 'sovereignty of Nations. Though, this rule by no means excludes Nations for voluntary assumption of responsibilities under international law Bhagwati, (2008). The Vienna Convention is the documents to codify global laws on Treaty. International law negates the traditional notion that treaties making is the exclusive right of sovereign Nations Chanock, (2000). Granted the choice to be signatory is the prerogative of the state, the dynamics of formulating and being part of an international treaties is entirely different phenomena. Generally, treaties offer the basis of most specific international laws (Conteh, 2003).

However, despite the significant role international law has come to play in the comity of nations, one of the major problems, has been the failure of states to comply with the international obligations in general. Partial but extremely important non-compliance and unenforceability of its rules by domestic government (Cranston, 2006). The challenges of enforcement of international legal instruments within the global system and the peaceful resolution of global disputes under the United Nations structure is a phenomenon which threatens the authority, integrity and the practicability of an international judicial body (Dankwa, 2002). Similarly, in the opinion of Eide and Gudmundur, (2002), it also undermines and weakens the stability of the international judicial proceedings as a whole and potentially international peace and security. One of the fundamental principles relating to compliance with existing commitments in international relations is the principle of 'pactasunderservanda' and the related Bonafede (compliance with obligations in good faith). They are set forth in several international documents such as Article 26 of the Vienna Convention, which was adopted on the 6th of May 1969. To this article, any effective agreement that is binding between the parties and obligations arising from it must be done in good faith. These terms and principles are part of the foundation and proper functioning of international relations and cooperation between states as subjects of international law. Nevertheless, the universal recognition of this principle dated back to the date of adoption of the UN Charter as the basic document that governs the functioning of the United Nations. Under Article 26, "All Member States are required in order to implement the rights and obligations and obtain the benefits arising from its membership to comply in good faith with its international obligations under the Charter".

This obligation according to Evans and Murray (2002), applies to any international agreement and should generally be made. Since gaining independence in 1960 and consequent on its membership of the UNO, Nigeria has been visibly active at the international stage. Base on the foregoing, Nigeria unequivocal commitment to international law centered on the tenets of the UNO, became a fact that gutted its dealings in the commitment of nations. This has been the position of successive government in Nigeria being civilian or military. Consequently, Nigeria has been visible and active within the framework of the UNO. Base on the UNOs political and legal dynamics as embodied in a range of universal and multilateral treaties. Adeleke, (2000). It is pertinent to note that it is an active participant in a host of treaties making fora. Some developing Nations such as Nigeria have naturally been active participants within the framework of the United

Nations structure. Nigeria has also participated in numerous international laws and conventions on a range of significant global issues. However, the conclusion rest on the claim that despite the overt enthusiasm for international laws covering a range of global issues, current practices and policies are different in meeting global standard and expectation. The Forgoing claim is particularly relevant when it comes to implementations of treaties that concern Environmental and Marine issues, and Human Rights in Nigeria. According to Koch (2001), the regime seems to lack or its unwillingly to use its political will for efficient incorporation and implementation of the standard required as it relates to International Human Rights treaties issues.

#### *Objectives of the Study*

The specific objectives of the study are to: examine the nature of the politics of implementing international law within the Nigerian state; examine the problems confronting Nigeria in successfully implementing standards; policies and structures required to meet the expectations of various international maritime obligations; suggest measures to ensure the successful implementation of international laws within Nigeria.

#### *Research Questions*

The following research questions will guide the study: what is the nature of politics of implementing international law within the Nigeria state? what are possible ways of ensuring the successful implementation of international laws within Nigeria?

### **Literature Review**

#### *Nature of Politics of Implementing International Law Within the Nigeria State*

Global legal regimes established by international treaties have constituted policies, standards, and principles establishing the obligation and right of state on various issues. These treaties have helped individuals address diverse world issues such as the environment, ocean resources, marine resources, and other useful heritage to mankind. However, some nations have declined or jettison these treaty commitments, despite the Vienna Protocol on the Law of Treaties of 1969 (Olaleye, 2016). There is a fundamental linkage between politics and law, as both are in the twin business of creating and maintaining public peace, order, good governance, and justice for an enabling environment for the people. However, the linkage between politics and law has been in theory due to the paramount of politics, which is derivable from the state's claim of right to exercise a supreme will over individuals, groups, and institutions located within it. Politics that concern the state includes activities that either involve or directly affect the institutions of the state or the business of governance. This can include interactions among nations in the global arena, voting practices, bilateral meetings, and multilateral meetings organized under the auspices of the United Nations (Odoma, & Aderinto, 2013). Nigeria's federation system consists of the National Government and the State Government, with the 1999 Constitution incorporating this common feature into its legislative lists. The exclusive legislative list states duties and functions met exclusively to the central government, while the concurrent list contains duties and functions met legislatively to be exercised by the federal and state governments respectively (Mandanda, & Ping, 2016). Over the years, international law has progressively relied on treaties and instruments for the conduct of world affairs.

*International Law/Treaties*

The Nigerian legal system follows a dualist method, with laws and treaties entered between countries not becoming laws without legislative enactment. These laws must be passed into law by the upper legislative chambers, as per the 1999 constitution. Treaties are international instruments entered among nations, regulating through global law. They typically bind only parties who endorsed and ratified the instrument. However, some treaties can enter into force immediately upon endorsement, as seen in the case of Nigeria vs Cameroun (Salau, 2017). Unratified treaties can also be domesticated by the National Assembly. International law is a collection of consensual rules and principles developed from customs and practices of civilized nations. It is based on bilateral or multilateral agreements entered into by nations for application between or among sovereign countries. International customary law and treaties are the two most notable sources of international law, with great moral force.

*Problems Confronting Nigeria in Successfully Implementing Standards, Policies and Structures of Human Right*

Nigeria lacks effective criminalization of anti-maritime activities at sea and no national law specifically incorporating UNCLOS and the SUA Convention and Protocol (Rotimi, 2016). The Merchant Shipping Act only applies the 1988 SUA Convention and Protocol to maritime safety but lacks adequate punishment for offences under the Convention and Protocol (Ali, 2015). The United Nations Convention on the Law of the Sea (UNCLOS) provides interrelated obligations in respect of unlawful environmental acts in the maritime sector, including repression at the national level and cooperation at regional and international levels (Wertheim, 2017). Legal frameworks that facilitate information sharing and strategies to combat unlawful maritime activities are needed (Agbakoba, 2014). The Economic Community for West African States (ECOWAS) Treaty of 1975, the Maritime Organization of West and Central Africa (MOWCA) Memorandum of Understanding for the Establishment of Sub-Regional Integrated Coast Guard Network in West and Central Africa (MOWCA Coastguard MOU), the Treaty of the Gulf of Guinea Commission (GGC) 2001, and the Yaoundé Code of Conduct Concerning the Repression of Illicit Maritime Activity in the West and Central Africa (Yaoundé Code of conduct) are all available to counter illicit activities in Nigeria. To minimize legal complexities, regional and global cooperation is recommended (Salau, 2017).

*Measures to Ensure the Successful Implementation of International Laws Within Nigeria.*

International law is a crucial aspect of government activities in Nigeria, reflecting the country's interpretation and perception of global law (Rotimi, 2016). The formulation process involves various individuals, including researchers and ambassadors, who play a significant role in shaping the law. Nigeria's educational structure has a solid foundation for developing a sophisticated disposition to international law. Despite having numerous public and private universities, Nigeria has a large number of well-qualified lawyers, some specializing in international law. However, efforts must be redoubled to facilitate the succession of the younger generation. The government, non-governmental organizations, and individuals need to provide financial support for progressive contributions to international law in Nigeria. Other measures according to Osinowo, (2015) include:

**Legal Libraries:** Two main problems arise from the establishment of legal libraries: the provision of books and material and the training of legal librarians. To have a good library is not only to have a collection of books (and requisite funds for increasing this collection), but knowing how best to use the resources of such a library. The number of books in Nigeria devoted to international law is increasing yearly by their thousand. Although the various institutions in which international law is taught in Nigeria have libraries, their stock of relevant international law books and materials is still very limited and mostly out of date. There has been little financial supplementation to update the holdings. The result is that both the institution and its students depend on the personal resources of the professors (which in turn are generally not current as they cannot mobilize sufficient foreign exchange to subscribe for the relevant journals in the field).

**Subsidies:** Direct subsidies to universities and institutions of higher studies are the traditional way to develop the study of international law. As a procedure in United States and Europe, the legacy of permanent members in global law-by which scholars devote sufficient time in research - as the best way to develop the study examine international law. This is one significant area that wealthy and spirited citizens and institution would be useful.

**Seminars:** Seminars are very useful for eminent scholars and high governmental officials in order to interchange opinions on important problems of international law. Personal acquaintance is a very important factor in communication between professors or officials from different countries. In addition, any particular point under discussion is an opportunity to evaluate the experience of others as well as one's own.

**Training and Refresher Courses:** The importance of training and refresher courses in the promotion of international law cannot be overemphasized. The purpose of such courses is to widen the knowledge of professors, post-graduate students, and junior officials by attending classes taught by eminent professors. This could readily be organized from time to time in Nigeria to accommodate the interest of scholars in international law. In order to accomplish all of the above, money is very much needed. In these times of serious economic crisis, funding becomes difficult (Dutton, 2013). Ultimately, however, the government has the responsibility to solve these problems.

Therefore, for the aim of overcoming the hurdles against effective and successful implementation of international laws, the following recommendations were made. Effective management framework should be developed to allow flexibility in the Nigerian environmental governance. The planning strategy should include into design how many years should be taken before a given policy is fully implemented; who should absolutely be in charge of such policy; and how can it be enforced and which instruments should be used. Also, assessment of the necessary resources such as finance, trained human resources, and instruments required to implement such policy should be made before enactment (Edoho & Dibia, 2000). Moreso, the government should increase the budgetary allocation for environmental institutions and their programme. Adequate funding and proper environmental training both at the state level and national. In manner that the environmental governance and diplomacy will there for exposed the agent of the institution into the latest knowledge on capacity building of the human resources. Furthermore, the Nigerian government should obviously share the duties on environmental issues to the different institutions involved. Each establishment will know its own dominion and obligation and where not venture to.

### **Theoretical Framework**

The neo-realism theory, which looks at constructivism, liberalism, structuralism, and realism as well as other factors at work in the international system, is applied in this study. Liberalism criticizes the structures, practices, and financial ties that confine and mitigate national energy abuses. Constructivism emphasizes how ideas define global structure, governments' interests, and actors' reproduction, diverging from neo-liberal and neo-realist theories (Akpotor, 2015). It makes the case that cognitive systems that provide people access to the physical world are used to socially construct global reality (Ader, 2005). According to the report, one feature of the international system is the enforcement of obligations to protect populations outside state borders from environmental threats and violations of human rights. It is only theoretically possible to assert that different governments have ratified the implementation of international legal systems (Carr, 1983).

### **Research Method**

The study uses a descriptive research design and uses historical research methodology that includes secondary data analysis. The study makes use of secondary data gathered from documentations through books, journal articles, and other publications on human rights and maritime/environmental treaties, both published and unpublished. It also employs the qualitative and synthesis of scientific methods. That is, a methodical analysis of the literature on the politics, difficulties, and application of international law and treaty enforcement in Nigeria following colonization. This entails looking through existing documents that address the research question; these documents include a variety of written resources. The historical technique was chosen by the researcher since it allowed them to analyze the issue rather than just focusing on the numbers as in a quantitative approach but would enable us to reveal a more detailed and in-depth image concealed beneath the figures. The secondary data was qualitatively analyzed as part of the analytical process. Given that drawing conclusions from statistics is not the goal of this investigation. The secondary data that was taken from the previously mentioned sources was utilized to either confirm or refute theoretical claims about the difficulties in implementing international legal treaties. However, there are several limitations to this analytical process. Specifically, statistical conclusions that would have allowed for inter-subjectivity, generalization, and prediction are not allowed.

### **Data Presentation and Discussion**

This part of the study is focused on analyzing the nature of human rights and problems confronting Nigeria on international maritime with particular emphasis to answering the following questions:

*Research question 1: What is the Nature of Politics of Implementing International Law Within the Nigeria State?*

Nigeria has been actively ratifying human rights conventions, but the country's dualist system has led to conflicts over the domestic applicability of these instruments. The country operates a dualist system, where treaties cannot be applied domestically unless they have been incorporated through domestic enactment as corroborated by (Osler, 2014). This dualist system is similar to the UK's approach, which allows the central government to enter into international instruments. However, for instruments to have force of law, they

must be promulgated into law by the National Assembly. The criteria for incorporating international instruments as domestic law was a historical formulation and a relic of colonialism. The country has inherited the common law doctrine governing the domestic application of universal law, as seen in the *Abacha vs Fawehinmi* case. The Court of Appeal held that the African Charter has been incorporated into domestic law in Nigeria, and the federal military regime is not legally allowed to enact its obligations. The Supreme Court, constituted by seven justices, unanimously confirmed the dualist effect of section 12(1) of the constitution. The exclusion from domestic application of human rights instruments to which the country has become a party by succession, accession, or ratification by the deliberate failure by the legislature to enact them into law appears unwarranted (Dutton, 2013).

*Research question 2: What Are Possible Ways of Ensuring the Successful Implementation of International Laws Within Nigeria?*

Nigeria has many public and private universities that study international law, but the current generation of scholars must continue building upon this foundation to facilitate their succession (Piracy, 2017). Nigeria must address several challenges to ensure successful implementation of international laws, including the establishment of legal libraries, which need to provide books and materials, and the training of legal librarians (Anyimadu, 2013). Direct subsidies to universities and institutions of higher learning are also necessary. International law is an important aspect of government activities in Nigeria and reflects the country's interpretation and perception of global law and senior government representatives to discuss crucial matters of international law. Professors, graduate students, and junior officials all need training and refresher courses to expand their knowledge. Financing, however, is frequently challenging during economic downturns (Edoho & Dibia, 2000). Nigeria should create a strong management framework for environmental governance, which would include budgetary increases for environmental institutions, resource assessments, and planning methods (Mbanefo, 2017). Institutions will be exposed to the most recent research on diplomacy and capacity building as a result. The Nigerian government should assign responsibilities for environmental matters to various organizations, making sure that each is aware of its own jurisdiction and duties (Steffen, 2015).

### **Discussion of Findings**

According to the Nigerian government's constitutional setup, the administration appears to have been unable or unwilling to act in accordance with the established standards and provisions for the enforcement of international law and human rights legislation. Important national accords, like the Kyoto Protocol, the UN Framework Convention on Climate Change, and the UN Protocol on the Law of the Sea, have been successfully negotiated and implemented by the Nigerian government. To execute and enforce international agreements and standards for environmental and marine conservation, including human rights, the regime must, nevertheless, reform its constitutional provisions and policies. Human rights protection and observance are too valuable to be sent to the state policy, and Nigeria ought to concentrate on establishing a legislative framework that guarantees the defense of social and economic rights. These points largely highlight the government's laxity in promoting and defending human and people's rights. They also demonstrate the



government's lack of concern for the management and control of numerous public and social practices and behaviors that have a detrimental influence on the maritime environment. Numerous studies on the appalling environmental conditions in the Niger region have examined how the regime's primary environmental issues were caused by gas flaring, deforestation, and oil spills, among other things. An analysis of the corporate responsibility section of the Human Rights Report in relation to the Human Rights statistics on oil and gas Operators of multinational corporations in the area have made it clear that foreign producers of gas and oil seem to have a lot of influence over the environmental and operational regulations that fit them. As an illustration, consider the words of John Jennings, a former M.D. of shell petroleum development companies, an oil and gas operator in the Niger Delta, who claims that the burden of the double standard is unfounded because it stems from the idea that there are environmental policies that are exclusive to the extent that we can continue to develop different structures indefinitely (Human Rights Watch 1999).

### **Conclusions**

Nigeria's agreement with other international law matters does not change into domestic laws, with the exception of this agreement, are unquestionably issued and assimilated by the Upper Legislative Chambers into our local laws. However, the Upper Legislative Chamber has repeatedly shown that it is unwilling or has no interest in carrying out its obligations in carrying out this important task; as a result, numerous constitutional agreements to which the regime is a party have not been implemented even after they were ratified. And as a result, the regime's legal system has suffered greatly from the necessity to support and complementarity that should come from the ratified but incorporated accords. It is sufficient to state that domesticated treaties both strengthen and broaden the scope of Nigeria's legal system. This 1999 decision's discriminatory outcome. The African Charter's rights are fundamentally undermined by the Constitution. The 1999 constitution places environmental policy-related matters within the exclusive, concurrent, and residual list, demonstrating the ability of intergovernmental control over environmental issues. This presents a substantial difficulty for the management of environmental enforcement.

### *Recommendations*

Based on the findings of the study and the conclusion thereof, the following recommendations are outlined for the study:

The study relied on Laws as provided and enshrined in the 1999 constitution of the Federal Republic of Nigeria (as amended), other municipal statutes, and certain international protocol such as the Vienna Convention of Treaties of 1969 as well as case law. The study revealed amongst other things that in Nigeria, treaty making have been confronted with a lot of challenges posed not by our law, but bureaucracy and this has persisted because no attempts have been made to address it holistically in order to nip it in the bud. To this end, capacity training should be carried out for the bureaucracy and other relevant agencies to ensure they help not only in the domestication of international laws, but also the effective implementation and applications of the various international legal instruments that Nigeria is a signatory to.

It is further recommended that to prevent the risk associated with the present arrangement, some form of co-operation is required between the President as Head of the Executive arm

of Government and the National Assembly in the negotiation and eventual ratification of treaties. While it may be unwieldy to involve all the members of the National Assembly in the treaty making process, the Treaties and Protocols Committees and the relevant Committees of both Houses should be involved or at least, properly briefed and sensitized and where necessary, their approval obtained on major principles of the treaty during negotiations before it is eventually signed. Where the above recommendation is carried out, it would then be the responsibility of the relevant committees who were already part of the process, to defend and explain the utility of the provisions of the treaty to their members and colleagues.

#### *Contributions to Knowledge*

This study has contributed to knowledge in the following ways:

the study has further established the fact that treaties entered between Nigeria and other subjects of international law do not transform into domestic laws unless they are specifically domesticated or recognised by the act of the National Assembly.

The study also established that the Nigerian government lack the capacity or is unwilling to implement and enforce the provisions, obligations and standards provided for in these treaties.

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# THE DIGITALIZATION PROCESS OF PUBLIC ADMINISTRATION IN EUROPEAN UNION: ADVANCES AND PERSPECTIVES

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*Abstract: On the background of the fast development of the information and communication technology and of the significant impact of this process on the entire society, but also as result of the issues raised especially recently by the effects of the COVID 19 pandemic governments from all over the world have acknowledged the necessity of developing a new kind of public administration able to offer digital public services. Therefore, also European Commission has set as a primary objective for this decade the digitalization of the public administration in all EU countries, encouraging and financially sustaining accelerating the digitalization process in this area. In this regard, the present paper aims to identify the most representative advances obtained in EU countries till now regarding digitalization process of public administration in EU and to comment on the perspectives of this process for the upcoming years, by analysing specific indicators that measure the needed elements for ensuring a performant digital public administration.*

*Keywords: digitalization, public administration, digital public services, European Union.*

*JEL Classification: H83, D73, O33*

## **Introduction**

It is obvious that the past three decades in the mankind evolution have been significantly impacted by the extremely fast development in the area of the Information and Communication Technologies (ICT). Especially the invention of Internet, but also the development of new hardware devices and of a large variety of software applications have changed and continue to change almost all processes and in the end the way of life for all people and organizations. Moreover, the appearance of other new technologies such as artificial intelligence (AI), cloud, Big Data and so on leads on the one hand to a different kind of demands from the society towards the governments but also opens on the other hand new ways and opportunities for the governments to fulfil, usually more efficiently, this expectations from of citizens and companies. On the other hand, both governments, as suppliers of public services, and most of the beneficiaries of such services, represented by citizens and businesses, have deeply acknowledged the benefits that are brought by the digitalization of public administration, consisting mainly, but not limited to savings of time and money, simplicity and convenience for both parties. Also, these benefits and the need of digital public services were stressed out (Agostino et al., 2020; European Commission, 2022) because of the restrictions imposed by the COVID 19 pandemic.

## **Literature review**

While the new technologies change more and more the entire society, the subject regarding the digitalization process of public administration remains an important one, considering

that, one way or another, whether we like it or not, each of us needs to interact with the public administration and needs access to public services. Therefore, especially during the past decade, more and more researchers, but also governments, international authorities or institutes of research have studied the necessity and the possibilities of digital transformation of public administration. Dunleavy et al. (2009) have stressed and somehow anticipated the fact that “a range of connected and information technology–centered changes will be critical for the current and next wave of change” and that public administration will inexorably shift towards digital era-governance. Moreover, other studies (Alvarenga et al., 2020; Battisti, 2020; Castro and Lopes, 2021) have also approached the subject regarding the digital transformation of public administration under the impact of the new ICT, stressing both the necessity of this process and its advantages consisting in growing effects on businesses, intensifying of citizens’ engagement, sustainable and inclusive economic growth, social development and environmental protection, but also efficient resource management.

Beyond accepting the necessity for a modern digital public administration, some studies (Clausen et al., 2020; Demircioglu and Audretsch, 2017; de Vries et al. 2016) have also approached the conditions needed to be fulfilled in order to achieve this goal, which implies innovation in the public sector, identifying push and pull factors that enhance the digitalization process of public administration. Clausen et al. (2020) observe that “the public sector is under pressure to provide new public services with increasingly scarce resources” and innovations are necessary in the public sector. Moreover, innovation and generally the digitalization of public administration are determined by technology-push and demand-pull factors that will decide the success of this process.

Literature also contains studies on several specific aspects regarding the digitalization process of public administration such as: identifying the users of digital public services and their needs (Distel and Lindgren, 2019; Tassabehji et al., 2019), striving the role of all stakeholders (government, citizens and businesses) for a successful digital public administration (Edelmann et al., 2021), the impact of interoperability on the use of digital public services (Campmas et al., 2022), the impact of specific internal or external factors on e-government (Jacobsen, 2018; Mesa, 2023; Wirtz et al., 2019), strategies for digitalizing the public administration (Lee et al, 2018), but also impacts of the digitalization of public administration on specific areas such energy (Ha, 2022) or participation (Welch and Feeney, 2014).

On the other hand, the digitalization of public administration is constantly approached and analyzed by specialized institutions of research such as Deloitte or McKinsey and Company. According to McKinsey and Company (2022) “digital public services are an imperative” because the society that changed its way of life by adopting and using extensively the new technologies and benefiting from them expects also that the interactions with the government to be modernized based on the same technologies and to bring similar benefits. Deloitte, as well as McKinsey and Company recognize the benefits and the need for implementing the digital government (Deloitte, 2021) and remarks the government transformation trends, especially the need of accelerating the digitalization process of the public administration as consequence of the experience brought by the restrictions imposed as protective measures towards the COVID 19 pandemic.

International organizations such as United Nations, European Union and more recently also OECD have clearly stated the need for digitalizing the public administrations, some of

them also issuing recommendations, developing strategies and establishing specific targets to be achieved by the member states according to a calendar. Beside these things they also created mechanisms and instruments, represented by indexes, meant to show the progresses made by their member states in the process. United Nations have introduced since 2003 (United Nations, 2023) the E-Government Development Index (EGDI), OECD calculated in 2019 the OECD Digital Government Index (OECD, 2022). However, these indexes are still subject of debate (Dobrolyubova, 2021) regarding their capability of measuring the digitalization advances.

An interesting fact is that OECD has conceived the digitalization of public administration as a process with three stages (OECD, 2016): 1) Digitisation, consisting in greater use of digital technologies to improve cross government activities and data management; 2) E-Government, regarding the use by governments of digital technologies, particularly the Internet, to achieve better government and finally 3) Digital Government, meaning digital technologies and user preferences integrated in the design of services and broad public sector reform, part of governments' modernization strategies to create public value. European Union also created since 2014 the Digital Economy and Society Index (European Commission, 2023b) that includes a specific component named Digital Public Services that evaluates the digitalization of public administration.

### **Analisis of EU digital public services development**

Amongst other organizations and institutions from all over the world, the European Commission recognized also the advantages and the importance of the new ICT in reshaping the interactions within the society and, therefore, started from 2014 to supervise and to sustain, even financially, the transition of The EU countries towards a digital society. Moreover, the European Commission started then to assume the role of a coordinator of this transition, by establishing specific targets to be achieved and also a special instrument in order to evaluate the progress, consisting in the so-called DESI (Digital Economy and Society Index), meant to estimate the advances of each European country on a few specific areas, considered to be the pillars of a digital society.

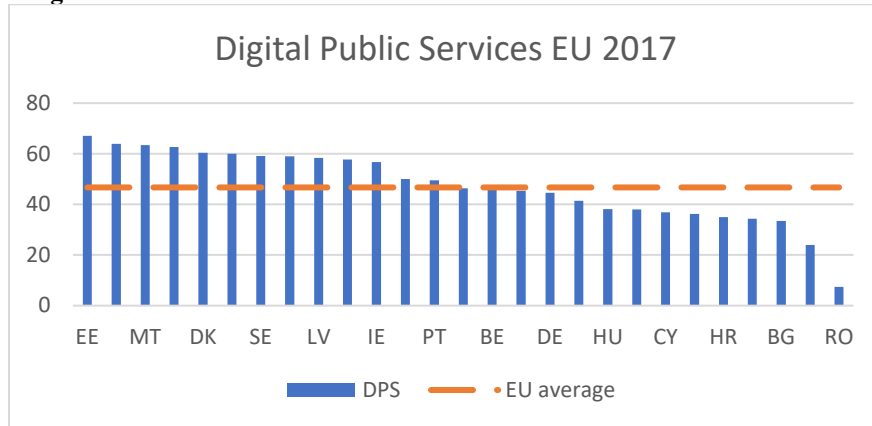
Starting from 2014 DESI was determined based on evenly weighting five basic components, namely Connectivity, Human Capital, Use of Internet, Integration of Digital Technology and Digital Public Services. Later, after 2020, the European Commission reconsidered the componence of DESI, which now includes only four evenly weighted parts, represented by Human Capital, Digital Infrastructures, Integration of Digital Technology and Digital Public Services and also recalculated the index starting from 2017, based on this new componence. By analysing both structures of DESI it is obvious that in any approach the European Commission continuously puts accent on the development of the Digital Public Services that represent in this vision a basic pillar of the future society. However, the European Union remains basically a union of different countries, which even they share common values or ideals, manifest also significant discrepancies between them. Therefore, the general goal of achieving the digital society by the European Union becomes a common goal for all EU countries, but at the same time implies different efforts of these countries, because of the specific situation of each of them.

Our analysis on the advances in the digitalization process of public administration in EU is based on the data from the European Commission regarding the level of development of Digital Public Services for the period starting from 2017, till 2022, the only period for

which the data are now consistent and for which DESI was determined based on four components.

In order to evaluate the way EU countries advanced on the road towards a digital public administration, a first look should be put on the level of development of the Digital Public Services at the beginning of the analysed period and Figure 1 shows this level for each of the EU countries, also compared to the medium level registered by EU itself.

**Figure 1. EU Digital Public Services in 2017**



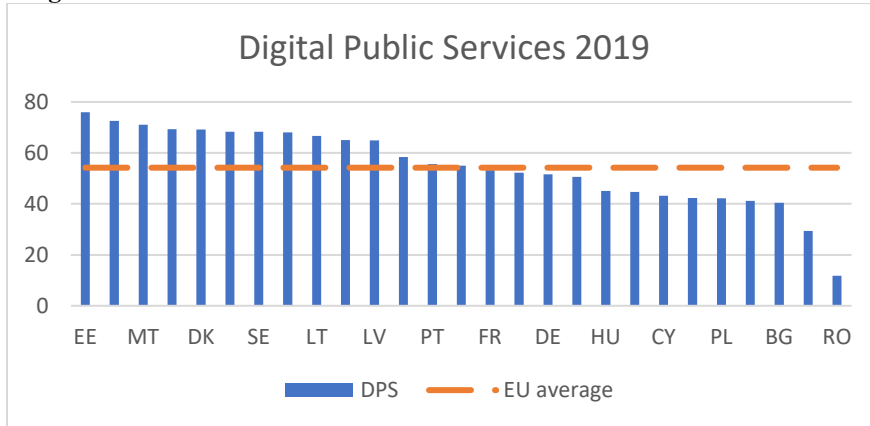
Source: European Commission – DESI by components (European Commission, 2023a)

According to the latest structure of DESI index, based on only four components, in 2017, the average development of the Digital Public Services in EU was of 46.7% that implies EU needs to more than double the efforts to digitalize the public administration in order to fulfil the goal of achieving a developed Digital Public Administration. Moreover, Figure 1 shows also significant discrepancies between the EU countries, some countries having a much higher level than the EU average in digitalizing the public administration, while others having more to catch up in this process to approach even the EU average. The best performing countries in digitalization of public services were at that time Estonia (67.12%), Finland (63.98%) and Malta (63.4%), while the lowest levels of digitalization were registered in Romania (7.41%), Greece (23.98%) and Bulgaria (33.43%). We notice also that even most of the low performers in digitalizing the public services are former communist countries from eastern Europe, the best performer is Estonia also a former communist country. At the same time, while almost all developed western European countries are performing above EU average or at least close to it (as France or Germany), Italy, another developed country, reached only a level of 37.98% in this process. Therefore, we may conclude that the fact a country is more economically developed than another may be an advantage in the digitalization process of public services, but is not the main condition in performing better and that it is probably more important the involvement of the government in sustaining and implementing this process, both by funding it and by creating the framework for developing and using digital public services.

Before looking at the most recent image regarding the development and implementation of Digital Public Services in EU, we looked also at an intermediary stage of the digitalization process and Figure 2 shows the situation for each country from EU, by the end of 2019,

the year before the start of the Covid 19 crisis, that changed significantly the interactions within the society.

**Figure 2. EU Digital Public Services in 2019**

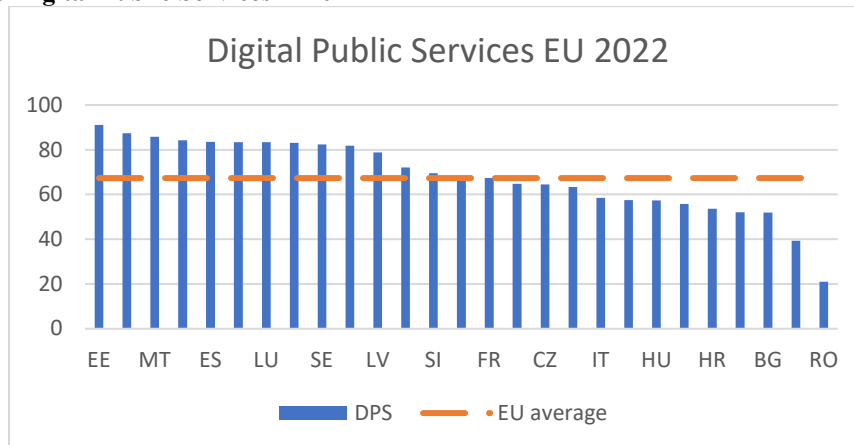


Source: European Commission – DESI by components (European Commission, 2023a)

Figure 2 shows that the hierarchy of the countries in the digitalization of public services remained quite the same, but there were small progresses both in the EU average that reached 54.2%, and in all the countries. For instance, Estonia reached the level of 76%, Finland reached 72.55% and Malta 71.04%, while Romania reached 11.83%, Greece reached 29.36% and Bulgaria reached 40.37%. Beyond these progresses in each of the EU countries the general goal of EU remains the full implementation of the Digital Public Administration, which depends on the performance of each EU country, meaning also that the low performers to catch up the most advanced ones. However, we notice that instead of this, while EU average raised by 7.5 points from 2017 till 2019, Estonia raised by 8.88 points and Finland by 8.57 points, but Romania only by 4.41 points and Greece by 5.38 points, meaning that instead of closing the gap between the best performers and the low ones, this gap continued to grow, which is against the general goal.

The most recent image on the Digital Public Services development in the EU, is based on the data from 2022, and can be observed in the following figure (Figure 3).

**Figure 3. EU Digital Public Services in 2022**



Source: European Commission – DESI by components (European Commission, 2023a)



As well as in 2019, in 2022 the ranking of the EU countries regarding the implementation of Digital Public Services remained quite the same as the from 2017. The most advanced countries remained Estonia (91.18%), Finland (87.37%) and Malta (85.81%), while the less advanced ones were still Romania (21.04%), Greece (39.39%) and Bulgaria (51.9%). At the same time the EU average advanced with 20.64 points compared to 2017 and with 13.15 points compared to 2019, reaching the level of 67,35%. Forced especially by the restrictions imposed because of the Covid 19 crisis, all governments in the EU had to speed up digitalizing the public services and therefore the period between 2019 and 2022 was marked by important advances in this process. However, beside this positive aspect, the other aspect regarding the higher advances of the already most advanced countries compared to the less advanced ones remained an issue. For instance, while Estonia raised from 76% in 2019 to 91,18% in 2022 gaining 15.17 points and overall gaining 24.05 points from 2017, Romania raised from 11.83% in 2019 to 21.04% in 2022, gaining only 9.21 points and, overall, only 13.15 since 2017.

Taking as examples these two countries, Estonia as the highest performer in digitalizing the public administration and Romania, as the lowest one, we should look also, for each of these countries, on the specific components that are characterizing the level of the digital public services, consisting in e-Government Users, Pre-filled Forms, Digital public services for citizens, Digital public services for businesses and Open Data.

Tables 1 and 2 show the evolution of each of the five components that characterize the level of Digital Public Services in Estonia, respectively in Romania, during the period between 2017 and 2019.

**Table 1. Evolution of Digital Public Services by components in Estonia percentage of 100%**

Year	e-Government Users	Pre-filled Forms	Digital public services for citizens	Digital public services for businesses	Open Data
2017	87.3817	68.2732	72.3904	72.9375	32.7661
2018	87.6953	74.6221	77.6547	76.5112	43.5603
2019	87.6498	81.0404	80.718	79.1519	53.7723
2020	88.0565	83.0949	84.3891	85.027	66.3784
2021	89.2892	85.1725	88.1918	91.141	81.9399
2022	89.3711	87.3019	92.0973	97.5	94.2305

Source: own calculations based on European Commission data– Compare the evolution of DESI components

**Table 2. Evolution of Digital Public Services by components in Romania percentage of 100%**

Year	e-Government Users	Pre-filled Forms	Digital public services for citizens	Digital public services for businesses	Open Data
2017	13.7169	14.896	16.1453	0	26.2664
2018	12.5506	16.2812	23.6507	0	34.9194
2019	12.0902	17.6816	28.0184	0	43.1057
2020	14.6122	18.1298	33.2521	0	53.2111
2021	15.8859	18.583	38.6737	11.9815	65.6856
2022	16.7178	19.0476	44.2418	42.2688	75.5384

Source: own calculations based on European Commission data– Compare the evolution of DESI components

The data from the tables above show significant gaps between the two considered countries. First of all, even in 2017 more than 87% of the Estonian individuals were using Digital Public Services and by the end of 2022 more 2 percents started also to use such services. On the other hand, in 2017 only 13.7% of the individuals have used Internet to interact with public authorities and use Digital Public Services, and the usage of this services increased only to 16.7% by the end of 2022, meaning a gap of more than 70% compared to Estonia. Moreover, between 2017 and 2022, the proportion of the accessible pre-filled forms raised from 68.27% to 89.3% in Estonia, while in Romania increased only from 14.9% to 19.05%, meaning another gap of 70%. During the same period the digital public services for citizens increased from 72.4% to 92.1% in Estonia, while in Romania they increased from 16.1% to 44.2% which gives some hope that the gap between the two countries can be recovered in the next several years. On the other hand, the digital public services for businesses appear to be available in Romania starting from 2021, but their level increased fast from 11.98% in 2021 to 42.27% in 2022. Comparatively, in Estonia such services had a level of 72.94% even in 2017 and increased to 91.5% in 2022, meaning that companies have almost entire electronic access to the public services. Finally, we observe that the Open Data component had the fastest grow in both countries in the analysed period. While in Estonia the growth was from 32.77% to 94.23%, in Romania the growth was from 26.26% to 75.54%, the target of reaching 100% on this component looking to be the most attainable.

### **Considerations on the perspectives of digital public services development**

The digitalisation of public services has been an objective of the European Commission as part of its previous strategy called The Digital Agenda for Europe 2020 and remains an important one within its new strategy known as Europe's Digital Decade that includes the digital targets for 2030. According to the new European strategy (European Commission, 2023c) the digitalisation of public services should target to fulfil till 2030 three main objectives consisting in the complete digitalisation of the key public services, ensuring access to medical records online for all citizens and access to digital ID for all citizens. This means that it is expected for all countries that all key public services for businesses and citizens to be fully online by 2030, an ambitious objective that may be reached only especially if the low performing countries in this area will be able to recover the gap to the advanced ones and to finish successfully the transition process towards transforming the public administration in one accessible online. In this regard, based on the former experience regarding the public administration digitalisation process, that showed important gaps between the European countries, but also different rhythms of development it appears that the full implementation of the digital public services for businesses by 2030 is a more attainable goal than the one regarding the services for the citizens.

However, achieving these goals depends essentially on the willingness and the capability of each government to focus on them in the next years. In this context, the capability of the governments to fulfil the digitalisation of public administration implies also major investments in technology and in reshaping electronically the public services and therefore European Commission launched also the €7.5 billion Digital Europe Programme for funding the implementation of digital technology to businesses, citizens and public administrations. On the other hand, according to European Commission (European Commission, 2023b) even more than 60% of European citizens had an eID in 2022 and at

least one eID scheme was in place in 25 member states, Romania and Cyprus still had no eID scheme. Beyond ensuring access to digital public services for all citizens and businesses from EU, till 2030, which appears to be at least an ambitious target with debatable chances to be achieved in all EU countries, the full benefits of these services can only be achieved in our opinion only if the beneficiaries will be able to use them, implying the need of access means and also of knowledge and willingness of citizens and companies to use them.

### **Conclusions**

The digitalization of public administration has become an important target for all governments because of the demand of the society for new channels for communication with them and more simple and convenient ways to access the public services that can be delivered by using the new information and communication technologies, that already changed significantly the interactions and the way of life within the society. It has also become a major objective for international organisations such as United Nations OECD or European Union and also a subject of research and debate for researchers and research bodies. Specifically, European Union has developed strategies to attain the goal of ensuring the digital government in all its member states and also supports the digitalization process both by establishing specific steps to be made and by funding substantially the efforts of the member states. The digitalization process of public administration in EU is marked till now by important gaps between countries, but shows also a general tendency of advance in all member states, that has been enhanced also by the experience gathered during the Covid 19 pandemic, which forced the society to interact mainly digitally with the government. Considering the previous rhythm in digitalizing the public administration in EU, the strategic targets set for 2030, regarding the full digitalisation of the key public services, full access to medical records online for citizens and total access to digital ID for citizens are achievable, but only if the low performing countries will fasten the process. However, we consider that beside the governments' efforts to deliver digital public services, there is needed also the involvement of the society for designing and using such services, in order to fully benefit from the advantages of digital government.

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## NIGERIA POLITICAL ARRANGEMENT: THE CHALLENGES OF ETHNO-RELIGION CONSIDERATION

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*Abstract: In an ideal political society, what informed democratic process or governmental policies are issues that are germane to improving the fortune of the citizenry. Unlike in Nigeria where decisions and government appointment are influenced by myopic view for ethnic affiliation and religion sentiment. The role of ethnic affiliation and religion alliance in democratic arrangement and party politics in Nigeria cannot be underestimated. Voter's behavior is often determined by ethnic interest and religion sentiment. It sometimes resulted in the best candidate not being elected or picked for a leadership position. Religion and ethnic affiliation indirectly influenced the political dynamics of Nigeria. The effort to balance religion interest is a challenge to the government. The manifestation of the struggle among the ethno-religion groups was glaring during the 2023 presidential election. Sensitivity around religion interest can be attributed to the complexity in the process in governance. This view can be buttressed by the antecedent of the two major religion divides. Evidence from the activities of CAN, MURIC and others is recent. Politicians no longer consider the sacredness of churches and mosque but for political campaign. Nigeria constitution and government structure have over-emphasized the role of religion. The trend is tilting towards a dangerous part of political divides or polarization along religion line. No evidence from the constitution to affirm the religion obligation of the government, but religion affiliation is usually linked to notable political appointments and opportunity to take up leadership position. The work investigated evidence and challenges from the increasing use of religion and ethnic yardstick for choosing political leaders. The research used secondary data, such as books, journals, and other existing literature relevant to the study.*

*Keywords: Ethnic affiliation, Religion Sentiment, CAN, MURIC, Political Campaign*

### **Introduction**

In an ideal political setting, leadership assumptions must be product of democratic outcome, without prior religion or ethnic interest. Leaders must come from the generality of the people and grow with the people to understand their peculiarity and aspiration. Leaders are expected to make good use of multiethnic population strength to promote socioeconomic growth, stability, and security. He must not be such that will use religion and ethnic affiliation to polarize the people. Ethnic affiliation and religion interest is an increasing trend and unimaginable factor in the political sphere of Nigeria. It is fast becoming unavoidable within the political parties and appointment placement. It is used to mobilize support by politicians. The development is not only popular, but complex to manage for the politicians and administrators. The new wave is challenging and making the possibility of using merit to fix political appointment difficult., Brandon 2016 emphasized that Religion activism and activists have played a crucial role in the country's

50-year struggle to craft a stable democratic system, and with more than 90% of its citizens (Muslim and Christian alike) identifying their religion as “very important” to their personal and public lives, religions belief is central to politics across the country. Ethno-religion alignment is a much stronger indicator in political appointment. Often time less consideration for professional background and experience.

The Nigeria political experience over the years has been tilted towards ethnic affiliation or religion sentiment. It has brought some limitations and sometimes resulted in the best candidate not being elected to positions. The recent practice is that politicians or political office seekers sometimes position themselves from ethno religion angle to pursue their political ambition. Such that politicians craftily use religion and ethnic affiliation to mobilize for votes by visiting churches, mosques, seeking chieftaincy titles across regions and participating in traditional events with ulterior political motives.

Nigeria’s existing institutions too often turn their aspiration into zero-sum conflicts, in which recognition for the demands of Muslim communities inevitably mean limiting those of Christians (and vice versa). The principle of federal character was originally designed to guarantee merit and equitable representation of Nigerians from all state. The principle has not only been jettisoned but manipulated to reflect ethnic and religion interest by politicians. Emerging candidates are no longer the best and fair representatives of geopolitical zones or states. According to Momoh, 2016 The government changed its policy of non-interference into religion matters by sponsoring and regulating the number of people performing Islamic and Christian rites of pilgrimage within and outside Nigeria. This check on religious freedom comes from trying to have political control of the citizens by using religion as a weapon. In the southern parts of Nigeria, the situation changed the way that families and government think. The religion groups thereafter created institutions to control religion affairs.

Poor governance, ineptitude of the past and challenges of the present may be the reason why many concerns about the Nigeria state are shared by representatives of ethno-religion alignment to secure an assurance of inclusion.

The negative development can be observed prior and during military era, where some military officers were retired to give way to ethno-religion interest in the leadership arrangement. Such decisions often lead to disharmony, underground, insincerity in the fight against insurgence, agitation, and instability in governance.

The goal of the study is to investigate evidence and challenges from the increasing use of religion and ethnic yardstick for choosing political leaders. The present study tends to identify if the level of ethno-religious affects the choice of Nigeria leaders. The study exposes the prevailing circumstances, challenges, and adverse effect of the present concern in Nigeria politics. Following the introduction section, the remainder of this paper is organized as follows: Section 2 provides disposition of Nigerians to ethnicity vis-à-vis politics. Section 3 gives the antecedent and the infiltration of religion into politics. Section 4 showcases the leadership arrangement and successors according to ethno- religion affiliation. Section 5 presents the geo-political presidential result of 2019. The concluding remark was given in section 6.

### **Disposition of Nigerians to ethnicity vis-à-vis politics**

Ethnicity constitutes the foundation of society. It provides security for the group, as well as individuals within the group. It provides the group with a common ancestral and

historical antecedent. Language is a major means they used to share ideas. They use language to interpret ideas, skills values, and cultural beliefs. Therefore, it sometimes determines or influence the voting pattern or direction, essentially to support their kinsmen politically. It is used to mobilize and campaign when elections are to take place.

Ethnicity in Nigeria is a factor militating against the evolution of a true democracy and good governance. In Nigeria ethnic affiliation has become a veritable platform where individuals and various groups mobilize primarily to actualize personal and socio-economic goals through politics. Whereas politics is about the control and exercise of power through meritorious democracy, without underline interest. It can be as well viewed as who gets what, when and how, but not at the expense of merit and attachment to ethnic interest. Ogugua & Ogugua (2015).

Ethno-religion cleavage can be ascribed to unevenness and lopsidedness of relation to the state, which translate to mistrust and resultant fear to extinction, that bring about retaliatory practices and unhealthy agitation among Nigerians. The leadership pattern in Nigeria lacks the necessary focus for national integration, development, and political stability. These can be attributed to poor party politics bedeviled with religion sentiment and ethnicization. Politicization and ethnic manipulation are a problem (Adetiba & Ralim 2012). Poor governance, ineptitude of the past and the challenges of the present may suggest the concern of the various ethnic groups, and why the Nigeria state are shared by ethno- religion alignment to secure an assurance of inclusion.

Most Nigerians are deeply rooted in ethnic affiliation and have very strong emotional attachment to history and culture, which is the bases for ethnic attachment. An average Nigerian think of self before others. Often times when he thinks of others, it is underlined, as the thought may be about members of both the nuclear and extended families, or people from his native village or town to the level of the ethnic group.

Iyanya (2018) affirms that multiethnic states are often prone to political conflict and unhealthy competitive relationship as different communities' struggle to control political power and other economic resources of the state, which in turn constitute an impediment to political and socio-economic development.

The Nigerian indigenous elites including the military and politicians, are not free of blame in the nurturing of ethnic nationalism. They have been accused of using ethnic sentiments to mobilize support in their personal struggles for political and economic gains. They have been able to use this because of the general low level of enlightenment in the country. Literacy level and political awareness is still very low, coupled with poverty, that those who cannot easily fall to the manipulations of the elite are very few.

Aluko, 2003 emphasized that in the theoretical model of patriotism, the allegiance and loyalty of a typical Nigerian towards the Nigerian state are sometimes alien or underpinning with certain interest. A typical Nigerian think of self before others. And when he or she thinks of others, the thought is about members of both the nuclear and extended families. A Nigeria is more likely to think of people from his or her native town or village and then to the level of the ethnic group.

### **The antecedent and the infiltration of religion into politics**

Most Nigerians are deeply or very religious and have very strong emotional attachment to one religion or the other. The history of religion in the political affair of Nigeria can be traced to when either of the two major religions started going to the extreme of giving



favour, condemned the others faith and never consider professionalism in placement of appointments. It is of note that members of each religion attempt to influence public policy in favour of their religion, and religions faithful attracts contract from their religions brothers in power. Such development tends to explain the inextricable link between politics and religion in Nigeria. Religion has largely been used to fan narrow objectives in political circles. According to Oguntola –Leguda (2008) study of the Nigeria experience of the relationship between religion and politics conclude that religion and politics interact effectively. It stated that religion had been used as a tool for political jogging and manipulation of the oppressed. In other words, the complexity of politics is sometimes attributed to religion interest.

The unevenness of relations to the state contributes to mistrust among the religious groups, and the resultant fears of exclusion contribute to retaliatory practices and unhealthy agitation. Such that many public office seekers have largely exploited religion to realize their political ambition. Davidson (2011) argues along the line of the utility of the relationship between politics and religion in Nigeria. He opined, no positive outcome would come from the mix of politics and religion, either by way of economic growth, improved standard of living, reduction in unemployment, improved infrastructure and security of lives and assets. Rather than using religion to improve governance at least in terms of moral sanctity, it has become an albatross on politics. Eso (2003) posited that mixing politics and religion has posed a grave danger in Nigeria. In a broad view, religion in Nigeria is used for the penetration of violence, fueling ethnic consciousness and solidarity, acquisition of power and socio-economic gains. Conflicts over religious participation are often tied up with dispute over access to state resources and leadership. Such opportunities are mostly used to benefit brethren through appointment and contract awards. Garba (2002) observed that the inability to maintain the principles of a secular nation and separate the state from religion had added another dimension to existing national tension in governance.

In the 2003 generally elections, it was alleged that Major Gen Mohammed Buhari of the All- Nigeria Peoples Party (ANPP) admonished Muslims not to vote for Christian candidates (Familusi, 2012). This brought about heavy critics and may have accounted for a choice of a Christian pastor as a running mate in the 2011 elections to “steal” the hearts of Christian voters. Goodluck Jonathan of PDP did something similar by attending the frontline church programs and fraternizing with influential Pentecostal pastors who admonished their members to support him as a Christian candidate. Some pastors conspicuously campaigned for him. The “men of God” who allowed themselves to be used by unscrupulous politicians to fan religions interest to divide Nigeria to achieve political goal.

The fear of marginalization by adherent of various religions is worrisome and creates instability and insecurity. Such that statistics of political appointee and political offices are considered and evaluated to protect religion interest. Religious consideration in voting has been a disturbing factor in Nigeria electoral politics, Oboh (2007) submit that religion and ethnicity influenced the voting pattern in the 2015 general election in Nigeria. Writing on religion and election in Nigeria from historical perspective, Adamo (2018) observed that strong evidence exists of the serious aggressive influence of religion on Nigeria elections. In 2015 politicians brought up recognition and sympathy for religion. Jonathan of PDP, from southern majority, the incumbent President ran from various churches to the other

seeking support. While Mohammed Buhari of APC from the North was advised within his party to choose Professor Yemi Osinbajo, a pastor of Redeemed Christian church and a Christian southerner to balance religion interest. The interest in such arrangement is often not based on merit or professionalism, but the essentiality of religion to checkmates the opponent.

In 2019, religion was used to manipulate elections indirectly, as politicians use clerics to woo voters to seek support, while clerics also woo their congregation to support certain political party for political fortune and relevance, and the policies of government that might not favour their establishment. Many perceived that the religions clerics will maintain neutrality, but it was not so. Manipulation is a political game in which politicians use religion affiliation or strategy to hit at their goals, and not necessarily to serve the interest at the people.

The interruption of democratic rule in 1966 remains a reference point. It was viewed from ethno-religion perspective. It led to the death of many military and political office holder from southwest and Northern extraction. Most of who are Hausa and Yoruba military men and politician. It has ever since brought ethno-religion suspicion, unnecessary agitation, coup, and counter coup over the years. In the military, hierarchy is no longer recognized, some officers are sometimes retired unduly to give way to ethno-religion interest in leadership arrangement. Such decision further resulted in disharmony, underground agitation and consequential coup-de-etat.

The recognition of the strength of religion on politics has produced a culture of joint ticketing of Muslim/ Christian or Christian /Muslim over the years. The development can be traced to both military and civilian regimes at the federal level of governance. The state is not left out in the ethno- religion sentiment. By implication, according to Suberu, 2009, the practice of balancing the number of Muslim and Christian office holders, has contributed to a tacit understanding that government will ensure Muslim Christian parity in federal constitution. Unfortunately, the arrangement is not constitutional.

### **Leadership arrangement and successors according to ethno-religion affiliation**

This section discussed the assessment of some Nigerian leadership. The table below highlighted majorly and perpetual pairing of the Northern Muslim with a Southern Christian. It showed the marginalization of the Southern Muslim and the Northern Christians, who have been deprived of leadership position. These groups are well educated and politically conscious in their regions. The table also gives credence to ethno-religion consideration, though not constitutional but determines leadership appointment and successor.

Table 1 List of Nigerian presidents and vice presidents from 1966 till date

President/Head of State	Vice President
Aguiyi Ironsi (Christian Southerners)	Babafemi Ogundipe (Christian Southerners)
Yakubu Gowon (Christian Northerners)	Joseph Edet A. Wey (Christian Southerners)
Muritala Mohammed (Muslim Northerners)	Olusegun Obasanjo (Christian Southerners)
Olusegun Obasanjo (Christian Southerners)	Shehu Musa Yar'dua (Muslim Northerners)
Shehu Shagari (Muslim Northerners)	Alex Ekwueme (Christian Southerners)
Muhammadu Buhari (Muslim Northerners)	Tunde Idiagbon (Muslim Southerners)

Ibrahim Babangida (Muslim Northerners)	Ebitu Ukiwe(Christian Southerners)
Ibrahim Babangida (Muslim Northerners)	Augustu Aikhomu (Christian Southerners)
Sani Abacha (Muslim Northerners)	Oladipo Diya (Christian Southerners)
Abdusalam Abubakar (Muslim Northerners)	Mike Akhigbe(Christian Southerners)
Olusegun Obasanjo (Christian Southerners)	Atiku Abubakar (Muslim Northerners)
Umaru/Musa Yar'Adua (Muslim Northerners)	Goodluck Jonathan (Christian Southerners)
Goodluck Jonathan (Christian Southerners)	Alh. M. Namadi Sambo (Muslim Northerners)
Muhammadu Buhari (Muslim Northerners)	Yemi Osinbajo (Christian Southerners)
Bola Ahmed Tinubu (Muslim Southerners)	Kashim Shettima(Muslim Northerners)

### **The Build-up and the 2023 Presidential Election Permutation by APC**

Political parties play an important role in the democratic process. They formulate political and policy agenda, select candidates, conduct election campaigns, and monitor the work of their elected representatives. According to Abibu (2002), political parties constitute the heart of the democratic process. Therefore, it will be difficult to imagine any modern democracy without political parties. Political parties are expected to recruit competent individuals for political leadership through periodic elections, educating the electorates through political rallies and campaign, dissemination of information about government policies agenda and forming a progressive opposition against the ruling government. Unlike, the primary roles of political parties, Nigeria politics and political parties have presented an image of struggle among various ethno-religion groups for the sharing of national resources. Nnoli (1980).

Over the years, ethno-religion interest has dictated the political parties' structure and selections of candidates flying the "kite" of the various political parties. The trend has produced unofficial tradition of joint ticketing of Muslim /Christian or Christian/Muslim of the political parties at the presidential and some governorship elections in Nigeria. The political interest of the religion groups started coming to play immediately the various political parties started preparatory for primaries to choose their flag bearers.

On June 11, 2022, CAN caution the leading political parties in the country against flying Christian/Christian or Muslim/Muslim Presidential ticket in the 2023 election. CAN insisted that a balance of both religions should be considered in the choice of running mates of the candidates. The Northern Christian Elder Forum (NOSCEF) advised political parties to consider Nigerians ethnic and religious diversity when choosing the running mates of their Presidential candidates. In the same vein, the Southwest Muslims has always emphasized many years of marginalization of the Muslims in the political and scheme of things in the Nigeria project. MURIC in its apostle to protect the interest Muslims identified that Southwest Muslims were deliberately denied participation in the pre-National conference sittings. According to MURIC, "It was not an accident that Friday was picked on both occasions while the time for starting the sittings was 1:30pm". There is no single Nigerian who does not know that Friday is the days of worship for Muslims and that the time for Jummah prayer is 12:30-2:30pm".

The fear of political exclusion made the RCCG, a major Christian denomination to set up the Directorate of Politics and Governance. It was obviously criticized and associated with the effort to promote the interest of one the flag bearer, who is a pastor in their domination.

It was classified as an “invitation to Armageddon” by one of the fellow presidential candidates who happens to be a member of same denomination.

The Islamic jihadist are not relating, having realized the major weapon is the press to expose the limitations of the past years. MURIC come out with a rejoinder that when Obasanjo and Jonathan were presidents. All the Ministers from Southwest were Christian”. The group further emphasized that the policy of total exclusion for Muslims in states with most Muslims was in violation of the principles of participatory democracy, heartless political exclusion, and the pinnacle of religion apartheid in the nation. Pronouncements like these sent religion signal and consciousness in the people to be wary of government decision without adequate consideration for merit and professionalism.

In the same religion agenda, the socio-economic interest of the nation was never considered. CAN specifically noted that Tinubu administration must make use of faith leaders to seek genuine peace that would be all inclusive. The rejoinder was at a meeting to address the hostile Christian environment because of the atrocities of Boko Harran and other evil groups. The church was part of the process and campaign as CAN president congratulates and warmed the parties flag bearers not to fly a Muslim-Muslim ticket. He said “It will not fly. It will not stand. Rather, it would set the nation against each other”. The candidate who will emerge is the one who works with the church. Please, do not alienate the church.

The 2023 presidential election took on a different dimension. The ruling party, presidential candidate, Bola Ahamed Tinubu broke the unwritten tradition of pairing candidates along religion affiliation. He chooses a fellow Muslim from Kanuri ethnic group of Borno State as running mater.

He emphasized that the objective is to win elections, but not to take any religion for granted, or to slight any ethnic group. He assured of competence in his choice of running mate. He based his choice on the study of voting patterns, voters’ population of the geopolitical zones and available voting statistics of previous presidential elections.

#### Geo-Political Breakdown of the 2019 Presidential Election Result

This section presents the result from the 2019 Electoral process for the two most popular political parties in the country, APC and PDP only. The break down is how the two main political parties fared in the six geopolitical zones of Nigeria.

Geo-Political	Political Party	Figure	Percentage
North-West (7 states)	APC	5,995,651	72.45%
	PDP	2,280,465	27.55%
	Total	8,276,116	
North-East	APC	3,238,783	74.36%
	PDP	1,116,873	25.64%
	Total	4,355,656	
North-Central (6 states + FCT)	APC	2,465,599	54.92%
	PDP	2,023,769	45.08%
	Total	4,489,368	
South-West (6 states)	APC	2,036,450	53.41%
	PDP	1,776,670	46.59%
	Total	3,813,120	

South – East (5 states)	APC	403,968	19.26%
	PDP	1,693,485	80.74%
	Total	2,097,453	
South-south (6 states)	APC	1,051,396	32.01%
	PDP	2,233,232	67.99%
	Total	3,284,628	

Source: Naira land

The outcome of the 2019 presidential election was proof to identify the strong hold, the average performance and the weak point of the two major political parties. It is also a useful tool for analysis and forecast for the 2023 presidential election. The facts in figures can also be used to strategies for and against along party line and the objective of winning an election.

### **Discussion from the result**

His decision was taken as an aberration and violation of traditional trend in political arrangement. The development caused a stir and displeasure in religion and ethnic circles. The Christian leadership, especially the Pentecostal churches see it as unfair and a denial of ethno-religion interest in governance. A stiff campaign was mounted against the candidacy of APC Presidential flagbearer. Some of his party members decamped to another political party because of Tinubu decision. In the southern geopolitical zone where he came from, some decided not work for him because of his religion and ethnic alignment. He eventually won the election.

The evidence from the 2023 presidential election, was that politics is indeed a science that can be studied empirically. It is a game of numbers and strategy. Therefore, it involves knowing your strength and challenges, vis-à-vis- your opponent. It is not always your religion inclination or ethnic affiliation.

### **Concluding remark**

The use of religion and ethnic affiliations as preference for political appointment and candidacy is a dangerous path that can never be exhausted, and the challenges associated with it are unending agitations that sometimes heat the polity. Bearing in mind, the over 50 ethnic groups and multi-religion nature of Nigeria, some ethno-religious groups will always feel disenchanting and accuses government and leaders of marginalization, because leadership might have eluded them for longer period than anticipated. The backlash is poor and bad attitude towards national development when their commodities or geo-political zone are needed for a common national objective.

When governance or government appointment are laced with ethno-religion interest, the disposition or allegiance of candidates may not be for national development, but for common ties or religious interest they represent. Such a mindset may not be consonant with national or government objectives. Evidence abounds where projects of national importance by past government are abandoned, and new ones initiated and embarked upon to satisfy the yearning of narrow interests. Nigerian governmental responsibilities and jobs must not only be based on quota, merits, and professionalism, it must exercise deep religion interest at its best.

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## EFFECTS OF JOB SATISFACTION ON HUMAN RESOURCE TURNOVER IN INDUSTRY - A PRACTICAL APPROACH

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*Abstract: One of the current major challenges for managers is the high turnover of human resources, which is detrimental to the healthy and sustainable development of companies, affecting turnover and profit to a large extent. It can be solved by identifying the internal mechanism of human resource turnover associated with job satisfaction. This paper makes a practical contribution related to the topic of the effects of job satisfaction on human resource turnover in industry. Starting from the assessment of the knowledge on the studied topic, the models in the literature, the results from qualitative research, the paper addresses the steps needed to be taken to design a questionnaire to assess employee satisfaction, which is then used, in a quantitative research stage, to analyse the level of job satisfaction and the consequences that its level has on human resource turnover. In the second part of the paper, detailed elements of quantitative research are exemplified by analysing the responses on employees' opinions, using the questionnaire designed above, for one of the 16 dimensions addressed in the questionnaire (organizational commitment). The quantitative research was then conducted on a population of 1221 employees working in 3 large Romanian companies. Using a series of statistical analysis methods specific to categorical data, the results highlight the positive role of HR turnover frequency on job satisfaction in the short term and the negative role in the long term. These results provide valuable information that will help companies to improve the job satisfaction of their employees and to develop effective human resource management strategies to increase staff retention.*

*Keywords: Job satisfaction, human resource turnover, organizational commitment, human resource management.*

### **Assessment of knowledge on the topic studied**

At the level of research in the field, there is no analysis of the three variables - job satisfaction, staff turnover and organizational commitment, for the industrial activity area, the study brings new elements for the industrial field in Romania and, at the same time, can bring a series of specific approaches with theoretical and practical applicability, useful for companies operating in this context. In the literature, there has been a concern for the study of staff turnover since 1958, when March and Simon developed a model for this concept, a model that has been the basis for a multitude of future works on the subject. That model takes the view that an employee's decision to leave is based on two factors: "change that is perceived to be easy" which is associated with the presence of alternatives, opportunities and the second condition, related to "a perceived desire for change" the latter being associated with job satisfaction (Morrell et al., 2001). The peculiarity of this model is that it reflects the perception of the motivation to leave as related only to job satisfaction, not taking into account other elements such as: stress, organizational commitment, development opportunities and career development. From a human resource management perspective, the issue of turnover is a complex one, due to its multiple consequences, especially of a human and financial nature. The departure of an employee entails the need

for a new recruitment and selection process, training with new rules and procedures, which entails interruptions and decreases in productivity for a period of time until the new employee is integrated into the company and acquires the necessary skills.

Willis Towers Watson (2015), noted in the Global Workforce Study, that retention rates have decreased compared to the previous period, with many employees stating that they intend to leave the company after only two years. Voluntary turnover, or turnover intention, is the personal intention to leave the company. Tett and Meyer (1993) state that turnover intention is "the employee's deliberate awareness of leaving the company". In fact, staff fluctuations are serious problems which the companies have and that many times put in danger the development strategies due to the high costs they imply (Chelcea, 2001, p.7). In any organization, no matter the field of activity, the human resources represent the only resources capable to generate other resources (Medeleanu, 2013a).

### **Job satisfaction and voluntary turnover**

Job satisfaction is considered by S.I. McShane and M.A. Von Glinow (2008) as a personal evaluation of the work context. It is an evaluation of whether the employee feels positive or negative about intrinsic or extrinsic aspects of a job. Armstrong (2005) states that job satisfaction usually includes elements related to: colleagues, team, appreciation, benefits, working conditions, salary amount, promotion opportunities, coordination and supervision, operational policies and procedures (Armstrong, 2005, p. 220). Job satisfaction, or job satisfaction, is an employee's emotional reaction to the workplace (Nica et al, 2019), which reflects a general opinion on specific items such as: rewards (salary and other benefits), recognition (from supervisor and colleagues), promotions and job challenges, job security, work-life balance.

Job satisfaction is defined as:

"the attitude workers have about their work" (Johns, 1998);

"as a positive emotional state resulting from an employee's personal opinion of his or her work or work climate" (T. Constantin, 2004, p.185);

"the reaction one has to one's job" (Edwin A. Locke).

In this direction, Zlate (1981) formulates some conclusions:

"The state of satisfaction or dissatisfaction is an indicator of how effectively or ineffectively motivation works. Satisfaction corresponds to optimal motivational consumption and vice versa".

"Motivation and satisfaction occur in a double quality, both causal and effect. Motivation is a cause and satisfaction an end state. There are also cases where satisfaction lived intensely, sustainably, can turn into a motivational source";

The literature shows considerable concern and interest in the subject of job satisfaction (Mowday et al., 1982).

As P. E. Spector points out in "Job satisfaction: Application, assessment, cause and consequences" Thousand Oaks. C.A. Sage, 1997, job satisfaction is "the most frequently studied variable in organizational research".

Most of the studies carried out in Western European, American and Asian countries (Table 2) frequently show a negative relationship between job satisfaction and voluntary turnover. These studies provide consistent evidence that employees with low job satisfaction intend to leave the company and wait for an opportunity to look for another job.



Harter, Schmidt and Hays (2002) demonstrated a positive correlation between job satisfaction and productivity, job security and turnover.

Organizational commitment and voluntary turnover

Organizational commitment is the employee's ability and willingness to contribute to the success of the organization, to expend a directed effort, above and beyond what is normally required for the position, to have a successful organization.

Organizational commitment is an element of organizational health and is the strategic goal of initiatives designed to improve employee attitude and retention through elements such as leadership, team, job satisfaction, and career planning and performance management.

Table 1 presents a summary of empirical studies dealing with the topics of job satisfaction, turnover, organizational commitment, and organizational culture in various areas of activity.

**Table 1. Empirical studies dealing with the topics: job satisfaction, turnover, organizational commitment, organizational culture in various areas of activity**

No.	Author	Name/Participants in the study	Variables	Year	Conclusions
1	Robert J. Vandenberg Charles E. Lance	"Examining Causality between Job Satisfaction and Organizational Commitment" 100 respondents in managerial positions in software companies of which 59 women and 41 men	Job satisfaction and organizational commitment	1992	Job satisfaction is causally related and precedes organizational commitment.
2	Bloom A, John Frank	"Relationships between organizational context, pay dispersion and managerial turnover"	Performance is linked to the introduction of the concept of differential payment	2002	High performance levels are linked to the introduction of the concept of differentiated payment for high-risk functions
3	Alina Petrescu & Rob Simmons	"Human Resource Practices and Worker Job Satisfaction"	Job satisfaction and relationship to MRU policies, pay	2008	Satisfaction with pay is higher if a performance-related pay system and seniority bonus is implemented. MRU practices contribute to job satisfaction

4	Wanda Roos, Rene VanEeden	<p>"The Relationship between Motivation, Job Satisfaction and Organizational Culture"</p> <p>The questionnaire has 4 components: motivation study questionnaire, work experience questionnaire, previous circumstances and history questionnaire, organizational culture questionnaire.</p> <p>Respondents are on permanent contracts, from companies operating in the market research sector in South Africa, 8% are seniors and 23% are in management positions</p>		2008	<p>The findings of the study confirm previous studies in that there is a strong link between motivation, job satisfaction and organisational culture.</p>
5	Yimin Zhang Xueshan Feng	<p>"Relationship between Job Satisfaction, Burnout Phenomenon and Voluntary Fluctuation among Urban Physicians in State Medical Institutions in Hubei, China"</p> <p>1451 respondents including: 510 doctors in Wuhan, 476 in Shiyan and 474 in Jingmen</p>	Job satisfaction, burnout, voluntary turnover	2011	<p>The study shows that the phenomenon of burnout mediates the relationship between job satisfaction and its influence on voluntary turnover</p>
6	Elizabeth Medina	<p>"Job Satisfaction and Voluntary Departure Fluctuation"</p> <p>GSS study, 4717 participants, 48% men and 42% women</p>	The relationship between job satisfaction and turnover in the context of organisational culture	2012	<p>There is a positive relationship between the presence of high culture and job satisfaction as well as between low culture and turnover intention.</p> <p>The relationship between job satisfaction and turnover is moderated by the level of satisfaction relative to the culture manifested at work.</p> <p>The findings of this study reflect the importance in understanding the structure of the workforce divided by</p>

					age categories, the dynamics of turnover is different, from one category to another. Job satisfaction is inversely proportional to voluntary turnover and is moderated by organizational culture.
7	Rohani Salleh, Mishlhy Sivadahasan Nair, Hryanni Harun	"Job Satisfaction, Organizational Commitment and Intention to Fluctuate - Case Study of Employees in a Malaysian Retail Company" 62 respondents	Job satisfaction, organizational commitment and turnover intention.	2012	The results show that employees are moderately satisfied with the promotion element, work in coordination and dissatisfied with the salary level.
8	Ahmad Faisal Mahdi Mohamad Zaid Mohd Zin	"Relationship between Job Satisfaction and Voluntary Fluctuation" The chosen respondents were employees of local printing companies, of which 75% were women and 25% men	Link between satisfaction and voluntary fluctuation	2012	The study shows a significant influence on voluntary fluctuation of both intrinsic and extrinsic satisfaction elements, with a stronger emphasis on intrinsic satisfaction.
9	Barbara A. Sypniewska	"Assessment of Factors Influencing Job Satisfaction", Study with 215 respondents (153 women and 62 men)	Satisfaction is related to financial aspects, interpersonal relations at work, working conditions, productivity and quality of work	2013	The findings of the study reflect that the greatest impact on job satisfaction is the work atmosphere and the least impact is the company culture. So interpersonal relationships as well as economic elements are very important, but most important is job stability. Elements related to promotions as well as personal development, job security have a lower impact in the context of elements contributing to job satisfaction.
10	Sadia Ehsan	"The impact of organizational commitment, job satisfaction, job stress and management support on staff turnover in educational institutions"	Fluctuation is related to organizational commitment, job stress, job satisfaction, management support	2014	The findings of the study show that there is a negative relationship between organizational commitment, job satisfaction, management support, and turnover and a positive relationship between job commitment and turnover.

		Questionnaire with 150 respondents, 58% male and 42% female			
10	Jacqueline Kelly	"The Relationship between Organizational Commitment and Job Satisfaction among officers in the South African National Army Defence Force" 62 respondents with permanent employment	The link between job satisfaction and organizational commitment	2015	The study concludes that organizational commitment is below average and there is a statistically significant correlation between organizational commitment and job satisfaction, which is not influenced by gender or age.
11	Semith T. TugbaZ.	"Social Interaction in in Job Satisfaction"	Job satisfaction, communication and social interaction	2016	Changes related to the level (position) of the job lead to a level of satisfaction three times higher than the level of satisfaction related to the standard job position in the local labor market.
12	Anton Vorina, Miro Simonie, Maria Vlasova	"An Analysis of the Relationship between Job Satisfaction and Organizational Commitment" 594 public and private sector respondents	The link between organizational commitment and job satisfaction	2017	The results of the study confirm that the relationship between organizational commitment and job satisfaction is positive, demonstrated, and statistically significant and there is no statistically significant difference between job satisfaction and gender.
13	Collin Lye Chin	The Influence of Job Satisfaction on Voluntary Employee Turnover in Malaysian Industrial Manufacturing Companies. Respondents: managerial staff working in the manufacturing sector in Malaysia, 100 respondents	Link between factors influencing job satisfaction and intention to voluntarily fluctuate	2018	The results show that there is a negative relationship between the concept of career development, supervision and voluntary turnover. Moreover, job satisfaction is higher when career management is developed in the company.

14	Jelena Culibrsk, Milan Delik, Slovica Mitronic, Dubravko Culibrk	"Job Satisfaction, Organizational Commitment, Engagement - The Mediating Role of Engagement at Work" 566 respondents from 8 companies in Serbia	Link between job satisfaction, organizational commitment, work engagement	2018	The findings of the study show a moderate to strong connection between organizational commitment and job satisfaction and job involvement partially mediates the effect of job satisfaction on organizational commitment. Job satisfaction in Serbia is affected by job characteristics, and contrary to the results of many studies conducted in countries with more developed economies, in Serbia the existence or absence of operational procedures does not affect job satisfaction.
15	Suzanna R. Windon, Graham R. Cochran, Scott D. Scheer, Mary T. Rodriguez	Factors Influencing Staff Turnover in the Ohio University Assistantship Program, 149 Participants	Significant associations between demographics: age, length of service, job satisfaction, supervisory satisfaction, organizational commitment, and turnover	2019	Job satisfaction, supervisor satisfaction, and organizational commitment are predictors of turnover. Recommendations for implementing a formal assessment of employee perceptions of labor relations, supervisor relations, mentoring programs, and targeting a development program.

In the Romanian context of companies operating in the industrial production area, the aim is to find an answer to the main research question: What determines the performance of employees working in the industrial production area in Romania? Starting from this question, additional questions can be developed and will be answered in this research:

The fundamental questions to be answered within the theme are:

What is the relationship between turnover (intention to leave voluntarily) and demographic elements (age, gender, and seniority in the company, type of job - managerial or executive) for employees working in the industrial sector?

What is the relationship between turnover (intention to leave voluntarily) and independent elements such as job satisfaction and organizational commitment?

To what extent does organizational commitment influence the relationship between job satisfaction and turnover (intention to leave)?

We have the opportunity to conduct an empirical study on the satisfaction of employees in the industrial environment in Romania.

Expected contribution:

We have studied several articles and papers on job satisfaction addressing this topic from several perspectives, in areas such as: IT, public administration, health, social centers,

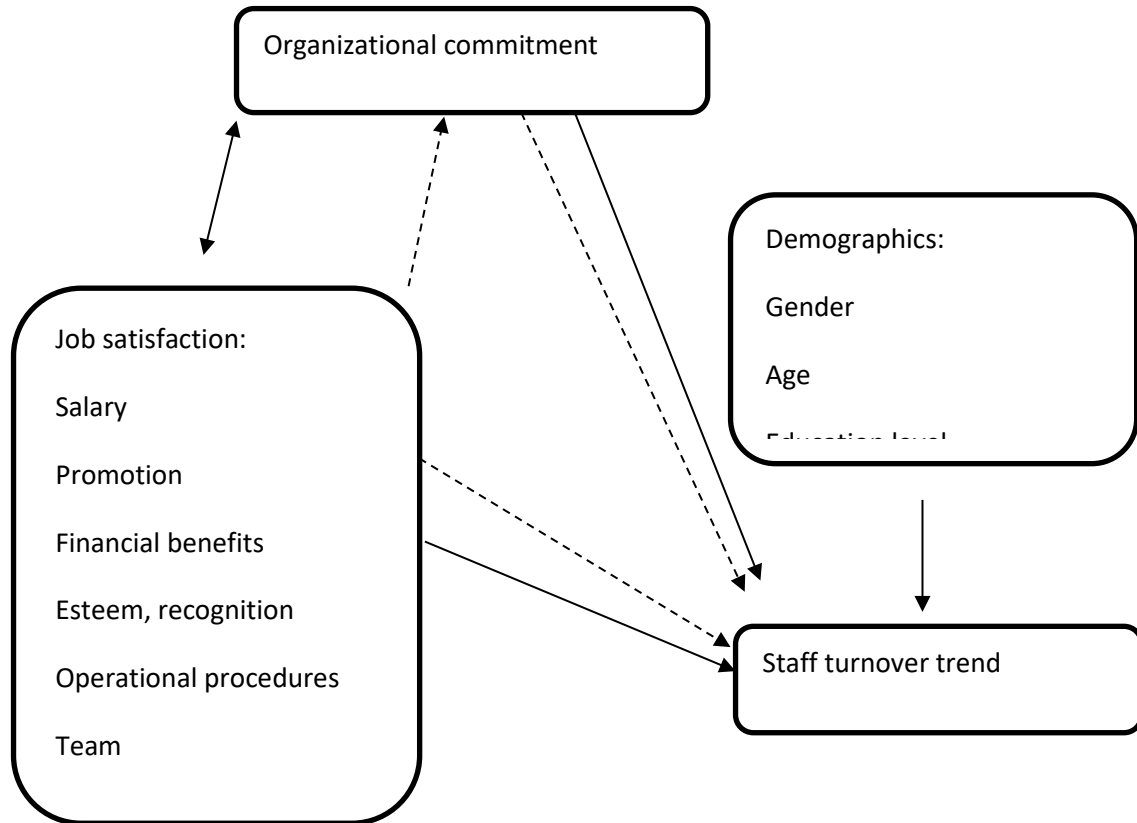
universities, research institutions. We did not identify any studies that address job satisfaction in the area of industrial workers.

In this paper, we have developed a model questionnaire with 50 questions to collect and centralize the opinions of employees working in industry for analysis. Subsequently, using this questionnaire, we carried out a survey of industrial workers in different geographical areas of Romania, according to the type of job (executive/management), seniority, gender (women/men). This model could be a source of inspiration for industrial practitioners in their approach to HR strategy. In my new approach to the questionnaire, I will make proposals and projections that will include elements related to: clarity of objectives and tasks, importance of teamwork, effectiveness of organizational culture, career development opportunities, performance management, change management, safety elements, working environment, internal communication, benefits package, and consultation for decision making. A global research model proposed by Katherine J. Sweetman (2017), asks the question of employee loyalty, answering the question "Can we make our employees - regardless of nationality - feel well treated and therefore loyal?" The study confirmed that people from any corner of the world are asking the same questions about their jobs, such as "Am I fairly compensated for the work I do?", "Am I right for the job?", "Does my employer trust me to do this?"

If employees feel valued for their work and are involved in decision making, their increased enthusiasm and motivation will lead to better productivity and loyalty (Blanaru, Medeleanu, 2017). The challenge for any manager is to find the means to create and sustain employee motivation (Shalev, Prodan, 2018). On the one hand, managers should focus on reducing employee dissatisfaction (working conditions, pay, supervision, relationship with colleagues), on the other hand, they should use motivating factors such as achievement, recognition, responsibility and work itself (Dobre, 2013). There are studies in the literature that present a motivational model of employees according to socio-demographic variables (Constantinescu, 2014) and that highlight that there is an influential relationship between the economic crisis and the way employees relate to the work process. Some of the results of research conducted in the Romanian area show that, for example, the role of intrinsic motivation in job satisfaction has decreased in intensity in recent years. This observation is also related to the type of work (Gutu, Medeleanu, 2023). At the opposite pole of the elements that generate dissatisfaction, the elements of overwork and those related to the poor organization of the work process have been identified.

The model used in the research, developed after Mobley (1977) as elaborated by Suzanna R. Windon (2019) is presented in figure 1.

Figure 1. The model used in the research, developed after Mobley (1977) as elaborated by Suzanna R. Windon (2019)



### *Research hypotheses*

In view of the theoretical model presented above constructed within this research, taking into account previous research as well as the research aim and objectives presented above, we formulate the research hypotheses below:

H1. There is a difference between the perceptions of employees who are in different age groups regarding organizational commitment;

H2. There is a difference between the perceptions of employees who are in different company seniority categories regarding organizational commitment.

### *Constructive elements of the research*

The research is based on a mixed approach, analysing both qualitative and quantitative aspects of the factors under consideration.

### **Qualitative analysis**

A series of 12 semi-structured interviews were conducted with top and middle managers of industrial companies that agreed to participate in the study. Their responses were collected, analysed and interpreted, allowing a more detailed understanding of the elements that lead to achieving job satisfaction and reducing staff turnover, correlated with organizational commitment.

By carrying out qualitative research, in the exploratory stage of the work, we obtained data that helps to identify employees' motivations, attitudes and opinions through an inductive process.

This provides information about the deeper elements of the studied phenomenon, which are difficult to find out only through the quantitative method. Qualitative research is more time-consuming and complex than quantitative research. The data thus obtained help to highlight important aspects of the effects of job satisfaction on the turnover of human resources.

**Quantitative analysis**

Quantitative analysis is represented by the survey method.

We have used known models of questionnaires taken from the literature, which we have processed, adapted and completed according to the managers' opinions expressed during the qualitative analysis.

To study the elements related to job satisfaction we took into account the Job Satisfaction Evaluation Model, developed by Paul E. Spector (The Job Satisfaction Survey) (1985) which is based on a questionnaire with 36 questions.

**Table 2. Job Satisfaction Questionnaire (Paul E. Spector)**

No.	For each statement, please circle the column number that reflects your opinion	Total disagreement	Moderate disagreement	Slight disagreement	Slight agreement	Moderate agreement	Total agreement
1	I believe the amounts I am paid are correct for the work I do	1	2	3	4	5	6
2	In reality, there are few opportunities for promotion in my job	1	2	3	4	5	6
3	My direct boss is quite competent in the work he does	1	2	3	4	5	6
4	I am not satisfied with the monetary and other benefits I receive	1	2	3	4	5	6
5	I have received the recognition I deserve	1	2	3	4	5	6
6	Many of our rules and procedures for doing our jobs well are very difficult, hard to understand	1	2	3	4	5	6
7	I like the people I work with	1	2	3	4	5	6
8	I sometimes feel that the work I do at my job is meaningless	1	2	3	4	5	6
9	I think that the communication in this organization is good	1	2	3	4	5	6
10	Salary increases are too small and too infrequent	1	2	3	4	5	6
11	Those who perform well in their jobs have a fair chance of being promoted	1	2	3	4	5	6
12	My direct boss is unfair to me	1	2	3	4	5	6
13	The monetary and other benefits we receive are better than those offered by most other organizations	1	2	3	4	5	6
14	I don't feel that the work I do is sufficiently appreciated	1	2	3	4	5	6
15	All my efforts to better perform the duties of my job are often blocked by bureaucracy	1	2	3	4	5	6
16	I think I work too much/too hard on my job because of the incompetence of those I cooperate with	1	2	3	4	5	6
17	I like to do the things I have to do at my job	1	2	3	4	5	6



No.	For each statement, please circle the column number that reflects your opinion	Total disagreement	Moderate disagreement	Slight disagreement	Slight agreement	Moderate agreement	Total agreement
18	The objectives of this organization are not clear to me	1	2	3	4	5	6
19	I feel I am not appreciated by the organization when I think about how much I am paid	1	2	3	4	5	6
20	People here work as fast as they do in other places	1	2	3	4	5	6
21	My direct boss is too little concerned with understanding my subordinates	1	2	3	4	5	6
22	The package of monetary and other benefits we receive is fair	1	2	3	4	5	6
23	There are few rewards that people who work here can receive	1	2	3	4	5	6
24	I have too much to do at my job	1	2	3	4	5	6
25	I enjoy the company of my colleagues	1	2	3	4	5	6
26	I often feel that I don't know what's going on and where the organization is going in which I work	1	2	3	4	5	6
27	I have a sense of pride in doing my job	1	2	3	4	5	6
28	I feel satisfied with my chances of salary increases	1	2	3	4	5	6
29	There are monetary and other benefits that we don't have but should have	1	2	3	4	5	6
30	I like the way my direct boss does things	1	2	3	4	5	6
31	I have too much paperwork to do in my workplace	1	2	3	4	5	6
32	I don't feel my efforts are rewarded as they should be	1	2	3	4	5	6
33	I am satisfied with my chances of promotion	1	2	3	4	5	6
34	There are too many arguments and misunderstandings at work	1	2	3	4	5	6
35	My job is enjoyable	1	2	3	4	5	6
36	My job tasks are not fully explained to me	1	2	3	4	5	6

*Development of the job satisfaction evaluation questionnaire*

The final structure of the questionnaire comprises 50 questions and follows the existing content of the literature, adapted by introducing additional relevant information.

For the final quantitative analysis questionnaire, Paul E. Spector was supplemented with additional questions related to:

Demographic data, by selected dimensions:

Gender (women, men);

Length of time in the company (1-3; 3-5; 5-10, more than 10 years in the company);

Age category: (20-29; 30-39; 40-49; 50-59; over 60).

The focus will be on the differences between generations: Generation X, those born between 1965 and 1979; Generation Y, those born between 1980 and 1994 and Generation Z, those born between 1995 and 2010.

The structure of the designed questionnaire includes the following dimensions:

**Table 3. Dimensions of the designed questionnaire**

Name of dimensions	Number of questions
Payment	3
Promotion, performance management	5
Supervision	4
Cash benefits and other benefits	5
Reward	4
Operating procedures/ organizational structure	2
Collaborators	4
Nature of work/task	2
Communication	3
Team	6
Recognition and appreciation	4
Commitment	2
Fluctuation	2
Safety and security	1
Demographics	3
TOTAL	50

The 50-question questionnaire, administered to both managers and executive staff, provides a series of data that are then processed using SPSS version 22 statistical software. This type of quantitative data, collected and analysed, provides information that can be measured and interpreted statistically, making it possible to study links between certain variables. To test the reliability of the instruments used, we considered calculating Cronbach's alpha coefficient. For the items established in the questionnaire we chose scales that reflect the frequency with which certain opinions appear. We used a Likert scale with 5 response options:

- 1-Totally disagree;
- 2-Slightly disagree,
- 3-Disagree,
- 4-Slightly agree,
- 5-Strongly agree.

For the constructed questionnaire we conducted a pretest for validation. Thus, we calculated Cronbach's Alpha Coefficient which measures reliability. Cronbach's Alpha Coefficient is used to see if Likert scale surveys are reliable. The formula for calculating Cronbach's alpha coefficient is

$$\alpha = \frac{r_k}{[1+(k-1)r]} \quad (6)$$

where k is the number of items considered and r is the mean correlation between items. Cronbach's alpha coefficient (Cronbach, 1951) can have values between 0 and 1. For values of the coefficient

- $\alpha \geq 0.9$  reliability is excellent,
- $0.8 \leq \alpha < 0.9$  reliability is good,
- $0.7 \leq \alpha < 0.8$  reliability is acceptable,
- $0.6 \leq \alpha < 0.7$  reliability is questionable,
- $0.5 \leq \alpha < 0.6$  reliability is poor
- $\alpha < 0.5$  reliability is unacceptable

Employees from 3 industrial companies in Romania who accepted the invitation sent to them participated in this study. Agreements were concluded with all 3 companies, guaranteeing the respect of ethical principles and the confidentiality of participants' answers, with the application of GDPR rules. Participation was voluntary and free of charge. Out of a total of 1700 questionnaires (distributed electronically to managers and in physical format to executive staff) a total of 1221 employees responded to our request).

**Table 4: Satisfaction evaluation questionnaire**

Dimensions	No. crt.	Items	Test Cronbach's Alpha by dimensions
I. Task	1	When I receive additional tasks/projects (outside the job description), I am explained how to perform them and why	0.260
	2	In the last 6 months I have participated in business improvement projects	
II. Organisational structure and working procedures	3	My superior informs me every time about changes in the organisational structure	0.001
	4	I think it is useful that procedures and working instructions are updated regularly/whenever necessary	
III. Teamwork	5	I also want to participate in other activities with colleagues outside the company	0.194
	6	When I encounter problems my teammates work "side by side" with me	
	7	I would like to participate in voluntary actions	
	8	I am proud of myself and the team I am part of	
	9	I collaborate well with colleagues in other departments	
	10	Deadlines for projects/work assignments are agreed between me and my boss.	
IV. Rewards and benefits	11	I feel that the salary I receive reflects my training and the complexity of the work I do.	0.234
	12	I am satisfied/satisfied with the salary and benefits package awarded.	
	13	List at least 3 extra non-financial benefits/rewards you would like to have (in order of importance)	
	14	I feel that the salary and benefits package offered by the company is better compared to that offered by other employers in the industry (in the county)	
V. Career development opportunities and training	15	I believe that training gives all employees an equal chance to promote to other positions.	0.829
	16	I would like to promote/train for other jobs, even if at first, for a short period of time, my salary would remain the same (I would be financially rewarded only after validation of skills).	
	17	I am informed/instructed whenever changes occur in the work I am responsible for	
VI. Respect and recognition	18	I have been praised/praised by my direct boss for the last 6 months.	0.703
	19	I think the boss's attitude influences the way I work.	

Dimensions	No. crt.	Items	Test Cronbach's Alpha by dimensions
	20	When I have a heavy workload, the boss is supportive.	
VII. Performance management	21	I know the performance bonus criteria.	0.839
	22	The boss periodically discusses with me my achievements, non-achievements, against which performance appraisals are made. I consider my boss to be a professional	
	23	I believe that the quality of products/services will increase if people in my team follow the work instructions.	
	24	I see a connection between my work and the objectives of the company	
VIII. Management	25	I consider my boss to be a professional	0.792
	26	I think my boss cares about the people on his team.	
	27	My boss does NOT usually criticize me in front of my teammates/other people	
	28	I believe that my boss treats me equally compared to other colleagues	
IX. Commitment to the company fluctuation (intentional)	29	I intend to stay with the company for at least another 3 years	0.708
	30	I would recommend friends, family members to join the company	
	31	I think that the boss's attitude towards me would influence me to stay in the company	
	32	I have looked for a job in another company in the last 3 months	
X. Decision	33	When I have problems at work, I first solve the problem and then notify my boss	0.720
	34	When I have difficult situations to solve, my boss expects solutions from me	
XI. Change	35	I think the changes that have taken place in the last 2 years in the company have been welcome	0.712
	36	The changes made in the last 2 years have given us time to adapt to new situations	
XII. Fairness competence	37	I believe that, in order to promote in the company, it is more important who recommends me than what I know how to do.	0.570
	38	I think I get more work assignments than my colleagues	
XIII Safety and stability	39	I believe that my job is stable	
XIV. Communication inside the organization	40	I usually read the job advertisements, notices posted on the notice board and Facebook page, internal magazine	0.761
	41	I usually communicate closely with my boss	
	42	I find it important to know the specific communication procedures within the company	
XV. Working conditions	43	I am happy with the protection equipment	0.410
	44	I consider that the periodical renewal of the work conditions is satisfactory	

Dimensions	No. crt.	Items	Test Cronbach's Alpha by dimensions
XVI. Initiative	45	I would submit proposals that could contribute to the improvement of the workplace activity if I were be rewarded	0.662
	46	I have reported at least one non-conformity/non-conformity in the last 6 months	
XVII. Demographics: Gender, Age, Length of service, Address	47	Experience in the company, expressed in years:	
	48	Gender	
	49	Age range in years	

Two categories of employees working in the production area were asked for their opinion, namely: Employees in managerial roles; Employees with an executive role.

Particular attention was paid to pretesting the form by a representative number of employees (n=150, from both categories above), to validate whether the content and wording are sufficiently clear for all categories of employees, and the questions accessible. The way in which the questionnaire was distributed was also tested in order to complete it. For managers and staff with an e-mail address, it was preferred to send and complete the questionnaire electronically in Google Forms, which made it easier and quicker to collect and centralize the data for further processing. For executive staff who do not have an electronic address, the forms were completed in the context of physical meetings, in specially arranged premises, at staggered times, planned and communicated in advance. Local specialists from the Human Resources Department assisted and provided support in the organization and management of the meetings, including the preparation of the participants, providing them with training in order to understand correctly the meaning of the questions. For staff that was absent, the invitation to participate was reiterated every week, thus giving all employees a chance to express their opinion on the concepts announced. Out of the 1700 questionnaires sent out, 1221 employees responded (total for the two categories of employees), resulting in a participation rate of 7.18%, which is sufficient to continue the work.

### **Results and analysis of the answers to the interviews conducted**

The results obtained after the data analysis phase can be classified into several categories:

a) Results reflecting the main characteristics of the population studied. Some examples in this sense are:

percentage of men and percentage of women in the total number of respondents, cumulatively and per company;

distribution of respondents by age category, aggregated and by each category;

distribution of respondents by categories of length of service in the company, aggregated and by each category;

distribution of respondents by structure/departments.

b) Results showing the perception of staff for each of the 16 dimensions (chapters) of the questionnaire:

perception of managers, aggregated and per company;

perception of executive staff, aggregated and per company.

c) results showing whether or not the research hypotheses have been verified.

Given the large amount of data processed, these will be published in full at a later stage, and in this paper only one example is presented, which refers to one dimension only.

Dimension IX - Attachment to the firm (total survey participants)

**Table 5: Distribution of responses received for items defining Dimension IX (Attachment to the firm)**

Name of Item		Total disagreement	Disagree-ment	Indifference	Agree-ment	Total agreement	NS/NR	Total
Item29 - I intend to stay with the company for at least another 3 years.	Fre-quency	92	30	190	190	703	16	1221
	%	8%	2%	16%	16%	58%	1%	100%
Item30 - I would recommend friends, family members to join the company.	Fre-quency	188	75	313	256	378	11	1221
	%	15%	6%	26%	21%	31%	1%	100%
Item31 - I think the boss's attitude towards me would influence me to stay in the company.	Fre-quency	95	44	231	247	597	7	1221
	%	8%	4%	19%	20%	49%	1%	100%
Item32 - I have been looking for a job in another company for the last 3 months.	Fre-quency	677	69	186	87	194	8	1221
	%	55%	6%	15%	7%	16%	1%	100%

Regarding the distribution of responses received for this dimension, it shows that 74% of respondents intend to stay in the company for at least another 3 years, while 10% say they are not decided to stay, 16% are indifferent. 52% of employees would recommend family members to work in the company, while 21% would not want to, 26% being indifferent. As for the employees' opinion on the influence of the boss's attitude on the decision to stay or not to stay with the company, 69% agree, 12% disagree, 19% are indifferent. For the last item, if employees have looked for a job in another company in the last 3 months, 61% denied this, 15% were indifferent and 23% admit that they have tried. Of note is the worrying percentage of those who are indifferent, which shows a degree of distrust among respondents, masked by a lack of interest in the subject under discussion. An interesting distribution of responses to this dimension emerges when we carry out an analysis of the opinions of employees divided by age group.

The results show that all generations of respondents disagree (Disagree + Strongly Disagree) with the statement that they would have intended in the last 3 months to look for a job in another company. Their disagreement is expressed in different proportions. Respondents from the "Traditionalist" generation show a higher degree of agreement, as they have no intention of looking for another job. Next are the respondents from "Generation Z", 67% of whom state that they do not agree with the intention to look for another company to work for.

In the second stage, to identify whether there are differences between generations we used the Kruskal-Wallis test and the Dunn test (results shown in Table 6).

**Table 6: Dunn test results for Item 32 (I have looked for a job in another company in the last 3 months)**

Size: "ORGANIZATIONAL COMMITMENT"			
Generation A-Generation B	Dunn Test	Standard error	Sig.
Traditionalists (55+ years)-Baby boomers (35-44 years)	-64.563	64.705	0.318
Traditionalists (55+ years)-Generation Z (16-24 years)	-69.006	66.916	0.302
Traditionalists (55+ years)-Generation X (35-44 years)	-126.674	64.344	0.049
Traditionalists (55+ years)-Generation Y (25-34 years)	-141.044	65.587	0.032
Baby boomers (35-44 years)-Generation Z (16-24 years)	-4.443	29.089	0.879
Baby boomers (35-44 years)-Generation X (35-44 years)	-62.110	22.553	0.006
Baby boomers (35-44 years)-Generation Y (25-34 years)	-76.481	25.887	0.003
Generation Z (16-24 years)-Generation X (35-44 years)	57.667	28.279	0.041
Generation Z (16-24 years)-Generation Y (25-34 years)	72.038	31.002	0.020
Generation X (35-44 years)-Generation Y (25-34 years)	-14.370	24.973	0.565

For the Dunn test we obtained probability values (Sig.)  $\leq 0.05$ , which shows that for 6 of the generation pairs tested, the differences are significant (Table 6). The results obtained from the application of the two tests show that there are differences between generations in terms of turnover, indicating that hypothesis H2 is validated.

H1. There is a difference between the perceptions of employees who are in different age groups regarding organizational commitment. The results obtained and presented in Table 5 show that the distribution of responses received for the three items tested is not the same for all age ranges.

Considering all these results, we can conclude that hypothesis H2 is confirmed. There are differences between the perceptions of employees in different seniority categories regarding organizational commitment.

### **Conclusions and future research directions**

Achieving employee job satisfaction in order to reduce the turnover of human resources has become one of the major concerns of management of companies in this area.

The studies presented earlier in this report confirm our hypothesis of the multi-relationship between satisfaction, leadership style and communication process, performance appraisal, organisational commitment, and the way the promotion/ advancement system/ mechanism is constructed. This dynamic character, generated by the evolution of the individual but also of organisations in the context of society as a whole (which must also sometimes face economic or health crises), hides the mechanisms of job satisfaction (Anton et al, 2020, Medeleanu, 2013). The main dilemma that awaits resolution is precisely the fact that although the phenomenon of motivation and job satisfaction is well studied, the solution is still far from optimal. And the most accessible argument is the economic gap that Romania fails to reduce, although there are examples of organizations in Romania that are performing (Medeleanu, 2013). The dynamic nature of an input capable of generating job satisfaction, if it is also customized by categories of employees or even at the individual level, complicates the processes greatly, but my opinion is that in this area results can be achieved. As far as complexity is concerned, one can imagine computer-assisted tools, computer programs, which allow the human resources manager to see an employee not as a collection of data associated with a number of marks, but as an individual who adds value to the organisation, constantly evolving through the development programmes he or she undergoes.

One of the biggest limitations of the paper is that the availability of data did not allow the evaluation to be carried out at the level of a larger number of companies. Through qualitative and quantitative analysis, we applied a questionnaire to obtain data related to the perception of employees in companies in different industries related to job satisfaction and turnover of human resources. However, the data and results obtained are not of a general nature to be applicable to other companies. Therefore, modifications may be needed to apply to other populations. A larger sample size is also needed for further validation of the results in future studies. Another limitation of this research is that the satisfaction of staff employed in the companies participating in the study and their intention to leave for other companies was measured only for the present situation, and there are no longitudinal studies in the history of these companies that could allow a traceability of the correspondence between employees' needs and concrete measures to improve.

We can consider as an additional limitation the fact that the research did not refer to the macroeconomic conditions that affect the evolution of the variables used in the evaluation of job satisfaction and human resource turnover. Taxes, corporate tax incentives, personnel policies and other economic factors can cause a wide range of discrepancies when trying to differentiate between stable and struggling companies. All this, and the development of a generally accepted comprehensive model using our research results for all categories of companies (small, medium and large), could represent new directions for study in this area. Given the listed limitations, further research on turnover should focus on the study context, research sample, development of conceptual models and research methodology. Emphasis should also be placed on the effect of staff turnover on the turnover of companies in various industries to get a clearer picture of the magnitude of the impact, according to the research context.

For these reasons, it is appropriate to continue the present research with the following future directions in mind:

Clarification of uncertainties related to HR regulations;

The development of a guide to support companies and help them to be more effective in managing high staff turnover;

Designing, validating and testing a conceptual model that incorporates in its structure the action of all the factors involved.

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## DYNAMICS OF THE ENTREPRENEURIAL ECOSYSTEMS: COMPARATIVE ANALYSIS BETWEEN FRANCE AND ROMANIA

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*Abstract: Despite the European Union's concerted efforts to harmonize entrepreneurial growth and innovation across member states, significant disparities remain in the entrepreneurial landscapes of Western and Eastern Europe. France, with its mature entrepreneurial ecosystem, characterized by robust financial infrastructures, supportive regulatory frameworks, and a vibrant culture of innovation, contrasts with Romania's emerging ecosystem. This paper employs a mixed-methods approach, integrating quantitative metrics with qualitative insights. This comprehensive approach aims to identify the key factors contributing to the disparities and synergies between the two ecosystems. The outcomes of this research are anticipated to provide nuanced insights for policy makers, educators, and business leaders. By revealing the strengths and weaknesses inherent in each ecosystem, the study aims to inform targeted interventions and collaborative initiatives, fostering a more equitable, dynamic, and cohesive entrepreneurial landscape across Europe.*

*Keywords: Entrepreneurial Ecosystems, France, Romania, Comparative Analysis, Innovation, Policy, European entrepreneurship*

### **Introduction**

The entrepreneurial ecosystem is a term that reflects the combination of social, political, economic, and cultural factors influencing the growth of entrepreneurship within a particular geographical region. For the last years, the entrepreneurial ecosystems represent a focal point of study within both academic and policy-making realms due to their integral role in fostering innovation, economic growth, and job creation (Stam, 2015). These ecosystems are intricate and diverse, encompassing a network of interdependent elements. Isenberg (2010) was instrumental in detailing the six domains that constitute an entrepreneurial ecosystem: policy, finance, culture, supports, human capital, and markets. Understanding the synergies and complexities within these systems is important for formulating tailored policies and interventions that enhance the entrepreneurial environment (Mason & Brown, 2014). This paper aims to explore the entrepreneurial ecosystem within two countries: Romania and France, analysing the dynamics surrounding entrepreneurs and entrepreneurship. The ultimate goal is to measure the performance effects of the entrepreneurial ecosystem on the regional economy. In the European context, entrepreneurial ecosystems show distinct characteristics influenced by historical, cultural, and economic diversities, as well as overarching EU policies (Bosma & Sternberg, 2017).

### **Literature review**

The study of entrepreneurial ecosystems raises essential questions that necessitates further examination. Central to this discourse is the question of governance—namely, the identification of the responsible authority for establishing inclusive institutions that

stimulate the productive agents constituting regional entrepreneurial ecosystems (Baumol, 1990; Acemoglu and Robinson, 2013; Acs et al., 2014). Stam (2015) highlights the importance of supportive political institutions in facilitating the nurturing, encouragement, and support of entrepreneurs within these ecosystems. Another critical inquiry revolves around the definition of ecosystem services that a region aims to achieve (Stam, 2015). This involves a thorough understanding of what elements within the entrepreneurial ecosystem require improvement and what end goals should guide these activities, with a particular focus on outcomes such as productivity, employment, and income.

In the attempt to unravel the complexities of entrepreneurial ecosystems, the paper of Brown & Mason (2013) undertakes a critical evaluation of the entrepreneurial ecosystem concept. They shed light on the heterogeneous nature of these ecosystems and argue that the lack of specification and the conceptual development of the concept has hindered our understanding. Their study includes a critical review and conceptualization, analyzing dynamics, theoretical limitations, measurement approaches, and policy implications associated with the entrepreneurial ecosystem concept. The conclusion highlights the multi-faceted and diversified nature of entrepreneurial ecosystems, accentuating the importance of tailored policy interventions.

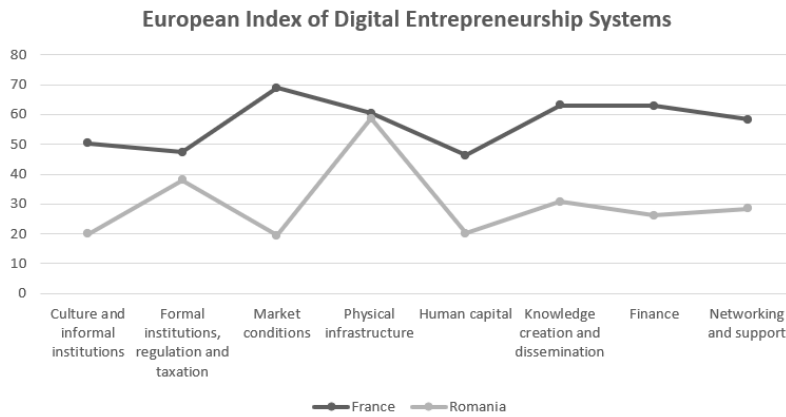
Bruns et al. (2017) introduced a method to detect the presence of entrepreneurial ecosystems within empirical data. They argue that variations in the quality of entrepreneurial ecosystems should manifest as variations in the estimated impact of entrepreneurial activity on economic growth. Their analysis, covering 107 European regions across 16 countries, reveals no significant heterogeneity in the estimated impact of entrepreneurial activity. Several explanations are offered, including the size of regional units and the influence of the European crisis. Miller and Acs (2017) propose considering the campus as an entrepreneurial ecosystem, diverging from traditional regional analyses. Their study leverages Frederick Jackson Turner's Frontier Theory to conceptualize the campus as a frontier for entrepreneurship and innovation. This shift in perspective not only offers fresh insights into the impact of higher education institutions on high-growth entrepreneurship but also challenges conventional regional viewpoints.

### **Comparative analysis**

Romania's performance in the realm of entrepreneurship is notably deficient. To gain a more detailed assessment of Romania's entrepreneurial landscape, we can turn to the European Index of Digital Entrepreneurship Systems (EIDES). This index provides a comprehensive evaluation, taking into account various factors encompassing cultural and informal norms, formal institutions, regulatory aspects, taxation, market conditions, physical infrastructure, human capital, knowledge generation and dissemination, financial resources, networking opportunities, and support systems. According to EIDES, Romania is ranked 26th out of 28 countries.

France on the other hand, occupies a distinct position within the spectrum of European countries in terms of its entrepreneurship ecosystem, occupying the 10th position. This ranking reflects the country's performance and progress, offering valuable insights into its strengths and areas requiring further development.

**Figure 1. European Index of Digital Entrepreneurship System in France and Romania**



Source: Own elaboration using data collected from EIDES 2020

Developing the elements that foster entrepreneurial activity takes time. Consequently, a country's current standing on the index may not entirely reflect recent changes in the entrepreneurial ecosystem.

#### *Policy framework*

As highlighted in the OECD Report (2021) the SME policy framework in France is comprehensive, focusing on enhancing the competitiveness, productivity, and innovation of SMEs while nurturing entrepreneurship. This approach encompasses support for both established SMEs and the promotion of new entrepreneurial initiatives. France's integrated policy is evident in initiatives such as the Action Plan for Business Growth and Transformation, which aims to streamline processes and alleviate administrative burdens for SMEs, fostering an environment conducive to new businesses. In operational terms, support is delivered through entities like BpiFrance, regional bodies, and local chambers of commerce. In contrast, according to an OECD Report (2018) Romania's SME and entrepreneurship policy, focuses on strengthening the institutional framework, transparent business environment, and access to finance. Challenges in Romania, as identified by the Small Business Act (2019), underscore the need for persistent attention to skills, innovation, and the single market, necessitating swift implementation of EU legislation, support for online trading, and improved ICT skills, along with intelligent regulation and enhanced administrative efficiency.

#### *Access to Finance*

In France, access to finance for startups and innovative companies is robust, as reflected in the significant inflow of funds in the tech sector. The country's well-established venture capital ecosystem, coupled with government initiatives, has contributed to an environment conducive to financial support. The EY French Venture Capital Survey for the first half of 2022 highlighted a substantial increase in investments, with several startups achieving unicorn status. The private equity sector in France is dynamic, and initiatives like the Action Plan for Business Growth and Transformation focus on providing better funding opportunities. Overall, France's approach to access to finance appears to be aligned with promoting innovation, growth, and competitiveness within its entrepreneurial ecosystem.

As per the Capital Market Review of Romania (OECD 2022), Romania faces challenges in supporting startups and innovative companies due to limited public financing structures favoring established businesses. The private equity sector in Romania is emerging, with recent years showing an uptick in fundraising activities, although it still represents a small percentage of the region's total. Romania's performance in private equity investments aligns closely with its GDP contribution to the Central and Eastern European region.

### *Human Capital*

In 2021, France demonstrated a robust tertiary education landscape, with over half of its population aged 25 to 34 holding higher education diplomas, impressively surpassing the EU-level target of 45%. Both men and women in this age group achieved tertiary education attainment at commendable rates, with a relatively narrow gender gap compared to other European nations. In contrast, Romania faced challenges in its tertiary education sector, exhibiting the lowest attainment rate among all EU countries at just 23.3%. Factors contributing to this include high rates of early school leaving, low success rates in the baccalaureate exam, and reduced participation from students from disadvantaged backgrounds. Rural areas in Romania bear the brunt of this educational disparity, with significantly lower tertiary attainment rates compared to urban settings. Romania also has a gender gap in tertiary education, with a lower percentage of men attaining tertiary education compared to women. While Romania excels in the percentages of graduates in ICT and STEM fields within the EU, there is still a gap in meeting skill requirements, indicating a need for targeted interventions to address these challenges.

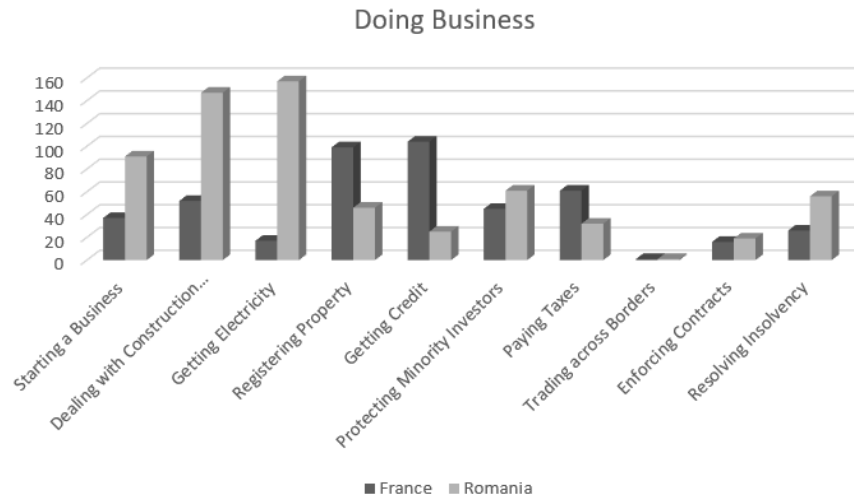
### **Results**

In Romania, the regulatory environment has not been favorable for fostering competition and entrepreneurship. While EU accession in 2007 initially spurred reforms, these reforms have often been reversed or weakly implemented. The regulatory framework in Romania is characterized by state control and additional barriers to entrepreneurship, hindering the growth of innovative and efficient firms. Compared to newer EU member countries, Romanian markets are more restrictive, making it challenging to start businesses. As per Doing Business Report (2020) barriers to entrepreneurship include an inefficient licensing and permits system, administrative burdens on startups, and regulations that limit how firms can structure their operations. Fundraising for startups in Romania is also burdensome, with many entrepreneurs reporting that it becomes a full-time activity, diverting attention from business development. The lack of clear regulations for seed funding mechanisms, such as angel investment and crowdfunding, creates uncertainties for investors and may discourage investments in high-potential startups.

Additionally, Romania's insolvency framework makes it difficult for firms to exit quickly and reallocate resources within the entrepreneurship ecosystem. The absence of a dedicated policymaking authority for startups, particularly high-potential startups, is a notable gap in the ecosystem. Existing institutions, rooted in education and research, do not possess the specialized expertise needed to support startups effectively. France's policy environment on the other hand, is a pivotal contributor to its entrepreneurial ecosystem, characterized by a combination of regulatory frameworks, incentives, and governmental supports that foster business initiation and growth. Over the years, the government has implemented

several reforms to reduce bureaucratic red tape, streamline business registration processes, and enhance the ease of doing business.

**Figure 2. Doing Business Indicators in France and Romania**



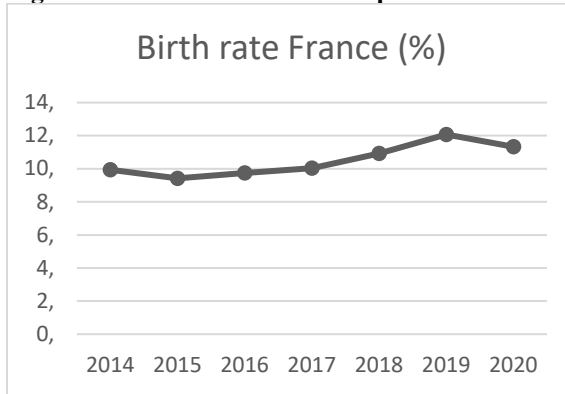
Source: Own elaboration using data collected from Doing Business 2020

In the period 2014-2020, both France and Romania experienced dynamic landscapes in new firm creation, this indicates a robust entrepreneurial activity. But as it can be observed in figure 4, for Romania this values are fluctuating from one year to another, while France witnessed a more linear growth as it can be seen in figure 3, with substantial number of startups being established from one year to another, showcasing a thriving entrepreneurial spirit. However, a closer examination reveals concerns about the sustainability and quality of these ventures. Even though in Romania, a notable increase in new businesses occurred, concerns are surfacing regarding the quality of these firms at market entry. Romanian startups, particularly in their early stages, are facing difficulties in innovation compared to international counterparts (Cruz et al., 2022). Scaling up operations are also proving challenging for Romanian startups (Kapil et al., 2022), with factors like limited resources, lack of supportive infrastructure, and regulatory obstacles hindering their growth journey. These observations collectively underscore potential deficiencies in Romania's entrepreneurship ecosystem, necessitating targeted efforts to foster innovation, improve access to financing, enhance regulatory frameworks, and provide better support for startups looking to scale up.

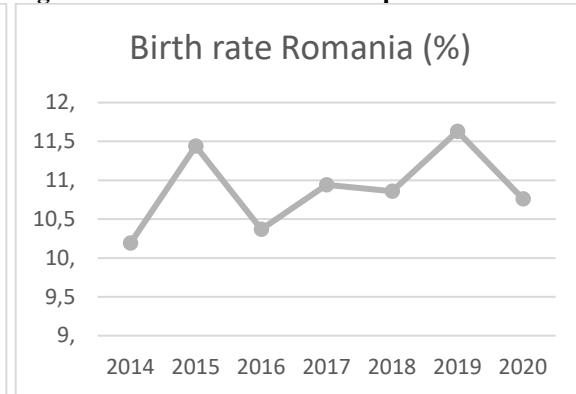
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**Figure 3. Birth rate of new enterprises in France**



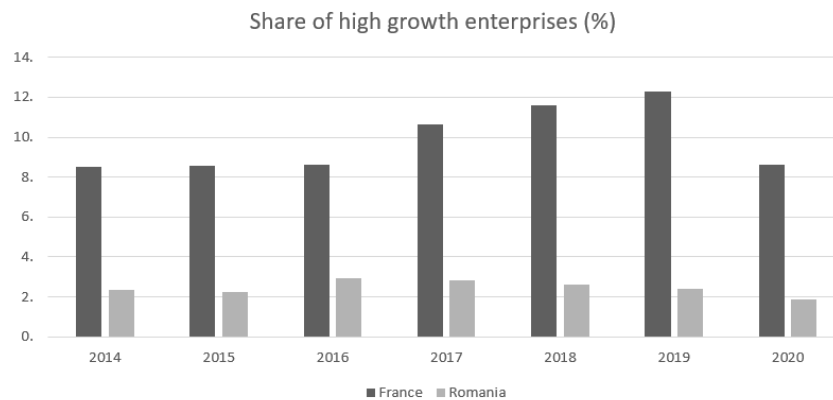
**Figure 4. Birth rate of new enterprises in Romania**



Source: Own elaboration using data collected from Eurostat

By addressing these challenges, both countries can not only enhance the quality of firms entering the market but also encourage their sustained growth and contributions to the broader economy. Hence, narrowing research to focus on the share of high-growth firms becomes crucial for a more nuanced understanding and effective interventions.

**Figure 5. Share of high growth enterprises in France and Romania**



Source: Own elaboration using data collected from Eurostat

The disparity in the number of new firm creations between Romania and France may be attributed to distinct entrepreneurial motivations within each country. Romania appears to witness a higher volume of new businesses, potentially driven by necessity-based entrepreneurship, where individuals engage in entrepreneurial activities out of immediate economic need. This may contribute to a larger quantity of startups but might pose challenges to the quality and sustainability of these ventures. On the other hand, France demonstrates a higher share of high-growth firms, indicating a more qualitative entrepreneurial ecosystem.

## Conclusions

The comparative policy environments of France and Romania reflect distinct developmental stages and orientations. France's policy framework is marked by maturity, with established regulatory, fiscal, and administrative supports that cater to a diverse array

of entrepreneurial ventures. Conversely, Romania's policy landscape, though progressively adapting, is characterized by dynamic shifts reflecting ongoing efforts to align regulatory and administrative frameworks with the evolving needs of entrepreneurs. The emphasis on high-growth firms suggests that the French entrepreneurial landscape is characterized by ventures with substantial scalability, innovation, and long-term viability. This distinction underscores the importance of not just considering the sheer number of new firm creations but also evaluating the qualitative aspects, such as the share of high-growth firms, to comprehensively assess the health and potential of the entrepreneurial ecosystems in these two countries.

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## STUDENT REPRESENTATIVE COUNCILS IN NIGERIAN TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING COLLEGE

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*Abstract: The envisaged study aimed to investigate the perception of students towards Student Representative Councils (SRCs) at Tshwane North Technical and Vocational Education and Training (TVET) College. The study employed a qualitative approach and data was gathered through semi-structured interviews with thirty students from six different campuses. A thematic analysis was employed to analyse the collected data. The findings of the study revealed that the SRC's obscurity, insufficient communication, lack of impartiality, and ineptitude impede students' day-to-day cooperation with the SRC. To address student issues effectively, the study suggests that the SRC improve its communication, competence, synergy with class representatives, and visibility. The study identified various communication-related, service delivery-related, collaboration-related, and competency-related initiatives that could be implemented by the SRC. The study recommends that students should elect their SRC representatives carefully and that college administration should create a conducive environment for SRCs to engage with students. Finally, the study suggests that future research should focus on the obstacles faced by SRCs in the performance of their tasks.*

*Keywords: Perceptions, Students, Student Representative Council, and College*

### **Introduction**

Student representative councils (SRCs) are becoming increasingly important in institutions of higher learning worldwide. This is because SRCs are seen as a vital part of promoting school, college, or university spirit and leadership among the student body. SRCs play a crucial role in addressing students' concerns and championing their causes and rights through effective representation. As such, the ability of SRCs to represent and lead their fellow students elicits certain perceptions and opinions from their student electorate. The study investigated the perceptions of students towards the student representative council at Tshwane North TVET College (TNC). The main objective of the study was to assess the challenges faced by students in relation to their day-to-day cooperation with the SRC. The importance of studying students' perceptions is significant, as it is a reliable predictor of

whether students can present their opinions or problems before their leadership. Additionally, students' perceptions are vital in predicting whether students can cast their votes during future elections. Understanding students' perceptions can also help improve service delivery at colleges and other institutions of higher learning. Therefore, this paper seeks to derive lessons that can inform the discussion on the kind of SRC structures needed in institutions of higher learning in South Africa. These structures will ensure effective and optimal student leadership in colleges across the country. By understanding the challenges faced by TNC students in relation to their SRC, this study provides insights that may be useful for other institutions of higher learning facing similar issues.

### **Literature Review**

This section delves into the existing literature on SRCs and explores the legal and regulatory framework that guides their establishment and operations in colleges. The review examines the constitutional provisions and legislative Acts that promote equal access to education and public services for all, emphasizing the significance of SRCs in ensuring the effective functioning of colleges and promoting student participation in decision-making processes. The review examines how SRCs can harness the leadership potential of students and promote their active engagement in college activities beyond the classroom.

#### *The Legal Framework of the SRCs in South Africa*

The establishment and legal framework of Student Representative Councils (SRCs) in South Africa are rooted in the 1996 Constitution of the Republic of South Africa. The SRCs are now considered statutory structures in accordance with Section 35 of the Higher Education Act 101 of 1997, which provides for the establishment of SRCs that have jurisdiction over student matters. The Constitution of South Africa ensures that everyone has equal access to education and public services provided by any state department or body. The Continuing Education and Training Act (CET Act 16 of 2006), formerly known as the Further Education and Training Colleges Act (FETC Act) of 2006, is also in line with the country's constitution and aims to regulate further education and training, create, control, and support public further education and training colleges, provide for transitional arrangements, and repeal or amend legislation, among other things. This legal framework is important in ensuring the effective functioning of SRCs in South African colleges and promoting equal access to education for all.

#### *The Legality of SRC at Tshwane North TVET College*

The Constitution of the Tshwane North TVET College Student Representative Council also connects with the Continuing Education and Training Act 16 of 2006 by ensuring that the SRC recognizes the Institutional SRC as the highest student representative body of the college with respect to student matters of common interest across all campuses of the college and the College Council as the highest body of authority, along with the Principal as Accounting Officer, as provided for in the CET Act 16 of 2006, as amended. The purpose of the Higher Education Act (Act No. 101 of 1997) and the Further Education and Training Act (Act No. 98 of 1998) is to regulate all policies related to higher education and training in South Africa, including the TVET sector, which promotes quality standards by establishing a college council system in TVET colleges. The Act also regulates all FET

institutions, both public and private. These Acts govern all rules governing quality assurance and the promotion of quality in higher education and training.

*Students' involvement in politics and leadership*

Student involvement in politics has played a significant role throughout the modern history of higher education in Africa (Nicolson, 2017). African students have played a key role in both national and international politics, which are inextricably tied to developments in higher education in Africa. African students and student organizations have made significant contributions to the struggle for African independence during the colonial and post-colonial epochs. In the face of democracy, colleges and universities in sub-Saharan African countries have, fortunately, embraced the idea of student participation in the affairs of higher education institutions (Dunn, 2014). This is because colleges and universities provide fertile ground for students to cultivate and improve their leadership potential (Nicolson, 2017). If college student leaders are armed with positive language and the requisite skills, they have the potential to change individuals and mitigate academic and social ills (Godwin, 2016).

*The SRC's participation in decision-making processes in institutions of higher learning*

A thorough understanding of higher education policy, politics, and policy depends on student representation, which is widely seen as one of the most significant elements of higher education governance. These student groups share the trait of organizing, aggregating, articulating, and bridging the interests of students while also offering different services and planning student activities (Klemenčič et al., 2016). It is critical to understand that "participation" and its expansive definition refer to students' formal capacity to express their opinions and have an influence on choices made in the context of the administration of a university or college (Kouba, 2017). The student and the SRC are encouraged to participate in all activities taking place in their surroundings, whether they are on campus or off. The definition employed in the context of teaching and learning, where participation is characterized as students' active and engaged engagement in the classroom is the one that should be utilized (Bergmark & Westman, 2018). When we look at the two definitions, they complement each other. As much as the first definition deals more with the life of the student outside of the classroom, the other one deals with matters within the classroom. The duty of student leaders is to encourage students to be involved in the debate of current issues to be developed, as they will be sharing with one another in those discussions or debates. The student leaders also attract students to conversations and decisions about institutional rules and behavioural boundaries and expectations. Furthermore, they also ensure that students do participate in various discussions and decisions about teaching, learning, and assessment (Black et al., 2014). This is how students' leadership plays out in different settings. SRCs play various roles that are vital within the college by assisting the college in rendering services such as peer counselling, academic support, solving administrative problems, providing financial assistance for needy students, and contributing to study facilities and services; furthermore, they assist at the tuck shop, restaurant, and bookshop (Student Support Services Manual, 2020). Student representatives fall short of meeting the ostensible objectives of effectively providing optimal service to their students through good leadership and democratic representation. This paper empirically assesses the common challenges faced by the SRC in executing

their daily duties. This literature provides a comprehensive analysis of the existing literature on student representative councils (SRCs), the role of students in colleges, frameworks that make provision for SRCs, and student governance. The review explores the legal and regulatory framework that guides the establishment and operations of SRCs in colleges, with a focus on South Africa's context and the Tshwane North TVET College. It also examines the historical context of student involvement in politics and leadership, particularly in Africa, and how SRCs can harness students' leadership potential and promote their active engagement in college activities. Finally, the review highlights the significance of SRCs in ensuring the effective functioning of colleges and promoting equal access to education for all, emphasizing the critical role of student representation in higher education governance.

### **Theoretical Framework**

Numerous studies have investigated leadership in higher education, resulting in the development of various theories to explain the intricacies involved in cultivating effective leaders in colleges and universities. One such theory is Astin Theory (2000), which emphasizes the need to re-evaluate leadership practices in academic institutions and advocates for principles of transformational leadership drawn primarily from the "Social Change Model of Leadership Development." Meanwhile, the formation of student leaders remains a subject of contention, with some positing that leadership is an innate trait, while others believe it can be learned. Several models of student representation have emerged, including the Student Democracy Model, the Liberal Democracy Model, and the Direct Democracy Model, each with its own approach. Familiarity with these models is essential for research, as it enables a theoretical departure from them. The following sections delve into the specifics of these theories to provide a context for further study.

#### *Astin Theory*

Astin Theory (2000) is a theory of students' leadership and developing quality leaders in colleges. At the heart of this classical theory is the need to rethink leadership practices in colleges. It provides principles of transformative leadership heavily drawn from the "Social Change Model of Leadership Development" provided by the Higher Education Research Institute in 1996. Astin theory focuses on distinct constituent groups including students, faculty, student affairs professionals, and presidents and other administrators. This theory goes further to provide an analysis of the roles and expectations of each group and suggest how members of that particular group can begin to practice the principles of transformative leadership both individually and collectively. Given the diverse roles and duties of each of the four distinct constituencies, the approach to applying these principles varies. Nevertheless, as much as transformative leadership, at its very core, is centered on human interactions, this theory encourages students and people, in general, to examine each constituent group regardless of how they perceive their campus "role." Astin theory concludes with a chapter entitled, "We Have the Power and Opportunity to Transform Our Institutions." This chapter transcends the thinking surrounding leadership in colleges and intends to encourage individual members of the academic community to develop specific plans of action for an effective exercise of transformative leadership on campus. Interestingly, Astin's theory also identifies some of the personal and institutional resources

that should be best utilized to capitalize on the multitude of opportunities that various campuses offer for student leaders to engage in this transformation process (Astin, 2000).

*Contesting theories on the making of student leaders*

Mustapha et al. (2013) stressed that there are two most prominent schools of thought regarding leadership. The basic premise of these two contesting theories is informed by people's basic assumptions regarding the making of a leader, as some people believe that a leader is born, while others believe that a leader could be taught. However, in the 21st century, there is a universal consensus among people that a leader could be trained. Likewise, Kouzes and Posner (2002) provided a leadership model that perceives leadership as something that can be simultaneously taught and learned, and everyone has an equal chance to become a leader. This model focuses on the development and sharing of vision and emphasizes leader integrity and openness. At the core of this theory is the notion that leadership is a set of perceptible behaviours that, with deliberate practice, can help everyone, including student leaders, be more effective and make a positive difference in their immediate environment (Kouzes & Posner, 2002). Thus, to be a skilled leader is one thing, but to be accepted as a leader among colleges is clearly another.

*Models of student representatives*

There is a sense of uncertainty and lingering doubts surrounding the leadership competencies of student representatives in institutions of higher learning. The precarious leadership styles displayed by student leaders in colleges are partly a consequence of the lack of instrumental leadership models and research regarding student leadership in general. As future leaders, it is imperative for student leaders to comprehend different leadership styles and better understand a wide range of leadership development models that will essentially enhance their leadership skills, knowledge, competencies, and capabilities. Bukaliya and Rupande (2012) proposed three student leadership models that can possibly aid student leaders in becoming effective in their leadership roles: the Student Democracy Model (SDM), the Liberal Democracy Model (LDM), and the Direct Representation Model (DRM). According to the duo, SDM entails the selection of student representatives by the student electorates, democratically. The elected student representative body is called a democratic student body that is elected democratically, whereby the candidate with the majority of votes forms part of this student representative body. The LDM, on the other hand, assumes that a representative democracy is one in which the ability of the elected student representatives to exercise decision-making power is subject to a constitution incepted by the students, which serves as a blueprint that guides the operations, protects student rights and freedoms, and regulates the actions of leaders against making unpopular decisions. The DRM posits that in an organized institution, students personally participate in the decision-making of the organization as opposed to relying on intermediaries or representatives. The supporters of direct democracy argue that democracy is more than merely a procedural issue. The direct democracy model gives the voting student population the power to give binding orders to its elected representatives, such as recalling them before the expiration of their term in office. Kouzes and Posner developed the Student Leadership Challenge (SLC) in 2003, where they explained the common practices of typical student leadership and how they become influential to significant others, display the ability to make things come to reality, transform things, and become innovative by bringing something

new (Adams et al., 2019). Mozhgan Amirianzadeh (2011) proposed the hexagon theory of student leadership development with a comprehensive attitude and systematic view of the numerous factors affecting student leadership development from individual, group, and social aspects. His theory takes into account the many factors affecting the development of a student leader, which include his or her immediate environment (family, friends, self, university, or school, society), which explains the notion that it takes a community to build an effective leader. Thus, according to this model, it is essential to analyse all these factors at three levels: individual, social, and organizational, which paves the way for leadership development along with changing students' internal factors, namely, their attitude, knowledge, skills, and behaviour through education, training, and development.

## Research Methodology

### *Choice and Rationale for Research Design*

The study employed an explorative qualitative research design. According to Mohajan (2018), the origins of qualitative research methodologies can be traced back to anthropology, philosophy, psychology, history, and sociology, with a primary emphasis on the methodical explanation and analysis of the phenomenon. Therefore, the students' perceptions were investigated on their respective campuses with the sole purpose of getting their perceptions of the SRC.

### *Population and Study Area*

The study area is alternately known as the "study setting." According to Tarsi & Tuff (2012), population is a collection of members of the same species that live and reproduce together in a certain area. To survive throughout time, members of a population frequently rely on the same resources, are susceptible to the same environmental restrictions, and depend on the presence of other members. The study setting is Tshwane North TVET College (TNC). TNC is one of South Africa's fifty TVET colleges. TNC is geographically located in the greater Tshwane Metropolis, with six campuses across the city. The study population is alternatively known as the "universe" of the study (Etikan et al., 2004; Pandey & Pandey, 2015). According to Majid (2018), the population of interest is the population of inquiries. In most studies involving a large population, it is often not feasible or appropriate to recruit the entire population of interest. Instead, the researcher only recruited a manageable number of participants from the entire population of interest to include in the study. The study population consisted of the entire TNC student population. All the study participants were drawn from the six campuses, namely: Soshanguve South, Soshanguve North, Rosslyn, Mamelodi, Temba, and Pretoria (refer to tables 1 and 2).

**Table 3: Number of participants per campus**

TNC Campus	Number of participants (n)
Mamelodi Campus	n=3
Pretoria Campus	n=7
Soshanguve South Campus	n=5
Soshanguve North Campus	n=5
Rosslyn Campus	n=4
Themba Campus	n=6
	Total number of participants n=30

Source (developed by authors)



**Table 4: Number of participants per level of study Level**

National Accredited Technical Education Diploma (NATED) (N)and National Certificate Vocational (NCV)	Number of participants (n)
NCV level 4	n=8
NCV level 3	n=2
NCV level 2	n=7
N4	n=3
N3	n=5
N2	n=2
N1	n=3
	Total number of participants n=30

Source (developed by authors)

*Sampling and sampling*

The feasibility and practicality of a study must be considered when conducting research. Practical considerations include costs, time, and other constraints that may prevent the researcher from studying the entire population. When the population being studied is too large for a census-based study, sampling is often employed to collect data from a representative subset of the population. This is the case with the study conducted on TNC, where the population consists of around 18,000 students attending on different schedules and some rotating. In order to investigate the research questions, the study limited its sample size to thirty (30) students, selected through convenience sampling. This method was chosen due to its affordability and convenience compared to probability sampling, as it enabled the researchers to quickly announce the study to available participants on campus. The participants then chose whether to participate in the study. Despite the limitations of convenience sampling, the sample was inclusive and covered a diverse range of students, including male and female students, first year and senior students, students from different levels (NCV and Nated students), and students of different ages.

*Data Collection*

To gather data for this study, semi-structured, in-depth face-to-face interviews were conducted. According to Marczyk et al. (2010), interviews are a self-report method that is simple and can produce a wealth of information. In this study, the semi-structured interview approach was used to collect in-depth data from the participants, as recommended by Creswell and Poth (2016), who suggest primarily conducting in-depth interviews with 10 or more individuals. Kumar (2011) notes that unstructured interviews give the researcher complete freedom in terms of content and structure, while Denscombe (2010) states that open-ended answers provide the respondent with the opportunity to elaborate on points of interest. A semi-structured interview instrument was used to individually interview the students, and the responses of the students were transcribed while they spoke freely. This method allowed the students to share their views, opinions, and attitudes in detail about their day-to-day cooperation with their SRC.

*Data Analysis*

According to Creswell and Poth (2016), qualitative researchers face a challenging task when it comes to analyzing text and multiple other forms of data. Tracy (2013) further

supports this statement by stating that qualitative data analysis is a demanding activity that requires a great deal of cognitive effort. Systematically organizing and preparing the data is a prerequisite for a more focused analysis stage. All interviews were documented using interview scripts and analyzed afterward. The analysis involved translating and transcribing the interview scripts manually. This process also included rereading the interview scripts and reflecting on them, as well as organizing them into common themes. The interviews were then summarized, considering that there could be more than one theme per interview. Once this was completed, the themes that appeared to be more prominent were written down, along with the other underlying themes. The data was analyzed "thematically." Thematic analysis enabled to systematically identify, organize, and offer insight into patterns of meaning (themes) across a data set. Thematic analysis aided in seeing and making sense of collective or shared meanings and experiences across the data set, as emphasized by Brown and Clarke (2012).

### **Presentation of Research Findings**

This section presents a summary of the key obstacles reported by TNC students concerning their daily collaboration with the SRC. These challenges were identified through in-depth face-to-face semi-structured interviews. Students highlighted various challenges that they encountered while working with the SRC, including the SRC's invisibility, inadequate communication with the students, partiality in their duties, and incompetence in carrying out their responsibilities.

#### *The invisibility of the SRC*

The research findings suggest that the invisibility of the Student Representative Council (SRC) on campus is a common challenge among the six campuses. The participants reported that the members of the SRC are often inactive and invisible on campus, except during election campaigns and first-year students' orientation. This challenge was raised more frequently by senior students with greater experience with the operations of the SRC than new entrants. The students expressed their concern over the invisibility of the SRC members on their respective campuses. For instance, one participant stated that "The SRC is not active at all; they were only active during the campaigns, and now they are nowhere to be found." Another participant reiterated this problem by pointing out that the SRC only emerged during the election campaign period and disappeared when they were in power. The participant further emphasised that "Once they are in the office, they no longer deliver what they promised us during the campaign and during the manifesto, they were all saying that they will be available for us all the time, but now is a different story." While on the other hand other participants contributed to this debate by emphasizing the invisibility of the SRC to the people who voted them into power. "They are always not visible on campus; I only saw them during new students' induction, where they were busy facilitating the students', attendance register for the event; since then, till now they are unknown to me."

#### *Failure of the SRC to communicate effectively with the students.*

The TNC student populace shares the same sentiments regarding the SRC's inability to communicate information effectively. Blaming the SRC for failing to communicate with their students. Across the campuses, the SRCs are often silent and shy away from convening mass meetings, informing students, or listening to their challenges.

Disappointingly, the SRC members do not even update students after attending meetings with campus management, as they prefer to keep the information amongst themselves and/or share it with their close associates. One student offered the following rejoinders regarding the failures of the SRC to communicate effectively with them: "The SRC does not communicate with their students; they have forgotten whom they are representing." They do not want to convene a mass meeting and speak to the students, or either hear their challenges".

The above was corroborated by another participant who reasoned that some of the challenges they are facing at the campus are a result of a lack of effective communication between the SRC and the learners. He had the following to say: "There is no proper communication between SRC and the students, many students do not know the SRC in the institution. In our institution, students are faced with long queues when they attempt to enter the campus because of the registers and temperature scanning at the main gate.

Another participant was also of the opinion that a lack of effective communication was the major challenge, making it difficult for the students to interact well with the SRC. Because of that, students were not able to get feedback on the meetings that the SRC held with the management. The participant further said: "The SRC does not give updates to students if they happen to attend a meeting with campus management." The SRC does not communicate more often with the students; they keep information to themselves.

#### *Lack of impartiality among the SRC in the discharge of their duties*

A significant number of students across all six TNC campuses expressed concern about the lack of impartiality among their SRC members when performing their duties. According to the students, the SRC tends to provide unequal service to students, showing favouritism to their close associates while neglecting the problems of the rest of the student population. They only respond to student challenges when it suits them and offers benefits to them. Two participants in separate interviews indicated that, "the SRC is not impartial, and they prioritize their friends and acquaintances over the rest of the students". Few participants in separate occasions stated that "the SRC members only help students when it benefits them, and they do not treat all students equally. They further indicated that the SRC is biased, and they only invite their friends and romantic partners, ignoring the needs of the general student body.

#### *General incompetence of the SRC*

Most participants confirmed the incompetence of the SRC and noted that there was a lack of unity of purpose among its members. They further indicated that the SRC gave conflicting responses when asked questions by students, causing confusion. Moreover, the SRC did not provide assistance to students with financial challenges, such as payment of tuition, books, accommodation, and allowances. It was further eluded that the SRC did not intervene even when students were rejected by NSFAS or when allowances were delayed. The SRC was also not active in student affairs, including sports, cultural, social activities, and academic support services, as reported by Precious.

### **Research Discussions and recommendations**

Student Representative Councils provide students with a platform to display their leadership skills (Mustapha et al., 2013). However, Holzweiss et al. (2007) argue that some

students stay involved in their student leadership formations because of the pleasure it gives them, while others cite opportunities to improve their leadership skills as the primary reason to remain involved. The SRC members at TNC appear to be involved in Student Representative Councils merely for status and enjoyment, displaying an unwillingness to execute their leadership skills and lacking the political will to lead and manage student affairs. This is evident in the general sense of dissatisfaction experienced by their fellow students, originating from the myriad challenges they are facing against their SRC. To ameliorate these unsolicited conditions in our institutions of learning, Moreku (2014) suggested that it is vitally important for student representatives to benchmark on skills and knowledge in institutions of higher learning, as this will help to ensure that they are adequately equipped with relevant skills needed for best governance. To accomplish this, it is imperative to draft a constitution that will describe the roles, duties, and functions of the different portfolios.

An effective SRC is one that mainly exists to benefit students, assisting their fellow students in sharing ideas, interests, and concerns with administrative staff and building harmonious relationships with their students (Bukaliya & Rupande, 2012). Mustapha et al. (2013) state that the prime objective of the SRC is to produce outstanding student leaders in all aspects that will benefit the student population and the country in general. The existing SRC structures within TNC have somewhat deviated from the ideal SRC objective, as they fall short in many ways of becoming outstanding leaders that effectively execute student affairs on the six different campuses. To mitigate this, Wamukuru and Muthui (2019) suggested that it is paramount for institutions to organize forums designed to provide training, guidance, and counselling, as they will help equip student leaders with the relevant skills to enhance their leadership styles.

Poor communication and a lack of feedback are another serious constraint among student council members in colleges or universities (Moreku, 2014; Mboyanga, 2018). Ideally, the SRC should hold group meetings at regular intervals to discuss various aspects of the functioning of the student council, attended by all stakeholders, including the student council, college or university counsellors, and faculty members. To facilitate consultation, the SRC should raise student issues, engage in consultations, and provide advice on educational and other issues affecting students on campus. However, it appears that the student council members at TNC fail to effectively use their communication channels and mechanisms to disseminate important information to their fellow student electorates. Ineffective communication includes not updating their students frequently and regularly on burning issues and other important agendas, like informing their students after discussions or meetings with the management.

Poor communication by the student representatives in institutions of higher learning has serious implications for students' leaders and student relations. To mitigate poor communication and improve their communication channels with students, Wamukuru and Muthui (2019) recommend the use of suggestion boxes and encourage consultation without fear of intimidation. This may help them gather information from their constituents about the concerns brought up before meetings with the management as well as about any issues that their constituents have. They may also wish to host one or two meetings per semester to update students on issues that need to be addressed urgently. However, the TNC SRCs on all the different campuses rarely do this. An effective intervention to this, according to Mboyanga (2018), is through developing training and awareness programs within the

institution of learning, including for teachers, student representatives, lecturers, heads of departments, and management, on the value of students' voices in school governance. In summary, the SRC at TNC is ineffective in executing student affairs due to their unwillingness to execute their leadership skills and lack of political will. They fall short of becoming outstanding leaders who effectively execute student affairs on the six different campuses. They need to hold consultative and feedback meetings with students, raise student issues, engage in consultations, provide advice on educational and youth issues to institutional authorities, and report information to fellow students to become effective leaders.

### **Conclusions**

In conclusion, the paper reflects the challenges that students encounter when dealing with the SRC. Some of the key challenges faced by students across all six campuses of TNC include the SRC members' invisibility in both campus and student affairs, ineffective communication with students, a lack of impartiality in fulfilling their responsibilities, and inadequate competencies. These factors together explain the negative perception that students have of their SRC on all campuses. To effectively address these challenges, major improvements are required in several areas of the SRC's operations.

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## LEGAL RELATIONSHIP BETWEEN PLATFORM SERVICE PROVIDERS AND ONLINE TRANSPORTATION DRIVER IN INDONESIA

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*Abstract: This research aims to determine the classification of legal relationships between platform service providers and online transportation drivers as gig workers (platform workers). The choice of theme is motivated by the fact that so far the legal relationship that occurs between platform service providers and online transportation drivers is a partnership relationship, but the partnership relationship that occurs does not implement the principles of partnership in its implementation in the business world. This partnership cooperation relationship is not regulated in the Law Number 20 of 2008 regarding Micro, Small, and Medium Enterprises or the Indonesian labour law because the Indonesian labour law only recognizes working relationships, while in the Law Number 20 of 2008 regarding Micro, Small, and Medium Enterprises because the original intent of the partnership in Law No.20/2008 is very different from the partnership relationship that is currently happening between platform service providers and online transportation drivers. Then the writing of this paper uses a normative juridical method with a statutory approach and an analytical approach. The legal material obtained by the author will be analyzed using descriptive analytical analysis techniques, namely a method of analyzing legal material by determining the content or meaning of legal rules in terms of partnership cooperation relationships, as well as the Civil Code. From the results of research with the above methods, the classification of legal relationships between platform service providers and online transportation drivers as gig workers (platform workers) is classified as a partnership relationship based on the Subordinate union of partnership, namely a partnership based on the merger of two or more parties that are subordinately related.*

*Keywords: Partnership, Platform Service Providers, Gig Economy.*

### **Introduction**

The term "partnership relationship" is commonly heard in discussions related to employment in modern times in Indonesia, in line with the proliferation of various gig economy platforms. Generally, these are fast-paced and quickly mediated digital platform jobs that can be divided into two types, namely: Crowdwork (purely internet based); On demand work (location based).

Furthermore, amidst these developments, some politicians, academics, and media refer to the future form of the economy as the gig economy. For example, the emergence of the gig economy in Indonesia represents a form of modern employment practice with mechanisms that involve completing short-term tasks through the utilization of digital platforms, as

previously mentioned, such as online transportation services like Go-JEK, Grab, Maxim, InDrive, and others. President of Indonesia, Joko Widodo, has even praised the gig economy as a business model in companies like Maxim, Grab, and Gojek, citing it as a pillar of the national economy and a contributor to job creation in Indonesia (Ridhwan Mustajab 2023), particularly in the informal sector.

In its development, app-based transportation companies have been able to increase the number of "partners" (KBBI Daring 2023) they collaborate with. There is a degree of freedom for all these online driver partners, particularly regarding working hours, where partners are free to choose when to work and decide whether to use it as a full-time or freelance job. The characteristic of partnership cooperation between service platform providers and online transportation drivers can be seen in the partnership agreement between them, with details provided by the platform service provider, where the agreement is referred to as a "partnership agreement" (Gojek n.d.)

When viewed in terms of its contractual form, based on the partnership agreement, this is already stipulated in the laws of Indonesia under the Indonesian Civil Code (KUH Perdata) Article 1338 in conjunction with Article 1320. In essence, a valid agreement under the law has a fundamental element of "consent of the parties involved" or, in simpler terms, an agreement between parties on equal terms. Article 1338(1) further explains that "all agreements made in accordance with the law shall have the force of law for those who make them," which is known as the principle of consensuality. Partners have an obligation to adhere to all the policies and terms and conditions in the utilization and use of the application.

Many people assume that the legal relationship between platform companies and online transportation drivers is based on an employment contract, making them subject to labor regulations under Law No. 13 of 2003. In fact, many online drivers do not fully understand the legal relationship because they perceive themselves as employees of the online transportation application companies. International Labour Organization (ILO) (International labour organization n.d.) categorizes these partnership agreements as Disguised Employment Relationships or Dependant Self-Employment, even though in reality, these "partners" are not purely self-employed. From how partners receive orders, the methods for obtaining orders, penalties, and bonuses, everything is unilaterally determined by the platform service provider. In terms of income, the partners' earnings depend on the amount of bonuses and the rate per kilometer driven, all of which are determined by the platform service provider.

When discussing partnership agreements between platform service providers and online transportation drivers, it's important to note that the positions of the parties involved should ideally be equal, and they should have equal rights and responsibilities. However, in practice, many of these partnership agreements are often one-sided, containing clauses that may disadvantage the partners. For example, some agreements may allow the platform service provider to change the terms at any time without discussing or notifying the partners. Partners are often considered to have accepted these changes as long as they continue to use the service. Such practices can raise concerns about the fairness and balance of these agreements, and they may lead to disputes between the platform providers and their partners. Legal and regulatory frameworks may need to evolve to address these issues and ensure that the rights and interests of all parties involved in the gig economy, including platform providers and workers, are adequately protected.



It doesn't seem appropriate to call this a partnership agreement when everything is unilaterally regulated by the platform service provider as the employer, as there is no difference from an employment agreement between an employer and an employee as regulated in the Employment Law. Currently, online transportation drivers are classified as "partners" by platform companies, but they do not have the rights typically associated with partners. They are referred to as partners but work within a labor-employer relationship.

Therefore, there is a need for research and studies, especially in the field of labor law. Hence, in line with the previous discussion, I have an interest in conducting research on the legal relationship between platform service providers and online transportation drivers as gig workers (platform workers).

### **Research method**

This written work employs a normative juridical method with a statute approach and an analytical approach. Legal materials obtained by the author will be analyzed using a descriptive-analytical technique, which is a method for analyzing legal materials by determining the content or meaning of legal rules in terms of the Employment Law, the SME Law, as well as the Civil Code. Data collection techniques involve the examination of primary, secondary, and tertiary legal materials as the basis for conducting in-depth analyses.

### **Result and discussion**

Characteristics of the Partnership Cooperation Agreement Between Platform Service Providers and Online Transportation Drivers as Gig Workers (Platform workers)

Guy Davidov states in his book that it's almost a cliché to say that labor law is in crisis because labor law always seems to be in crisis. The reason may be the dynamic nature of the labor market itself. With its ever-changing conditions, it is natural for the laws that regulate it to continuously adapt. The 'crisis' of contemporary labor law today is caused by something called the 'gig economy.' According to one definition, the gig economy is "a labor market characterized by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs."

'Gig' is defined as a one-time task or transaction with no further commitment on both sides. Heeks analyzed various terminologies that can be used in this domain and concluded that the key terms from a labor perspective are 'online work' or 'digital gig economy.' This is evidenced by the increasing number of startups establishing online platforms and mobile 'apps' to connect consumers, businesses, and workers, often for jobs that last no more than a few minutes. (Nabiyla risfa izzati 2018)

From a legal perspective, this new form of the 'gig economy' has disrupted long-standing regulations and policies, as well as the scientific understanding of work, especially in the transportation industry. Furthermore, many aspects of regulating online transportation businesses cannot be found in existing regulations and policies in Indonesia. The Indonesian government cannot even classify these online transportation platforms as transportation companies because these platforms claim that they do not provide transportation services. These platform service providers argue that they are merely intermediaries connecting drivers and consumers through their applications. Millions of

online transportation drivers are not considered their employees; they are referred to as 'independent contractors' or 'partners,' as these platforms commonly label them.

The rapid growth of the gig economy model is characterized by jobs that are temporary, unlimited, and based on specific demand or projects (on-demand workers), and it offers flexibility. This condition is seen as an advantage, particularly by the millennial generation, because it is considered to provide fresh ideas, flexibility, freedom from work routines, and a broad network. One of the implementations of the gig economy in today's era is marked by the proliferation of partnership collaborations applied by companies in Indonesia, especially those providing services through platform service providers (such as Go-Jek, Grab, Maxim, InDrive, and others).

The relationship that occurs in the working relationship between platform service providers (such as Go-Jek, Grab, Maxim, and others) and online transportation drivers as partners is a partnership relationship, as evident in their agreement documents provided by the platform service providers, often referred to as a "partnership agreement." In the terms and conditions provided for consumers of GO-JEK, for example, which can be accessed on their website, it is clearly stated in Article 5:

"To avoid any ambiguity, we are a technology company, not a transportation or courier company, and we do not provide transportation or courier services. We do not employ Service Providers, and we are not responsible for any actions and/or negligence of the Service Providers. The application is merely a means to facilitate the search for Services. It is up to the Service Providers to offer Services to you, and it is up to you whether to accept their Service offers." (Gojek n.d.)

The tangible form of partnership can be agreed upon as a cooperative concept where, in its operationalization, there is no subordinate relationship but rather an equal relationship among all parties (Endang yuniastuti 2021) In other words, partnership is based on principles that should be understood and upheld by all partners in its implementation. According to Wibisono, these principles include: (Yusuf Wibisono 2007) Equality or Balance (equity); Transparency; Mutually Beneficial.

However, the existence of this partnership is nothing more than a myth. It can be seen that none of the three elements inherent in a partnership relationship, namely equality, transparency, and mutual benefit, are fulfilled. In terms of equality, online transportation drivers as partners do not have an equal bargaining position with the platform providers. This is because whenever there are changes related to work rules that should be negotiated with drivers as partners, such negotiations never take place. Rule changes are often directly communicated to online transportation drivers by the platform service providers through the application without any negotiation, let alone consent. In a short period, whether they like it or not, online transportation drivers have to accept these changes to continue using the application system and immediately receive orders from passengers under the new terms.

Furthermore, the second element, transparency, is also not fulfilled by the platform service providers. It is known that there are various issues regarding the strategic information gap between the company and online transportation drivers as their partners.. (Yusuf Wibisono 2007) The platform service providers have more information compared to the drivers as partners, such as changes in rules issued unilaterally by the company management, whether related to tariff changes or the assessment of the performance of online transportation driver partners. In terms of management that oversees and controls the work processes,

there is no transparency regarding how algorithms are set and the sanctions and unilateral termination of partnership relationships by platform companies against drivers.. (Yeremias T. Keban, Ari hernawan 2021) This dominance affects changes in how partner drivers' earnings are calculated, which automatically alters the previous application. As a result, they do not have rights and do not have the opportunity to discuss company policies, even those related to common interests.

The third and final element, mutual benefit, is also not fulfilled by the platform service providers. In the old version, drivers could freely choose orders from passengers, and the rate per kilometer was 2,500 rupiahs with a minimum payment of 15,000 (Tariff at that time). This rule was considered to make it easier for drivers to improve their performance. However, the new version's rules significantly limit passenger orders and make it more difficult for drivers to improve their performance and receive bonuses. However, these rules are seen as very beneficial to consumers or passengers. To get a bonus, there is a time limit and a target number of trips that must be completed. Achieving the target number of trips is difficult if the orders received are consistently far away. However, if the orders are not taken, drivers are penalized, and their performance automatically declines. As a result, most of them choose to accept these orders rather than being unable to continue working due to penalties.

In practice, partnerships are not always ideal because they are based on the interests of each party involved in the partnership. The relationship between the company management and online transportation driver partners is not equal. One party has more power to determine the rules that driver partners must adhere to through the application. Driver partners, as individuals seeking employment, are required to comply with the rules set by the company's application, even if they find them unfavorable.

In some cases, platform service providers actually exploit this partnership relationship for their own benefit. It can be observed that platform service providers engage in a practice called "false partnership" (Subordinate union of partnership), which is a political action taken by platform companies to classify workers as 'partners' but without applying the principles of partnership. This false partnership model is proliferating, supported by a significant demographic bonus in Indonesia, where the workforce grows every year, which is imbalanced with the available job opportunities, especially in the formal sector. As a result, many individuals are transitioning to gig economy jobs.

The Subordinate Union of Partnership model is a partnership based on the merging of two or more parties in a subordinate relationship. This type of partnership occurs between two or more parties who have unequal status, abilities, or strengths. Consequently, the relationship that is formed is not balanced; instead, it exists in a hierarchical relationship, with one party being stronger or in a position of authority over the other. Because of this unequal condition, there is a lack of sharing and balanced roles or functions in the partnership.

### **Partnership Cooperation Agreement from the Perspective of The SME Law**

Obligation and agreement refer to two different things. Obligation is a term for an abstract statement used to refer to a legal relationship in the property of two or more individuals or parties that results in an obligation for one party. (Kartini Muljadi 2003) An agreement is one of the origins of the birth of an obligation, where an agreement is made in which one or more parties commit to fulfilling the promised obligations.

The aspect of interdependence emphasizes that an agreement is a legal act, and the legal act referred to is an act that has legal consequences because of the intentional actions of one or more individuals. The agreement of the parties with good faith is the most important characteristic of a contract. This mutual agreement is not only a part of the agreement but is also crucial as an expression of good faith towards the other party. However, an agreement is a meeting or a mutual agreement of good faith among the parties to the agreement, and it must be aimed at creating legal consequences. (Nurwulan, S., & Siregar 2019)

The definition of an agreement is contained in the Indonesian Civil Code in Article 1313, which states that "An agreement or consent is an act by which one or more persons bind themselves to one or more others." This means that an agreement creates obligations for one party and grants the other party the right to the fulfillment of a performance. Within an agreement, there are also several principles, and the Civil Code provides a clear delineation of the principles of an agreement, including: Principle of Consensualism; Principle of Personalia; Principle of Legal Certainty; Principle of good faith; Principle of Freedom of Contract.

To determine the validity of an agreement, the benchmark is the conditions for a valid agreement as regulated in Article 1320 of the Indonesian Civil Code in Book III on obligations. Some of its elements include: Agreement of the parties involved; Capacity to enter into an agreement; A Specific subject matter; A Lawful Cause.

In the agreements made between platform service providers and drivers as partners, where they use the concept of partnership as the form of their agreement, it turns out to be different from the partnership agreements regulated in Law No. 20 of 2008 concerning SMEs (UMKM). According to the author, the partnership agreements entered into by platform service providers with their partners cannot be included under the regulations of Law No. 20/2008 on SMEs because the original intent of partnerships in Law No. 20/2008 on SMEs is very different from the partnership relationships currently emerging between platform service providers and online transportation drivers.

Partnership, as defined in Article 1, paragraph 13, regulated in the SME Law, is cooperation in business relations, both directly and indirectly, based on the principles of mutual need, trust, strengthening, and mutual benefit, involving Micro, Small, and Medium Enterprises with Large Enterprises. According to Article 26 of Law No. 20 of 2008, in conjunction with Article 11 of Government Regulation No. 17 of 2013, partnerships are implemented with the following patterns: Inti-plasma

The implementation of partnership with the nucleus-plasma pattern, as meant, is when a large enterprise serves as the nucleus to nurture and develop micro, small, and medium enterprises (MSMEs), which act as the plasma in: Providing production facilities; Offering technical production and business management guidance; Acquiring, mastering and enhancing the necessary technology; Financing; Marketing; Guaranteeing; Providing information; And providing other necessary assistance for improving efficiency, productivity, and business insights; Subcontracting.

In the implementation of producing goods and/or services, the Large Enterprise provides support in the form of: Opportunities to work on part of the production and/or its components; Opportunities to obtain raw materials produced continuously in reasonable quantities and prices; Technical production or management guidance and capabilities; Acquisition, mastery, and improvement of necessary technology; Financing and the

arrangement of payment systems that do not harm either party; Efforts to avoid unilateral termination of the relationship; Waralaba.

Large Enterprises that expand their businesses do so by providing opportunities and prioritizing Micro, Small, and Medium Enterprises with capabilities. Franchisors and franchisees prioritize the use of domestically produced goods and/or materials as long as they meet the quality standards of the goods and services provided and/or sold under the franchise agreement. Franchisors are required to provide continuous guidance in the form of training, operational management guidance, marketing, research, and development to franchisees.

General Trade: The implementation of partnerships with the general trade pattern can take the form of marketing collaboration, providing business locations, or accepting supplies from Micro, Small, and Medium Enterprises by Large Enterprises in an open manner. The fulfillment of goods and services needed by Large Enterprises is done by prioritizing the procurement of products from Small or Micro Enterprises as long as they meet the quality standards of the required goods and services. Payment arrangements are made without causing detriment to either party.

Distribution and Agency: In the implementation of partnerships with the distribution and agency pattern, Large Enterprises and/or Medium Enterprises grant exclusive rights to market goods and services to Micro Enterprises and/or Small Enterprises.

### **The Partnership Cooperation Agreement from the Perspective of The Manpower law**

In discussions related to employment in Indonesia and globally, especially in the modern era, the term "partnerships" has become a common topic. This is particularly relevant with the proliferation of various "gig economy" platforms that use partnership relationships in their employment arrangements (sometimes referred to as independent contractors, self-employed, freelancers, etc.). In Indonesia, these workers are often referred to as "partners." Generally, the term "gig economy" encompasses a wide range of work arrangements, and various terms are used to refer to this phenomenon. Some call it collaborative consumption, collaborative economy, sharing economy, peer-to-peer economy, short-term services, or platform economy. However, in specialized literature, the latter term, the "platform economy," has gained more followers. Its primary focus is on the core aspect of these activities, which is that they are conducted using platforms. In this context, the term "gig economy" will be used more frequently.

In 2018, several studies identified 242 platforms with a market revenue value of \$7.1 trillion, with seven of them contributing 69 percent (\$4.9 trillion) of the total market value. In 2022, among the top ten largest companies globally, five are considered platforms according to specialized literature. Identifying 242 platforms with a market revenue value of \$7.1 trillion and a high level of concentration, given that seven of them contribute 69 percent (\$4.9 trillion) of the total market value. Clearly, the number of platforms and their market value appears to continue to grow.

Regarding platforms that provide work, some estimates indicate that their number increased from 142 in 2010 to 777 in 2020. The largest contributor was from the delivery sector, followed by online platforms, then taxi service platforms, and finally hybrid platform services that offer various services, including e-commerce. However, since this is a highly dynamic sector, the number of platforms is likely to continue growing.

The determination of sectors where most platforms can be found will vary depending on how they are defined. For the purposes of this section, a broader definition is used, which includes every type of platform and not just those that provide work. These sectors are as follows:

It is important, both for their continually growing market share and their impact on regulation in the cities where they operate. These accommodation platforms include those connecting with private individuals to offer accommodation services in homes and platforms connecting individuals with businesses to offer not only homes but also rooms in regulated accommodations. Platforms operating in this field include Airbnb (2008), Couchsurfing (2004), HomeAway (2006), Homestay (2013), and Rumbo (2000). ((ILO n.d.)

Transportation: Here, platforms connect with private individuals seeking transportation services, which are provided either by other individuals or licensed professional drivers. There are platforms that connect taxi drivers with their clients, and platforms that connect the demand and supply of rental vehicles driven by drivers. There are also platforms that connect individuals for ride-sharing purposes, but without offering compensation for transportation services. These platforms include (Blablacar n.d.), Cabify (2011)(Cabify n.d.), Didi (2012) (DiDi n.d.), Grab (2012), Lyft (2012) (Lyft n.d.), MyTaxi (2009), Gojek (2010), Uber (2009), dan lain-lain.

Financial Services: Financial services are undergoing significant transformation with the emergence of fintech or financial technology companies, such as platforms for micro payments, currency exchange, peer-to-peer lending, and crowdfunding. Financial service companies using this platform model include Crosslend (2015), Grow.ly (2013), Kickstarter (2009), and Zopa (2005).

Qualified Professional Services: In this sector, there are platforms offering professional services such as programming, design, translation, legal advice, or accounting services from skilled and highly skilled professionals. Some of these platforms include Catalant (2013), Gerson Lehrman Group (1998), Peopleperhour (2007), and UpWork (1999).

Care Services: Although they existed before the pandemic, the latter triggered the growth of several platforms related to household work and personal care. Examples include Cuideo (2015), Mypoppins (2016), and Zolvers (2013).

Delivery and Basic Services: There are also platforms that connect people to perform low-skilled tasks, such as small household repairs or delivery of goods and food, or tasks that require a certain level of planning, such as finding large quantities of items, phone numbers, and checking lists and images. Platforms involved in this type of work include Amazon Mechanical Turk (2005), Amazon Flex (2015), Delivery Hero (2011), Glovo (2015), Instacart (2012), and Taskrabbit (2008).

Audiovisual Content: These platforms have transformed the creative and audiovisual sector. This sector includes platforms that enable the consumption of music or audiovisual content online, using content aggregators based on fees, or for rental or purchase. Among the platforms in this sector are Amazon Prime Video (2006), Apple iTunes (2001), Netflix (1997), Spotify (2006), and YouTube (2005).

New and Used Product Trading: This is one of the most common and successful platform models, encompassing used and new products, deals, seasonal products, and platforms for digital products. These platforms can connect businesses with customers or serve as a trading platform between individuals. They include Amazon (1994), Apple App Store

(2008), eBay (1995), Google Play Store (2008), Rakuten (1997), Vinted (2008), Wallapop (2013), and Tokopedia (2009).

Food and Catering: Platforms in this sector can connect suppliers and demand for food and catering services, such as restaurant bookings and availability management, home chef assistance, or homemade meal preparation. Platforms in this field include EatWith (2012), Chefly (2013), ElTenedor (2006), and ShareTheMeal (2014).

Gig economy in Indonesia is initiated by two major local players: Gojek and Grab. Gojek "employs" 1.5 million drivers, while Grab "employs" 2 million drivers (Grab merged with Uber, which exited the Indonesian market in 2018). Unlike most on-demand platforms in the West, both Gojek and Grab are "super apps" (a single platform that provides multiple services simultaneously: ride-hailing for both motorcycles and cars, food delivery, courier services, etc.). In Indonesia, there is a new platform, ShopeeFood, which is almost as large as Gojek and Grab, but it focuses solely on logistics and food delivery. Due to Indonesia's high levels of unemployment, informality, and non-permanent employment, gig platforms have become very popular for both male and female workers as they are seen as better opportunities.

However, behind all of this, workers in the gig economy often find themselves in a situation where the status of their employment is unclear or hidden, mostly tied to partnership arrangements in Indonesia. In most cases, those in partnership relationships, meaning they are outside of the employment relationship, do not benefit from labor and social protections. The activities of these workers in partnership arrangements also tend to go unreported to national authorities. This clearly has negative consequences for the workers and their families, but it can also reduce productivity and distort competition, often harming companies that comply with laws and regulations. ((ILO) n.d.)

The reluctance to use the terms 'employee' or 'worker' in the gig economy can be seen in the term 'partner' chosen by platform service providers to refer to people working as service providers on their apps. These companies even have lists of what is allowed and not allowed in terms of how to communicate with passengers/consumers by their 'drivers'. Platform service providers use terminology designed to deflect claims that drivers are employees or staff. While Go-Jek, Grab, and other gig economy platforms like Maxim, AnterAja, or Uber (when it was still operating in Indonesia) refer to people working as service providers as their partners, hence the popularity of the term partnership in Indonesia has increased. (Nabiyla risfa izzati 2022)

If viewed from the perspective of labor relations, Indonesian labor law does not recognize the term 'partnership' at all. This regulation does not recognize the term partnership because the basis of the Labor Law is an employment relationship. The Labor Law defines an employment relationship as the relationship between employers and workers based on an employment agreement that contains elements of work, wages, and work orders. Meanwhile, the employment agreement itself is defined as an agreement between workers and employers that contains the terms of work, the rights, and obligations of the parties. Therefore, in Indonesian labor law, the existence of an employment agreement is essential to determine whether a legal relationship can be categorized as an employment relationship or not. More specifically, Article 50 of the Labor Law stipulates that an employment relationship arises from an employment agreement between employers and workers.

In the regulations of the Indonesian Labor Law, to be considered an employment agreement, the legal document binding two parties must have at least three elements, which are: Wage Element; Command Element; Work Element.

The platform service providers argue that they only provide jobs, meaning that by understanding the recruitment pattern carried out by platform service providers through online forms for online transportation drivers, it is difficult for online transportation drivers to transfer their work to others. Platform service providers limit a transportation driver to register for only 1 account and are not allowed to have more than 1 account. This is because the pattern of the relationship between drivers as partners with platform service providers is individual. Based on this, the activities of drivers as partners can be categorized as work elements.

The next element that is not met in this relationship is the wage element. In the partnership cooperation agreement between online transportation drivers and platform service providers, they provide daily and monthly bonuses to online transportation drivers if they meet certain criteria. The bonuses received by these online transportation drivers cannot be classified as compensation for the work they do. The fixed income of online transportation drivers for their work is provided directly by passengers in cash or through online payment systems (such as go-pay, ovo, etc.) after being divided by the percentage that the platform is entitled to as agreed in the partnership agreement. Therefore, the wage element in the platform's partnership agreement with drivers is not fulfilled. (Academia n.d.)

The last element is the element of control, and in understanding the presence of this element in the partnership cooperation agreement, one can look at the obligations of online transportation drivers to the platform service provider in the partnership agreement. This element is considered not fulfilled because when online transportation drivers receive orders sent by the platform service provider's server to the nearest driver and displayed in the application for 10 seconds, it means that when the driver sees the order, they can either accept or reject it. Thus, the element of control in the partnership cooperation agreement between the platform service provider and online transportation drivers is not met because it is not subordination but coordination.

Based on the above explanation regarding the three elements of an employment contract in relation to the partnership cooperation between online transportation drivers and the platform service provider, it can be concluded that the partnership cooperation agreement only fulfills the work element, while the wage element and the command element are not met. Therefore, since these elements are not fulfilled, online transportation drivers cannot be considered employees. Thus, the partnership cooperation relationship between online transportation drivers and the platform service provider is not an employment relationship. So, thus, the classification of the legal relationship between the platform service provider and online transportation drivers as gig workers (platform workers) falls under the category of partnership based on Subordinate union of partnership, which is a partnership based on the combination of two or more parties who are subordinate in their relationship.

Such partnerships occur between two or more parties who have unequal status, abilities, or power. Therefore, the relationship formed is not on an equal footing but rather exists in a top-down, strong-weak relationship. Because of this condition, there is a lack of sharing and a balanced distribution of roles or functions.

The partnership operated by the platform service provider company is considered by the author as misleading/artificial because: Important decisions in the work process are within



the authority of the platform service provider company; The company controls the work process of online transportation drivers; There is a monopoly on access to information and data by the platform service provider company; The partnership relationship operated is in violation of Indonesian laws regarding partnership principles; and The four factors mentioned at the beginning contribute to vulnerability and income uncertainty for partners. Legal certainty takes tangible form through the enforcement and implementation of laws, regardless of the enforcer. Through legal certainty, individuals can anticipate what might happen. When you take a legal action, there must be certainty about it happening. Justice is closely related to this, and certainty is a characteristic closely associated with written legal provisions. Law without definite validity loses its meaning because it cannot serve as a reference for societal behavior. (Cst Kansil 2009)

When connected to the theory of legal certainty, providing certainty about the legal classification of the relationship between platform service providers and online transportation drivers as gig workers (platform workers) is important. From the perspective of the SME Law (UU UMKM) and Employment Law (UU Ketenagakerjaan), they cannot be categorized as SME entrepreneurs because the concept of partnership in the SME Law differs from the partnership in the gig economy. Moreover, the Employment Law recognizes employment relationships but not partnership relationships, which adds to the uncertainty in classifying the legal relationship between platform service providers and online transportation drivers as gig workers. By applying Lon L. Fuller's theory of legal certainty, it is hoped that this theory can provide legal certainty and clarity in classifying the legal relationship between platform service providers and online transportation drivers as gig workers (platform workers).

### **Conclusion**

The term "partnership" has become common in discussions related to employment in modern times in Indonesia, especially with the proliferation of various gig economy platforms. In general, the gig economy refers to fast-paced, digitally mediated work. The characteristic of a partnership between platform service providers and online transportation drivers can be seen in the partnership agreement between them, which is typically labeled as a "partnership agreement" by the platform service provider.

Looking at the characteristics of the partnership agreement between platform service providers and online transportation drivers in the gig economy, which is often labeled as a "partnership agreement," it is clear that none of the partnership principles in business are met. These principles include equity, transparency, and mutual benefit. Furthermore, from the perspective of the Micro, Small, and Medium-sized Enterprises (UMKM) Law, it doesn't align because the original intent of partnerships under Law No. 20/2008 on UMKM is quite different from the partnership relationships emerging between platform service providers and online transportation drivers. Lastly, in terms of the Employment Law (UU Ketenagakerjaan), this law does not recognize the term "partnership" because its foundation is based on the employment relationship.

So, therefore, the classification of the legal relationship between platform service providers and online transportation drivers as gig workers (platform workers) falls into the category of a partnership based on a Subordinate Union of Partnership, which is a partnership based on the combination of two or more parties in a subordinate relationship.

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## AN ASSESSMENT OF MANPOWER PLANNING IN NIGERIA LOCAL GOVERNMENT SYSTEM

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*Abstract: It is unfortunate that unavailability of manpower database, lack of forecasting are part of the factors affecting manpower planners in local government in Nigeria. Hence, manpower planning as a function of management is highly indispensable in the attainment of local government developmental goals. The study assesses manpower planning in Nigeria local government system, using Ewekoro Local Government, Ogun State. This discourse is exploratory in nature as it largely relied on secondary data generated from journals, articles, books, internet, etc as well as direct interview with the local government staffs which serves as primary source of information. Findings from the direct interview revealed that inadequate manpower inventory, improper utilization of the 1% of federal allocations for staff training, lack of forecasting especially when it comes to replacement policy and succession planning have impede human resources planner in Ewekoro local government. It was concluded that Ewekoro local government should have strategic manpower planning and human resources system because it serves as the bedrock for effective and efficient performances of the council. Recommendations based on the study is that there should be effective organizational communication of human resources policy, adequate workers motivation, engendering performance and diligence of career local council staffs, creation of enabling working environment through adequate provision of administrative offices for local government staffs.*

*Keywords: Manpower, Manpower Planning, Manpower Inventory, Local Government*

### **Introduction**

Manpower planning as a function of management is highly indispensable in the attainment of local government developmental goals. There is need to plan for the various resources such as human, material, time, etc in order to achieve these predetermined goals. It should be noted that, it is the function of the personnel to combine the various resources in an appropriate manner in order to actualize the objectives of the organization (Omode, 2016). Every organization needs three main resources to survive. These are financial, material, and human resources. An organization needs money to pay its staff and to buy the essential materials or equipment for operation. Even if an organization has got all the money and the materials it needs, it must still find capable people to put them into effective utilization. It is therefore safe to claim that human resources are the most important of the three essential resources of an organization. It is equally true to say that human resources are the highest

asset of any organization, because no matter the amount of capital invested in an organization, its success or failure depends on the quality of people who plan and execute its programme (Nwankwo, 2013:1).

However, as it concerns the local government system in Nigeria specifically, effective human resources planning is necessary because it will assist the local governments in obtaining and retaining the quantity and quality of manpower needed for effective use; ensuring the optimal use of human resources currently employed through training and career planning; avoiding waste by eliminating redundancies; providing for the future manpower needs of the organization in terms of needed skills, experience, locations, numbers, ages and sex; establishing and recognizing future job requirements; being better prepared to cope with the human problems associated with increases or decreases in manpower; enabling the local government commission to identify areas where a shortage or excess of manpower will likely occur in the future and to take advantage of the impending situation (Igbokwe-Ibeto, 2014).

In Nigeria, general policies on the conditions of service of local government employees are made by the States and local government affairs department and the meeting of the key functionaries in charge of local government (Okoli, 2000). The implementation and interpretation of these conditions of service are left to the various local government service commissions and the directors of local government and heads of service in the various local governments where they exist. Therefore, the achievement of the purposes, aims, or objectives of the local government system depends to a large extent on the quality of personnel employed in it. According to Omode (2016), lack of systematic personnel planning as in many cases given rise to duplication of work in Nigeria local government.

### **Statement Of The Problems**

In spite training and development institutions such as Administrative and Staff College of Nigeria (ASCON), Centre for Management and Development (CMD), National Institute for Policy and Strategic Studies (NIPSS), Local Government Service Commission and among others, it appears manpower planning and development has made little or no impact in local government service performance (Omode, 2016). This ugly situation can be traced to issues such as training based on bureaucratic politics and patronage, frequently neglect of local problem realities and issues when it comes to planning, designing models based on borrowed models that are rarely updated, use of irrelevant manpower planning and development program that have no bearing with local government objectives and policy.

Most of the early studies about manpower planning in Nigeria public organization focused more on State and this has create lots of lacuna to the local government system which invariably affect the human resources and other resources of the local government. Writers such as Omodia (2009), Igbokwe-Ibeto & Osawe (2014), Eneanya (2009), Adamolekun (2002) and among others failed to look how manpower planning affects the operation and performance of the local government in Nigeria which the gap in knowledge tend to study. Meanwhile, part of the challenges facing manpower planning in Ewekoro Local Government is lack of forecasting especially replacement for manpower turnover and succession planning for retirement officers; manpower database unavailability also affect manpower planners to monitor the action rates in various departments of the local government because through this, vital records/data can provide information for recruitment and hiring as well as clues about morale of local government employees.

### *Objectives Of The Study*

The main objective of the study is to examine how manpower planning affect local government employee in Ewekoro Local Government while the specific objective will be the strategies that can be adopted that can enhance the performance of Ewekoro local government through effective human resources system.

### *Methodology*

This paper explores effects of manpower planning on Ewekoro Local Government employee in Ogun State, Nigeria. Based on this, the study maintains the qualitative paradigm of social research such as text books, journals, articles and other publications. To improve on the validity of the study, secondary sources of data were adopted.

### **Literature Review**

In this section, the key concepts of this study were conceptualize in order to achieve deeper understanding of the salient issues raised in this study. These include; manpower planning and human resource management in local government.

### *Manpower Planning*

The concept of manpower could be viewed as a generic concept because of its focus is shifting to human resource that is needed for the development of the organization (Omodia, 2009). Ibijofo in (Obojo, 2012) conceived manpower planning as the process by which an organization ensures that it has the right number of people and the right kind of people at the right place and the right time, doing things for which they are economically most useful (Moyo, 2015). The concept of manpower development could be defined as the existence of unskilled and skilled humans that need training or re-training to perform specific task in an organization (Ekpo, 2009). Thus, manpower development could be seen as organizational specific because it is largely a function of organizational manpower or job specification i.e. it could be viewed as the adaptation of the human resources available in the country to the needs, objectives and orientation of a given organization (LaMarco, 2018).

Conversely, manpower planning is concerned with budgeting for the most effective use of an organization's labour resources. Manpower planning in local government has been described as the process by which local government ensures that it has the right number of people and the right kind of people, in the right places, at the right time, doing the right things, to serve the purposes of the local government system (Omode, 2016). It may also be described as an attempt to forecast how many and what kind of employees will be required in the future, and to what extent this demand will be met (Nwankwo, 2013).

Similarly, Dimba (2010) describes the concept as the activity of administrator which is aimed at coordinating the requirements from and the availability of different types of employees. Usually this involves ensuring that the local government has enough of the right kind of manpower at such times as it is needed. It may also involve adjusting the requirements to the available supply. Every organization plans its manpower needs just as it budgets the amount of money it needs to spend. Those organizations (private or public) which do not have well established personnel departments or planning units in the administration fall into the error of looking for staff when necessary. All organizations determine their manpower needs either on a short – term, middle – term or on a long-term

basis. However, for most organizations long-term manpower planning rarely exceeds five years. Short-term planning is a yearly adjustment of the figures on the current payroll, which goes with the ritual annual budgeting in organizations. Manpower planning is important for the growth of any organization and should be made part of organizational planning (Igbokwe-Ibeto & Osawe 2014).

Most organizations that undertake comprehensive manpower planning, the human resources department is made responsible not only for preparing the plans when there is no special planning unit but also for assisting the other departments in their utilization (Omode, 2016).

#### *Local Government Human Resources Management*

Human resources management is all about managing people in the organization. In the local government parlance, the people who make up the local council are considered the most important resources. Hence, people and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to (Nwankwo, 2013). However, recognizing that the basis for competitive advantage for any local government has changed its essence to developing a different frame of orientation for considering issues of human resource management as strategic, because it aims to ensure that local government obtains and retains the skilled, committed and well-motivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop their inherent capacities, contributions, potential and employability by providing learning and continuous development opportunities. It also involves the operation of recruitment and selection procedures, management development and training activities linked to the needs of the local government alongside their motivation (Omode, 2016).

Armstrong (2009) defined human resources management as a strategy, integrated and coherent approach to the employment, development and well-being of the people working in an organization. Boxall et al (2007) defined human resources management as the management of work and people towards desired ends. Adewale (2012) defined human resources management as comprising a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work.

In lieu of the above, the importance of human resources planning to organizations cannot be overemphasized; at least, it enables organizations to keep accurate and detailed personnel records, rather than forecast intuitively (Obi, 2002:53). It will also permit manpower planners to monitor the action rates in various departments of the local government. Such vital records/data can provide information for recruitment and hiring as well as clues about morale of employees. These information and clues could be useful to local government human resources planners. Also, adequate manpower planning is important because it will not only help organizations to use their manpower resources optimally but also to ensure that organization's manpower resources can meet up with the demands of the prevailing socio-economic, political and technological changes at all times (Omode, 2016).

Finally, adequate manpower resources planning is very important in order to prevent severe budget crises because if this situation arises, the only option usually left for management is retrenchment of large number of employees, or induce voluntary retirement by offering financial incentives. Alternatively, management could freeze employment or combine all

the alternatives highlighted above. It is, therefore, necessary to plan manpower resources in such a way to avoid all adverse consequences.

Manpower Planning in Ewekoro Local Government System, Ogun State, Nigeria.

Manpower planning for the local government system in Nigeria are done by a galaxy of discreet institutions such as: The State and Local Government Affairs Department, Abuja; The State Deputy Governor's Office; The Bureau for Local Government Affairs; Ministries of Local Government; Local Government Service Commission; Local Government Council Chairman; Directors of Local Government and Heads of Service; and Directors of Personnel Management (DPM).

For purposes of clarification, it is pertinent to briefly discuss the roles of the local government service commission, the executive chairman of the local government council, and the director of local government and head of service in manpower planning at Ewekoro local government, Ogun State.

#### *Local Government Service Commission*

The local government service commission is charged with responsibility for personnel matters in the local government system. It decides on the general trends in manpower development, based on feedback from the various local governments. Its responsibility covers both senior and junior staff. It decides on recruitment, training, development, and general staff development. In the exercise of these functions, it engages in both short – term, middle – term and long-term assessment of staff requirements and supply.

Unfortunately, it cannot decide on the critical determinant of staff development strategy, which revolves around finance. Apart from the 1% training fund, the commission lacks the much needed funds to carry out logical and conclusive manpower development plans. The result is that, in most cases, some local governments may need staff in certain cadres, yet the commission may be unable to assist because of shortage of funds.

#### **Chairman of the Local Government Council**

The chairman of the local government council exercises delegated powers of the local government service commission in respect of officers on grade levels 01 to 06. In the present political dispensation, the local government chairmen, primarily to score political points, sometimes to the detriment of local government administration, exercise this delegated authority with unmitigated pleasure and incredible enthusiasm. Local government service becomes a dumping ground for political associates, hooligan, friends, and relations of the chairmen. Under this stage, manpower planning becomes hindrance which makes it difficult for human resource management. Consequently, whether vacancies exist or not the chairman still proceeds to recruit.

#### *Director of Local Government and Head of Service*

This body also held responsible on personnel matters which include manpower planning at the local government level that fall within the purview of the director of local government and head of service. It is his/her duty to send information on staff recruitments to the local government service commission based on returns from the director of personnel management. These returns are in turn compiled from submissions and requests from the various heads of department.

As the chairman of the senior staff management committee responsible for all personnel activities affecting local government staff on grade levels 07 and above, the director of

local government and head of service is centrally positioned in the development of manpower planning of the local government.

Unfortunately, in practice, he/she is emasculated by the overbearing political manipulations of the local government chairman, local political party officials and thugs, political office holders at all levels of government, and the administrative inertia of the local government service commission. The result is that the director of local government and head of service is neither the director nor the head of any service, as he/she watches helplessly while his/her office is inundated with staff of all categories, most of whom are not only redundant but constitute themselves into a flatterers in the administrative machinery of the local government.

### **Manpower Planning: Challenges in Ewekoro Local Government, Ogun State.**

There are many difficulties facing manpower planning in Ewekoro Local Government and these hitches have hinders the performance of the human resources system in the local government. Part of the challenges are highlighted below and they are:

#### *Inadequate Human Resources Inventory*

Personnel audit is a truism but we are of the opinion that there is a need to be proactive in human resources inventory to know exactly who to plan for, their needs and existing capabilities. Meanwhile, the rate of personnel audit in the local government existing side by side with ghost workers syndrome is a thing of concern because the actual number of local government employees cannot be easily ascertain based on political associates, flatterers which have hinder the ineffective management of the councils human resources. In fact, it has become a major concern for council managers to plan for this political sycophant without knowing who and how many of whom then are to manage.

#### *Improper Utilization of the 1% of Federal Allocations for Staff Training*

The importance of training employees cannot be over emphasized. Its benefits outstrip its cost. As a process, it enhances the skills, capabilities and knowledge of employees for doing a particular job; it moulds the thinking of employees and leads to quality performance of employees. Training is continuous and never ending in nature. It is crucial for organizational development and success in which local government is not exempted. It is fruitful to both employers and employees of an organization, as employee will become more efficient and productive if he/she is trained well. Training improves morale of employees, leads to less supervision; increase chances of promotion and ultimately increases productivity.

However, corruption has become the bane from the top to the down trodden when it comes to proper utilization of the 1% of federal allocation for staff training which adversely affects manpower planning and development in Ewekoro Local Government.

#### *Improper Delineation of Functions and Offices*

In Nigeria local government system, almost every employee wants to be in revenue drive in which Ewekoro not exempted. Many would not want to be in the works department. Many in the finance department will not want to leave office for a day. For this reason, many of them have turned down the offers for training because of the promises of their post in the office. Therefore, to get the best out of the workforce, well delineated function/offices for the employees is a most so that succession planning and replacement policy can be effective.

Strategies for improving manpower planning in Ewekoro Local Government, Ogun State.



Below are the strategic areas that ICT can help to improve and enhance manpower planning in terms of effectiveness on Ewekoro local council are:

*Recruiting*

One way in which human resources has been significantly impacted by technology is in the area of recruiting. Before the Internet, personnel managers had to rely on print publications, such as newspapers to post jobs and get prospects for open positions. Other methods such as networking also were used, but personnel administrator in the local government did not have the ability to post a job in one or more locations and have millions of people see it all at once. Technology has made recruiting more efficient and, in the hands of the right recruiter, more effective as well through the uses of online portal and social media (Isah 2010).

*Training*

Information technology makes it possible for local government personnel manager to train new staff members in a more efficient manner like their counter part in private sector as well. The ability to access company information and training programs from remote locations eliminates the need for trainers to work directly with new hires on all training. Some interaction will always be necessary on some level of course, but training in virtual classrooms makes it possible for the personnel manager to train a large number of employees quickly and to assess their progress through computerized testing programs (Adewole, 2012).

*Data Storage and Retrieval*

Human resources managers generally process a considerable amount of paperwork and also have to keep much of that paperwork on file for a considerable period of time. The use of electronic imaging has made it possible for public organization to store and retrieve files in an electronic format. Technology also makes it possible for human resources planners to simply print the forms that are needed for employees. Printing on demand eliminates the need to dig through an endless number of files in the file cabinet to find what is needed. Those of us who have been hired know that it is necessary to complete forms so that we can become an “official” employee. The type of information requested usually includes first name, last name, address, emergency contacts, banking information, beneficiaries for benefit plans, marital status, and of course Social Insurance Number. There are data and the human resources (HR) department has always been the custodian of employee data. The type of data collected, where the data are stored, how the data are used, and the type of system used for these purposes has changed over time, but the need to collect information relating to hiring, promoting, and firing employees has not changed. HR technology is increasingly being used by small, medium, and large employers to meet the needs of its stakeholders (Bulmash, 2006).

*Performance Management*

Enhanced performance management is another byproduct of technological improvement. Human resources planner can use computer technology to assess employee performance and also to get employee feedback to be used for the betterment of the organization. Various software programs make it possible for human resources planner to examine employee performance using metrics to ensure that employees are meeting performance standards. Employees that don't measure up can be subjected to additional training or let go in favor a replacement that can come in and do the job.

*Motivation:*

Nigerian local governments condition of employment in is not fundamentally different from other organizations in the country, there should be comprehensive, attractive and tempting conditions of service, staff regulations and scheme of service in the local government system that are adequately comparable with relevant organizations in Nigeria, like job security and absence of all forms of job hazards. This is with a view to making the employees of the local governments not only motivated but also satisfied with the work they do. More so, there should be workplace environmental requisites in the forms of social amenities in the local governments to relatively attract, retain and amuse the employees. In all, there should be transparent and transformational leadership in the local governments as a must strategy for employee motivation and achievement of objectives.

The drive stems from the facts imbedded in the assumption that social influences on motivation suggest that motivations are socially and culturally determined which leaders, even at the local government level, must not ignore because leadership and motivation are intrinsically connected with and dependent on each other. Yet, the need for recognizing and motivating different people for different things should be stressed. Motivated local government employees will always be satisfied, happy and zealously ready to be engaged in any challenging task the organization places on them. Employees will therefore, strive to achieve such organizational objectives based on the degree of motivation categorized into physical, socio-economic and psychic dimensions (Isah, 2010).

### **Theoretical Review**

New public management (NPM) theory: This theory is relevant to this study and it was formally conceptualized by Hood (1991). This theory is relevant and applicable to the study based on the fact that the input (quantity and quality of applicants) determines the output (performance). Efforts at conceptualizing the various steps help us have an insight into the effect of human resources management practices in an organization and its positive implication on organizational efficiency and employee performance which is the central theme of this study. New public management theory therefore, captures the basis of institutional and organization restructuring as an attempt to raise its performance by improving the quality of service delivery. It is result focused rather than the process of result. New public management theory came up with different concepts for performance and principles to achieve it (Pedro, 2016). He further identified the principles as flexibility in decision making; 'accountability and efficiency; improvement in resource use through labour discipline; reduction of public sector expenditure; competition in the public sector through decentralization and emphasis on result and not procedure.

New public management points to the failures and inadequacies of public sector performance over time and the problems lying squarely in the nature and processes of public sector activity and traditional public administration. As a new paradigm in public administration, NPM theory is the transition from old traditional public administration theories to an arrangement that is workable, practicable and result oriented. It places emphasis on efficiency, effectiveness, corporate governance, technological innovation and democratization. New public management theory is a relentless effort in the direction of greater cost reduction, transparency and accountability in resource allocation and performance management through the quality of service (Pedro, 2016).

The main thrust of New Public Management theory is not with what to do but how to do it better. The basic hypothesis hold that market oriented management of the public sector will

lead to greater cost-efficiency and effectiveness for governments without having negative side-effects on other objectives and considerations. However, the exponents fail to recognize that the ecology of public administration varies and that culture of any given society can hinder or accelerate its growth and development. For example, in Nigeria, because government is the largest employer of labour, even where and when there is no need for recruitment, government could embark on recruitment just to score cheap political support (Adeyemo, 2013). Despite the pit falls of NPM, the summary of the various views taken together, isolate New Public Management (NPM) theory as relevant and applicable in analyzing the subject matter of manpower planning and development because whenever issues of public sector efficiency and effectiveness is mentioned in contemporary times, NPM theory comes to mind. Thus, the elements of manpower planning and development based on this theory enable us have the bases for accessing the local government system as regards manpower planning and development practices. The theory as relating to manpower planning and development also enables us direct our search light for possible causes of poor performance and low productivity in the Nigerian public sector (Balogun, 2016).

### **Conclusion**

Manpower is a critical resource although its significance is always recognized in local government. Local council with inadequate manpower, even when it has other limitless resources, will remain poor and unprogressive organization so long as the bulk of its staff remain illiterate and has people with no saleable skills and competence to harness the organization's financial and material resources for effective and efficient performance.

There is an urgent need in Nigerian local government system to improve workers' attitude to work with a view of enhancing productivity. There should also campaigns to enhance the status of certain professionals, such as technicians and craft workers that are looked down upon in spite of their importance.

The study concluded that Local Government should have strategic manpower planning and human resources system because it serves the bedrock for effective and efficient performances of the various councils in Nigeria. As the popular saying goes, he who fails to plan has planned to fail.

### *Recommendations*

Engendering performance and diligence by career local council staffs: The career civil servants are supposed to take back their pride of place in the council as vibrant and progressive agent of change in the locality where they work. If the essence of the creation of the local government is to be achieved, they are not supposed to engage in show of power with the political appointees and elected officials because they will rule for a while and leave the council, but the career local government civil servants are always there. That is where their career is and so they should guide it with their life by being proactive in raising the status of the council, vis-à-vis being productive and ensuring efficiency of the local council. The political officers are to give them the enabling environment to work and survive.

Creation of enabling environment through adequate provision of administrative offices: It has become practice in Nigerian local governments system that there are usually about five or six staffs in one small office. This situation alone kills the morale of the workers and

tarnishes the image of the council. Hence there is the urgent need to ensure adequate administrative blocks where the employees will work effectively and efficiently.

**Effective Organizational Communication of HR Policy:** Effective communication is a basic prerequisite for the attainment of organization goals. No organization or group can exist without communication, not even the local government. Without effective communication, the management of human resources will be hampered. Even the co-ordination of work is impossible without effective communication and the organization will collapse for lack of communication. Hence co-operation also becomes essential because people can easily communicate their needs and feelings to others when it comes to administrative policy in local government.

The set aside federal government 1% of the national budget for the development of the Nigerian local government workforces need to be maximize. Hence, this gesture by the federal government depends on the value attached to the proper management of the workforce of the Nigerian local government. Therefore we call for optimal utilization of this fund for the specific purpose of human resources management.

**Adequate Workers' Motivation:** Fulfilling employees' needs, recognizing their efforts and presenting them with monetary and non-monetary rewards help to create a right workforce for the local government. Recognition of their efforts and boosting their morale results in increased productivity and decreased attrition rate. It is a proven fact that the motivated and dedicated workforce can change the fate of any council. Hence employers and management need to be pro-active in developing a talented and dedicated workforce that can achieve goals of their councils.

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## ASSESSING THE IMPACT OF MONETARY POLICY SHOCKS ON FINANCIAL STABILITY IN SOUTH AFRICA

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*Abstract: The study examined the monetary policy shocks on financial market stability. This was achieved by means of econometric analysis. The study made use of quarterly time series macroeconomic data spanning from 2003Q2 to 2020Q4. The study used various econometric techniques such as stationarity, determining optimal lag length, cointegration analysis, estimating a vector error correction model, impulse response functions, forecast error variance decomposition and granger causality. The study found that, credit to non-financial sector responds negatively to its own innovations in the short and positively to its own innovations in the medium to long term. Meanwhile, credit to non-financial sector responds negatively to shocks in interest rates and money supply during the entire period. Similarly, the findings reveal that credit to non-financial sector responds negatively to systematic risks, that is, shocks induced by poor financial conduct. Systematic risks create disturbances in the financial market, and this hampers financial market stability. The response of credit to non-financial sector to shocks in the consumer price index is found to be positive in the short run although this trend becomes negative overtime. A uni-directional causation can be observed between credit to non-financial sector and global economic activity at the 5% significance level. Similarly, uni-directional causation can be seen between the 2008 global financial crisis dummy and credit to non-financial sector at the 1% statistical significance level. Interestingly, a bi-directional causality was established between broad money supply and credit to non-financial sector at the 1% and 5% statistical significance levels, respectively.*

*Keywords: Financial stability, financial markets, Money supply, Consumer Price Index.*

*JEL Classifications: B22, G10, C10*

### **Introduction**

A crucial component of macroeconomic policy, monetary policy is seen as essential to the health and future of the economy. Therefore, it is generally acknowledged amongst academics that achieving and sustaining price stability is the core goal of monetary policy. There are various schools of thought regarding how to properly accomplish this goal, though. According to Dlamini (2020), several central banks have implemented various regimes, including exchange rate targeting, monetary targeting, eclectic monetary targeting, and inflation targeting, in order to achieve and maintain price stability. A rising number of nations have embraced inflation targeting as their monetary policy framework in recent years. The adoption of this framework has marked a positive change in how central banks from around the world conduct monetary policy. Other central banks in developed and emerging markets then adopted this new framework after New Zealand,

which had introduced it in 1990. Many more are currently considering doing so. Like other nations, South Africa implemented the IT monetary policy framework in February 2000 through its central bank, the South African Reserve Bank. The South African IT framework is forward-looking in that a specified inflation target must be fulfilled within a given time period because it is based on inflation forecasts (Dlamini).

Moreover, the financial system in the real economy plays a key role in sustaining a healthy economic growth through the provision of funds for investment opportunities, enhanced capital accumulation and improvements in the allocation of risks. Prior to the global economic crisis of 2007/2008, the global financial system witnessed very rapid, but unsustainable growth, which distortions were exacerbated by the crisis (Ioana, 2013). There is no consensus in the literature on whether Central Banks should extend monetary policy beyond price stability. However, periods of financial instability have shown that the direct effect of credit controls, financial regulation and the high cost of borrowing have intensified procyclicality in financial markets and business cycles (Angeloni and Faia, 2013; Liu and Seeiso, 2012). The 2007/2008 global financial crisis is an example of how financial instability can disrupt the functioning of the real economy. As a small, open economy, South Africa is susceptible to uncertainty and risk from the global financial environment (SARB, 2016). Subsequent to the 2007/2008 financial crisis, policy rate differentials between advanced economies and emerging markets led to capital inflows (in the latter) that created a risk for macroeconomic and financial stability (Unsal, 2013).

The primary aim of macro-prudential policy is financial stability, which calls for mechanisms to influence the economic outcomes of different countries. All over the world, the authorities are experiencing challenges in implementing macro-prudential policy. However, the objective of monetary policy and macro-prudential policy is clear in terms of how each affects credit growth. Credit growth can emanate from households' loans (house prices) and corporate loans.

Financial stability in South Africa has been subject to various challenges in recent years. The country's economy is one of the largest in Africa, but it has experienced slow growth, high unemployment, and economic inequality. These economic challenges have led to financial instability and affected the livelihoods of many South Africans. The banking sector is a critical part of the financial system in South Africa. The ongoing COVID-19 pandemic has led to an increase in non-performing loans, which has put pressure on the banking sector's stability. Furthermore, the South African Reserve Bank (SARB) has implemented various measures to mitigate financial risks, such as supervisory stress tests and macro-prudential policy tools. The government has also taken steps to improve financial stability. The Financial Sector Regulation Act (FSRA) was introduced in 2017 to improve regulation and create a more robust financial system.

The Act established the Prudential Authority and the Financial Sector Conduct Authority to regulate and supervise financial institutions (Nhalpo & Nyasha, 2021). However, South Africa faces additional financial stability challenges, including high levels of household debt, subdued economic growth, and political instability. Moreover, ongoing challenges related to corruption and weak governance, also undermine financial stability in the country (Makubalo, 2019).

Financial stability in South Africa faces both internal and external challenges. While the government has taken steps to improve regulation and the financial system, significant challenges remain. It is crucial for policymakers to continue to implement measures that

assist in mitigating these challenges and foster long-term financial stability in South Africa. It is against this backdrop that this study investigated the effect of monetary policy shocks in financial stability in South Africa. To the best of the researcher's knowledge, this is the first study in South Africa to assess monetary policy shocks on financial stability using quarterly data using the latest data spanning from 2003 to 2020.

## **Literature Review**

### *Theoretical literature.*

The theoretical framework for monetary policy is rooted in the monetary policy transmission mechanism. There are two such mechanisms, namely, non-neoclassical channels and neoclassical channels (Boivin et al, 2011). Neoclassical channels of monetary policy are founded on Friedman's (1956) monetarist characterization of the transmission mechanism. These channels mainly operate through the interest rate channel. Non-neoclassical channels, also known as credit channels, are founded on frictions in the credit market that are the result of asymmetric information between borrowers and lenders. According to Lacoiiello and Minettiz (2008). The importance of these channels before the global financial crisis was mixed.

However, Cecchetti et al. (2009) and Mishkin (2009) showed that financial frictions affect the transmission of monetary policy and distort the real economy. During the global financial crisis, the interest rate channel was weakened (Gambacorta et al., 2015), suggesting that the monetary policy might have changed. According to Angelis et al. (2005), the transmission mechanism of monetary policy explains the complex process whereby changes in the monetary policy stance are transmitted to the real sector of the economy to achieve its objective, such as economic growth and a low and stable inflation rate.

The interest rate influences the decisions made by investors, firms, financial institutions and households, which changes the price level and economic activities. For instance, when the monetary authorities adopt tight monetary policy by raising the repo rate, this directly affects the money market by increasing the banks' interest rates (Arestis & Sawyer, 2004). Thus, the cost of capital increases, causing investment expenditure to fall, and thereby leading to a decrease in aggregate output and demand. Five different channels generalize the transmission process, namely, the interest rate channel, exchange rate channel, money effect channel, asset price channel and credit channel.

The regime of inflationary targets derives from the work that permeated the debate on rule-based versus discretionary monetary policy in the 1970s and 1980s, with the contributions of Kydland and Prescott (1977) and Barro and Gordon (1983), as well as the emergence of rational expectations with and Sargent and Wallace (1975). Later, in addition to the operability of monetary policy, Taylor (1993) joined this debate, giving support pillars of the so-called new monetary policy consensus. The idea is to use the microeconomic fundamentals within a macroeconomic model of general equilibrium, while still considering a range of hypotheses of rigidities in the adjustment process but incorporating rational expectations to explain the effects of monetary policy in particular to the real variables of the economy, so that its effects are only transitory (long-term neutrality of the currency). This unified the neoclassical and new Keynesian theories. In this sense, Woodford (2011) added that although monetary policy is not considered irrelevant to explain fluctuations, its most important sources are real. Thus, monetary policy is important



to contain inflation, whose dynamics have monetary roots. Therefore, following Friedman's monetarist idea, monetary policy should be used exclusively to control the price level, since it has no lasting effect on the real economy. The proponents of the inflation targeting regime rescued the quantity theory of money (QTM) regarding monetary control of inflation by the monetary authorities (exogenous currency) to defend the hypothesis of monetary policy neutrality. From there, more appropriate prescriptions can be extracted, which are the use of rules or practices of commitment of governments to monetary policy [Cukierman (1994); Walsh (1995); Mishkin (2000)], avoiding the own bias of inflation Kydland and Prescott (1977).

Despite its origin in the QTM, the rule the inflation targeting operates through the interest rate and not through control of the monetary aggregate, as advocated by monetarist theory. This is a result of discrediting the hypothesis that the velocity of money circulation is constant. According to the new consensus, it is the exact opposite. That is, the velocity of the currency that is unstable, which makes it difficult for central bank intervention regarding the currency, and consequently involving inflation. Over time, Friedman's monetarism, which prescribed price control by intervening in monetary aggregates, was gradually abandoned. In this sense, in a more modern version, monetary policy focused on the intervention of the interest rate as an instrument to control inflation. Although this change was considered a Keynesian victory over the monetarists, the theoretical and institutional framework is far from being a Keynesian theory. According to Arestis and Sawyer (2004), in the long run the inflation rate is the only macroeconomic variable that monetary policy can affect. Thus, in the long run monetary policy cannot affect economic activity, economic output, employment and so on. The inflation targeting regime is therefore based on the premises of the new macroeconomic consensus.

Taylor (1993) presented a proposition as part of the effort to obtain an interest rate rule, and a rule for monetary policy to replace monetary rules. He explained that monetary policies based on rules of interest rates related to inflation variations and product variations are more stable, achieving better control than other types of policy that may be adopted. In other words, he argued that well-enforced rules are compatible with changes in interest rates in response to changes in prices or economic activity, without compromising the expectations of other agents.

#### *Empirical literature.*

Bergman and Hansen (2002) examined empirically the relationship between financial instability and monetary policy in Sweden using quarterly data from the first quarter from 1982 to the third quarter of 2001. They used measures of financial instability in a standard vector autoregressive (VAR) framework with output, prices, and interest rate, and then extended it to include measures of credit expansions. The measures of financial stability constructed used firm bankruptcies and excess return on housing. They found that there was a significant effect of higher interest rates and lending expansions on financial instability, and a strong impact of price shocks as well. They concluded that price stability and financial stability cannot be rejected as mutually consistent goals for monetary policy. In their study, Granville and Mallick (2009) investigated the nexus between monetary stability and financial stability twelve European Monetary Union countries over the period fourth quarter 1994-second quarter 2008. In analyzing the nexus relationship, they used the following variables: interest rates, share prices, exchange rates, property price inflation and

the deposit–loan ratio of the banking sector (proxies for financial stability) to changes in the consumer price level and ECB policy rate (proxies for monetary stability). They used a sign-restriction-based VAR approach, we find that there is a pro-cyclical relationship between monetary and financial stability in the long-run. With a positive inflation shock, they further found that on average a 2% estimated decline in share prices. In conclusion, they suggest that the interest rate instrument used for inflation targeting is conducive to financial stability.

Khataybeh and Al-Tarawneh (2016) analyzed the relationship between financial stability and monetary policy in Jordan. They have used an impulse function using a VAR framework together with Granger causality test to explore the impact of monetary policy shocks on a financial stability index. Their findings emphasize that changes in the excess reserves impact positively on the financial stability index, however, the effect is small in magnitude. On the same direction, changes in domestic credit have a significant impact on the financial stability index. These findings support the explanation that monetary policy has a significant effect on the financial stability through affecting its medium target, using its instruments, mainly excess reserves.

To study the impact of monetary policy and macroprudential policy coordination on financial stability and sustainability, Jiang et al (2016), used the yearly data spanning from 2003 to 2017. They used the System Generalized Method of Moments (System GMM) method to analyze the monetary policy and macroprudential policy coordination effect on 88 commercial banks' risk-taking; from the macro level, they used the Structural Vector Autoregression (SVAR) method to analyze the two policies coordination effect on housing prices and stock price bubbles. They found that for regulating bank risk-taking, monetary policy and macroprudential policy should conduct counter-cyclical regulation simultaneously; secondly, for regulating housing prices, tight monetary policy and tight macroprudential policy should be implemented alternately; thirdly, for regulating stock price bubbles, macroprudential policy should be the first line of defense and monetary policy should be the second one.

Using a time-continuum changing parameter model, Baxa, Horvath, and Vasicek (2013) investigated how specific authorities responded to financial stress events over the previous 30 years. The findings imply that the government is most likely to alter interest rates, mostly by lowering them during times of extreme stress. These results are in line with those of (Lamers et al., 2019), who discovered that weaker banks gain from low interest rates at the expense of future financial stability concerns rising. Bank stress and stock market stress are the forms of stress that the authorities are most likely to respond to. In line with study taken by (Martinez-Miera and Repullo, 2019; Jiang et al., 2019), monetary policy through open market sales of government debt by a central bank is effective when improving banks monitoring incentives through an increase in the intermediation margin. Tight monetary policy, however, discourages investment from both safe and hazardous businesses. Consequently, a monetary policy without considering the function of credit and asset prices may not have a robust cost-benefit analysis (Adrian and Liang, 2018).

To explore the connection between Asian economies' inflation targeting (IT) and financial instability, Sethi and Acharya (2019) used data from 1990 to 2015. A multidimensional financial conditioning index is created to gauge financial instability using the ECB's methodology. The study disproves the "conventional knowledge" notion by demonstrating that the adoption of IT policy in Asian nations has a negative influence on financial

stability. The Vector Autoregression (VAR) result further demonstrates how an IT regime boosts housing returns and encourages investors to take bigger risks.

Dlamini (2020) studied financial stability and monetary policy in South Africa with monthly frequency time series data spanning from 2000:2 to 2017:8. Markov Switching Vector Autoregression (MSVAR) model was estimated together with Bayesian methods to investigate this dynamic relationship. The results show that interest rates react negatively to a severe financial stress shock, which causes credit growth to expand. Real GDP growth somewhat rises despite the expansion of credit before steadily declining. It is concluded that monetary policymakers must take financial stability into account given the complimentary nature of the objectives of financial stability and monetary policy. Furthermore, monetary policy has an impact on more than simply interest rate changes; it also has an impact on things like loan risk functions.

To understand the effects of South Africa's Unexpected Monetary Policy Shocks in the Common Monetary Area, Seola (2020) used a structural vector autoregressive (SVAR) using monthly data spanning from the period 2000M2 to 2018M12. The major findings demonstrate that a positive shock to the South African repo rate is often followed by a decline in economic output and a rise in price levels, with a 90% level of confidence across all Common Monetary Area nations. In addition, the study found that, a positive repo rate shock causes an asymmetric response in the money supply, domestic credit, and lending rate spread between Lesotho, Eswatini, and Namibia countries and South Africa. According to these results, the governments of Lesotho, Eswatini, and Namibia must take additional measures to lessen the negative effects of South Africa's monetary policies on their financial sectors.

The study by Yalçinkaya, Celik, and Emsen (2021) highlighted how price and financial stability are related in monetary policy designs that have evolved since the 1990s and conducted an empirical analysis of how price and financial stability are related in US monetary policy designs. To this end, the study uses the TVP-SVAR model to examine the time-varying structure of the relationship between price and financial stability in the US, where monetary policies are intended to achieve price stability, full employment, and targets for moderate long-term interest rates. The study used monthly data spanning from 1993:12 to 2020:12. These findings essentially indicate the need to restructure US monetary policy in light of the new environment hypothesis while also taking into account the changing pattern of symmetrical or asymmetrical linkages between monetary and financial stability factors over time.

In general, the scant empirical literature lends itself to the idea that financial markets development is key to determining the effectiveness of monetary policy. The impact, however, could be facilitative or dampening. In one dimension, a well-developed financial system provides the structures for the transmission of policy to the economy, thus contributing to effectiveness. On another dimension, well-developed financial markets could also provide insulation against monetary policy shocks by providing numerous media/innovations by which economic agents can counter the effects flowing from monetary policy shocks.

As shown above, number of studies tried to explore the relationship between monetary policy and financial stability. They used different models and got different results. Herein, the study tests the existence of such shocks and policy response in South Africa, unlike that of Dlamini (2020), which did not look at shocks but interested in the relationship. Again,

the study made use of quarterly latest data from 2003 to 2020 as opposed to high frequency data such as monthly where we know very well that monetary policy conduct has lag effects. Thus far, there is a gap in the literature on this area in South Africa. The model used should serve the study objectives. And answer the study question: does monetary policy affect the financial stability in South Africa?

### **Research methodology.**

#### *Model specification.*

The estimated model was informed by recent empirical studies including Dlamini (2020), and Mahajan (2018). The estimated model, with a few modifications, can be expressed as:

$$FS = \alpha_0 + \beta_1 cpi_{t-1} + \beta_2 ms_{t-1} + \beta_3 geai_{t-1} + \beta_4 int_{t-1} + \beta_5 dum1_{t-1} + \beta_6 dum2_{t-1} + \varepsilon_t \quad (1)$$

Where

*FS* is financial stability proxied by credit to non-financial sector,

*CPI* is the consumer price index capturing the effects of inflation in the financial sector,

*MS* is money supply measured by broad money (M2),

*GEAI* is the global economic activity index measuring the influence of the international economic activities,

*INT* is Interest rate,

*DUM1* is a dummy variable to capture the shock of the 2008 financial crisis,

*DUM2* is a dummy variable to capture the effects of the 2016 sovereign debt crisis on the South African financial system and,

$\varepsilon_t$  is the error term.

Credit to non-financial sector, inflation, money supply, global economic activity index, and interest rates are all important variables for explaining monetary policy shocks on financial stability in South Africa. Credit to non-financial sectors refers to the amount of credit provided by financial intermediaries, such as banks and other lending institutions, to non-financial businesses or households. Credit availability and accessibility for non-financial sectors can stimulate economic activity and promote financial stability. However, excessive credit growth can lead to financial instability and debt distress. Monetary policy shocks can affect the availability of credit to non-financial sectors, influencing financial stability.

Inflation is another variable that is used to explain the impact of monetary policy shocks on financial stability in South Africa. High inflation rates can affect price stability, leading to economic instability. Monetary policy shocks can either decrease or increase inflation by influencing the money supply, interest rates, and credit availability. Money supply refers to the amount of money in circulation in an economy, and it is critical in explaining monetary policy shocks on financial stability in South Africa. Monetary policy shocks, such as interest rate adjustments, can influence the money supply, which subsequently affects economic activity and financial stability. Global economic activity index, which is an index used to measure the growth rate of the global economy, also plays an important role in explaining monetary policy shocks on financial stability in South Africa. Changes in the global economic activity index can affect the financial stability of South Africa's economy, particularly through exports and imports, which form a significant part of the country's GDP.

Lastly, interest rates are critical variables for explaining the impact of monetary policy shocks on financial stability in South Africa. Interest rates impact the cost of borrowing money, which influences investment, savings, and consumption, all of which affect financial stability. Monetary policy shocks, such as interest rate adjustments, can stimulate or slow down economic activity, which can either promote or hinder financial stability. All these variables are all critical variables for explaining the impact of monetary policy shocks on financial stability in South Africa. A better understanding of these variables can help policymakers formulate effective monetary policies that promote financial stability and sustainable economic growth.

Data sources.

The study made use of quarterly time-series data collected from several secondary data servers including the South African Reserve Bank online statistical query and St Louis Federal Reserve database. The period ranged from 2003:Q3 to 2020:Q4.

**Data analysis and discussion.**

*Unit root analysis.*

Table 1 below provides a summary of the stationarity analysis. This includes both the Augmented Dickey-Fuller and Philips Perron tests. In general, the findings reveal that the variables are stationary at different levels. For example, credit to non-financial sector and the consumer price index are stationary at level while, on the contrary, global economic activity, interest rates and broad money supply are stationary after first differencing. Further to this, the findings reveal that in all instances, the Augmented Dickey-Fuller and Philips Perron stationarity tests agree.

**Table 1: ADF and PP output.**

Variable	M.S	ADF		PP		Output
		Level	1st diff	Level	1st diff	
CNFS	Intercept	-3.75	-8.43	-6.68	-28.85	I(0)
	Trend	-4.04	-8.38	-6.85	-29.18	
CPI	Intercept	-3.87	-4.97	-9.05	-29.57	I(0)
	Trend	-4.78	-5.04	-8.90	-30.20	
GEAI	Intercept	-2.29	-8.82	-2.14	-10.39	I(1)
	Trend	-3.47	-8.75	-3.43	-10.28	
INT	Intercept	-2.46	-7.68	-2.32	-8.13	I(1)
	Trend	-2.77	-7.83	-2.52	-13.08	
MS	Intercept	-1.75	-4.43	-2.00	-7.68	I(1)
	Trend	-1.41	-4.40	-1.82	-7.776	

Source: Author’s computations, Note: asterisk \* and \*\* indicate significance level at 10% and 5%, respectively.

*Optimal lag length.*

This process is extremely crucial in econometric analysis to ensure that the correct number of lags is specified in the model as well as to ensure that the model is not over-fitted. The results are provided in table 2.

**Table 2: Lag order selection.**

Lag	LogL	LR	FPE	AIC	SC	HQ
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0	-1038.71	NA	222074.3	32.17	32.41	32.26
1	-767.52	475.62	240.55*	25.33	27.21*	26.07*
2	-719.08	74.52	257.38	25.35	28.86	26.74
3	-680.94	50.46	411.51	25.69	30.84	27.72
4	-623.06	64.11	413.40	25.41	32.20	28.09
5	-545.44	69.26*	284.97	24.53	32.96	27.86
6	-467.23	52.94	283.94	23.63*	33.70	27.61
* indicates lag order selected by the criterion						
LR: sequential modified LR test statistic (each test at 5% level)						
FPE: Final prediction error						
AIC: Akaike information criterion						
SC: Schwarz information criterion						
HQ: Hannan-Quinn information criterion						

Source: Author's computations

This is particularly important when utilizing Vector autoregressive models. The Akaike information criterion recommends six lags while the Schwarz information criterion and Hannan-Quinn information criterion recommend one lag. For the purposes of this study, the Schwarz information criterion will be utilized to avoid the loss in degrees of freedom which might result from a higher number of lags.

Johansen cointegration.

An interesting aspect of time series analysis involves establishing a long relationship between the dependent variable and explanatory variables. This was achieved by means of the Johansen Cointegration test.

**Table 3: Johansen Cointegration output.**

Unrestricted Cointegration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.67	153.58	125.61	0.00
At most 1	0.38	76.86	95.75	0.47
At most 2	0.21	43.97	69.81	0.86
At most 3	0.16	27.27	47.85	0.84
At most 4	0.11	15.34	29.79	0.75
At most 5	0.09	7.16	15.49	0.55
At most 6	0.00	0.06	3.84	0.79
Trace test indicates 1 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				
Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.67	76.72	46.23	0.00
At most 1	0.38	32.89	40.07	0.25
At most 2	0.21	16.69	33.87	0.93
At most 3	0.16	11.93	27.58	0.93
At most 4	0.11	8.181	21.13	0.89
At most 5	0.09	7.09	14.26	0.47
At most 6	0.00	0.06	3.84	0.79

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

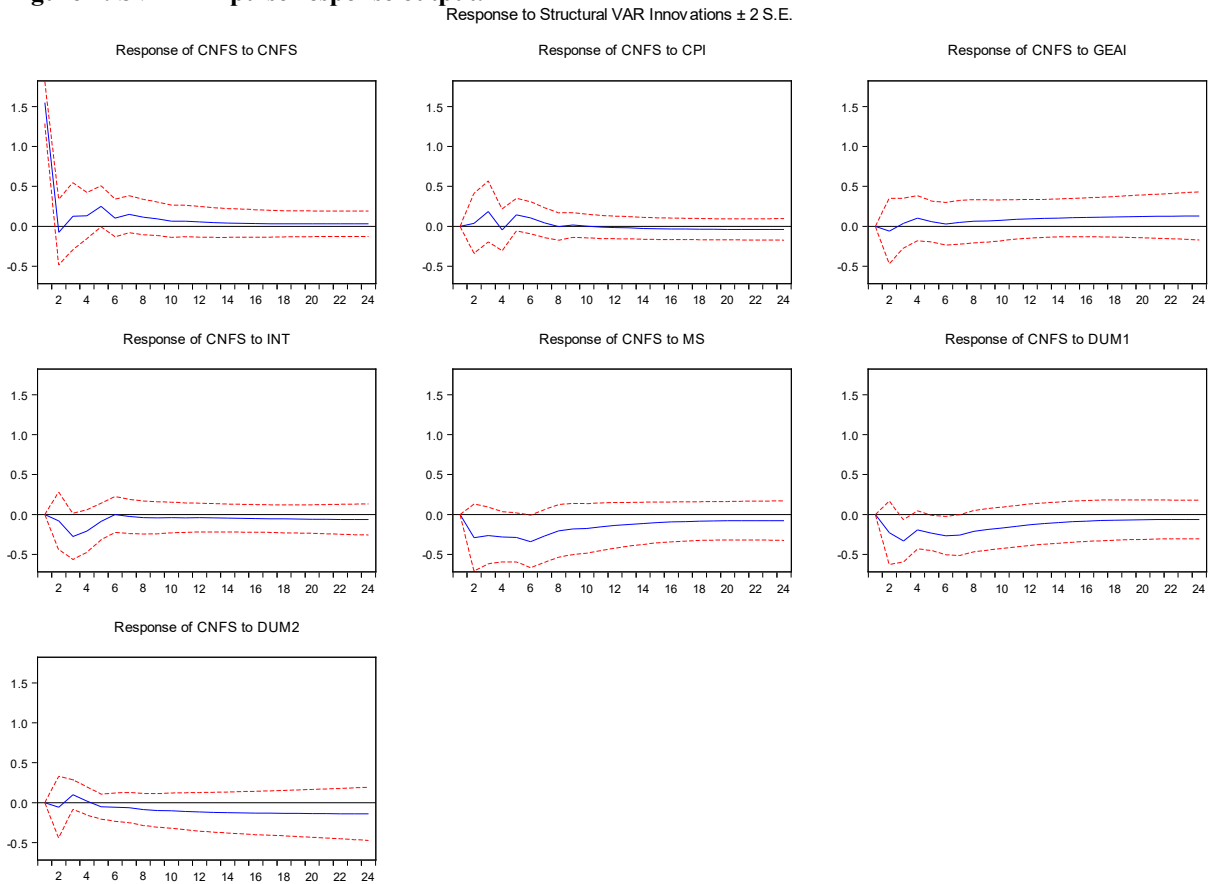
Source : Author's computations

Table 3 above provides a summary of findings from the Johansen cointegration test. The test was performed to determine if a long run relationship exists between the dependent variable and explanatory variables. The results in Table 5.4 indicate that a long run relationship exists between the dependent and explanatory variables. This is because, the trace statistic value of 153.58 is greater than the critical value of 125.61 at the 5% significance level. As such, at least one cointegrating relationship exists at the 5% significance level. Similarly, the maximum eigenvalue of 76.72 is greater than the critical value of 46.23 at the 5% significance level. This indicates that both the trace test and maximum eigenvalue confirm that at least one cointegrating relationship exist at the 5% significance level

*Structural VAR analysis.*

The impulse response function was estimated through structural factorization to account for structural shocks in the financial system. The primary goal of impulse responses is to determine the response of endogenous variables to a one standard deviation

**Figure 1: SVAR Impulse response output.**



Source: Author's computations

Figure 1 above illustrates the response of credit to non-financial sector to shocks in interest rates, consumer prices index, money supply, global economic activity, the 2008 global financial crisis and 2016 sovereign debt crisis. Credit to non-financial sector responds negatively to its own innovations in the short and positively to its own innovations in the medium to long term. Also, the response is found to be permanent during this period. Meanwhile, credit to non-financial sector responds negatively to shocks in interest rates and money supply during the entire period. Also, the response is temporary overtime. Similarly, the findings reveal that credit to non-financial sector responds negatively to systematic risks, that is, shocks induced by poor financial conduct. Likewise, the shocks are found to be permanent overtime. Systematic risks create disturbances in the financial market, and this hampers financial market stability. This implies that enhancements in global economic activity result in a more stable financial market whereas a deterioration in global economic activity would result in a more volatile financial market.

The response of credit to non-financial sector to shocks in the consumer price index is found to be positive in the short run although this trend becomes negative overtime. This is largely because as inflation rises, monetary authorities employ contractionary monetary policy which involves hiking interest rates or reducing the quantity of money in circulation through bond purchases in the secondary market. As a result, credit to non-financial sector decreases given the increased cost of borrowing by non-financial firms. These results are similar to those of Dlamini (2020) though the time horizons in which the shocks effects wore out differs. In contrast, credit to non-financial sector responds positively to shocks in global economic activity and this response is found to be permanent. As the economy recovers and expands, central banks are more likely to keep interest rates and the quantity of money the same. This creates a favorable lending environment to non-financial firms to expand their operations and capacity.

In the recent literature, such as that of Dlamini (2020) have examined the impact of monetary policy shocks on financial stability in South Africa using SVAR analysis. These studies have found that fluctuations in the monetary policy rate have a significant impact on the stability of the country's financial system. Other studies found that a tightening of monetary policy leads to a reduction in financial sector activity, which can in turn lead to an increase in the likelihood of financial stress. Another study found that monetary policy shocks have a significant impact on the volatility of the stock market and that these shocks may propagate into the real economy through changes in firms' investment decisions. Overall, these studies highlight the importance of considering the impact of monetary policy on financial stability in South Africa and the need for policymakers to carefully balance the objective of maintaining price stability with the potential risks to financial stability.

*Variance decomposition.*

In line with impulse responses, the variance decomposition was executed to measure forecast errors of each variable in relation to its own shock which was estimated using structural factorization.

**Table 4: Structural variance decomposition.**

Period	S.E.	CNFS	CPI	GEAI	INT	MS	DUM1	DUM2
1	1.54	100.00	0.00	0.00	0.00	0.00	0.00	0.00



2	1.59	94.14	0.05	0.13	0.24	3.26	2.03	0.11
3	1.69	84.30	1.26	0.17	2.85	5.33	5.61	0.46
4	1.75	79.70	1.24	0.50	4.06	7.56	6.47	0.44
5	1.81	75.93	1.79	0.56	4.01	9.53	7.66	0.49
6	1.87	71.66	2.01	0.55	3.76	12.23	9.20	0.55
7	1.91	68.95	1.97	0.59	3.60	13.64	10.59	0.63
8	1.94	67.25	1.91	0.68	3.54	14.35	11.42	0.81
9	1.97	65.88	1.87	0.78	3.50	14.86	12.05	1.03
10	1.99	64.64	1.83	0.91	3.46	15.33	12.51	1.27
11	2.00	63.61	1.80	1.08	3.44	15.65	12.83	1.54
12	2.02	62.72	1.78	1.28	3.43	15.87	13.04	1.85

Source: Author's computations

The results indicate that in the short run, a larger proportion of the variations in credit to non-financial sector are explained by its own innovations and to a small extent by innovations in interest rates, money supply and the 2008 global financial crisis. In the medium to long term however, approximately 50% of the discrepancies in credit to non-financial sector are explained by its own innovations and to a relatively larger extent by innovations in the money supply and the 2008 global financial crisis. Global economic activity, the consumer price index and the 2016 sovereign debt crisis are relatively less effective in explaining discrepancies in credit to non-financial sector.

*Residual diagnostics.*

Residual diagnostics were performed by means of the auto-correlation test, heteroskedasticity test and inverse roots test. The estimated auto-correlation test revealed a chi-square value of 58.11 and a corresponding p-value of 17%. This indicates that the estimated residuals by means of structural VAR do not suffer from serial correlation since the corresponding p-value is greater than 5%. Further to this, the corresponding probability value of the chi-square under the White heteroskedasticity test also confirms that the model is free from heteroskedasticity. This is because, the probability of 23.5% is greater than 5%, which, once again, confirms the absence of heteroskedasticity in the model.

**Table 5: Residual Analysis and Stability.**

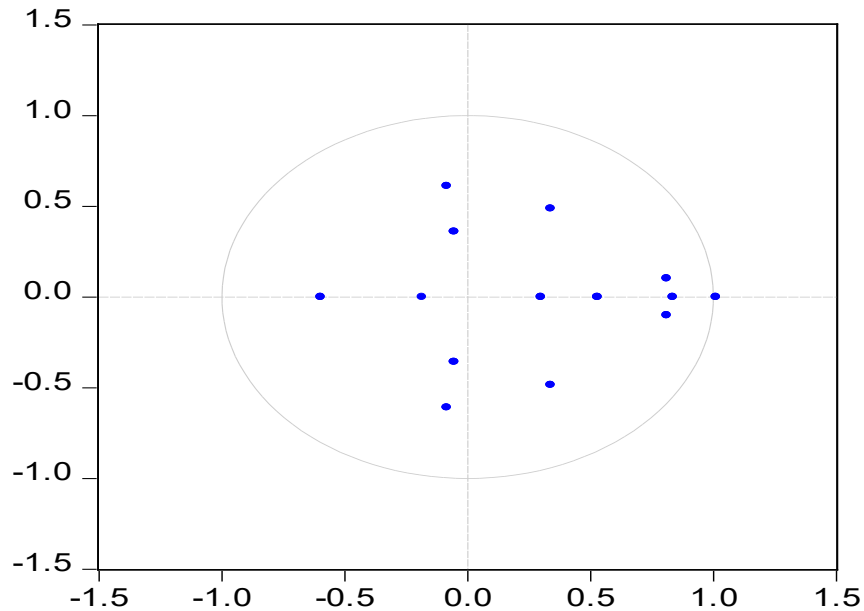
Residual Test	Chi-square	p-value
Auto Correlation LM	58.115	0.174
Heteroskedasticity Test: White	740.025	0.235

Source: Author's computations

Figure 2 below graphs the inverse roots of AR polynomial. As can be seen, the estimated VAR is stable since all roots have modulus less than one and lie inside the unit circle.

Figure 2: Stability test.

Inverse Roots of AR Characteristic Polynomial



In the analysis, it was found that all the modules lie inside the unity circle, which is in line with Lütkepohl (1991), who argued strongly that the VAR estimated model is said to be stationary when all variables have a modulus that is less than one or lie inside the unity circle.

*Granger causality.*

Table 6 below provides a summary of findings from the granger causality analysis. A uni-directional causation can be observed between credit to non-financial sector and global economic activity at the 5% significance level. Similarly, uni-directional causation can be seen between the 2008 global financial crisis dummy and credit to non-financial sector at the 1% statistical significance level. Interestingly, a bi-directional causality was established between broad money supply and credit to non-financial sector at the 1% and 5% statistical significance levels, respectively. This implies that past values in broad money supply contain information that can help predict values in credit to non-financial sector and vice versa.

**Table 6: Granger causality output.**

Null Hypothesis:	Obs.	F-Statistic	Prob.
CPI does not Granger Cause CNFS	70	1.29	0.25
CNFS does not Granger Cause CPI		1.16	0.28
GEAI does not Granger Cause CNFS	70	2.36	0.12
CNFS does not Granger Cause GEAI		4.41	0.03**
INT does not Granger Cause CNFS	70	2.56	0.11
CNFS does not Granger Cause INT		0.43	0.51
M2 does not Granger Cause CNFS	70	4.01	0.04**
CNFS does not Granger Cause M2		10.04	0.00*
DUM1 does not Granger Cause CNFS	70	8.84	0.00*
CNFS does not Granger Cause DUM1		1.47	0.22
DUM2 does not Granger Cause CNFS	70	0.75	0.38

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CNFS does not Granger Cause DUM2	2.71	0.10
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Source: Author's computations

**Conclusion, implication, suggestion, and limitations.**

The study examined the monetary policy shocks on financial market stability. This was achieved by means of econometric analysis. The study made use of quarterly time series macroeconomic data spanning from 2003Q2 to 2020Q4. While the variables were found to be stationary at different levels, the Johansen cointegration test revealed a long run relationship between the dependent variable and explanatory variables. In addition, the impulse response function indicated that financial market stability responds negatively to shocks as a result of interest rates, money supply and systematic risks. Further to this, the finding revealed that discrepancies in financial market stability are largely explained by its own innovations in the short run and partially by innovations in money supply and the 2008 global financial crisis at least in the long run. Lastly, a bi-directional causation was observed between broad money supply and credit to non-financial sector.

In conclusion, the impact of monetary policy shocks on financial stability in South Africa is a critical issue that requires analysis and understanding to ensure sustainable economic growth. This study has highlighted the importance of several variables, including credit to non-financial sectors, inflation, money supply, global economic activity index, and interest rates in explaining the impact of monetary policy shocks on financial stability in South Africa. The study's findings suggest that monetary policy shocks such as interest rate adjustments can significantly affect credit availability, inflation, and economic activity, which can impact financial stability. Thus, policymakers need to adopt approaches that ensure monetary policy shocks promote financial stability in South Africa.

Based on the study's findings, several recommendations could be adopted by policymakers to promote financial stability in South Africa. These recommendations include maintaining a stable inflation rate to promote price stability and reduce market volatility, monitoring the money supply to ensure it supports economic activity and financial stability, and adopting policies that promote stable economic growth internally and externally. The Limitations of the study include the use of secondary data for analysis. As such, the data may not be entirely representative of the current economic and financial conditions in South Africa. Further, the study only examined the impact of monetary policy shocks on financial stability, overlooking other variables that may have a significant impact on financial stability.

In conclusion, this study has contributed to the literature on the impact of monetary policy shocks on financial stability in South Africa. The findings can inform policymakers and financial analysts in making more informed decisions to promote financial stability and sustainable economic growth in South Africa. However, further research is recommended to explore the impact of other variables on financial stability in South Africa. The results suggest that it is important for the South African authorities to pay close attention to the economic conditions when implementing monetary policy in order to avoid exacerbating economic instability. Furthermore, capturing both the bank and non-bank sectors would enhance policy reform, especially with regard to financial risk that may emerge in the post2007/2008 financial crisis period. The introduction of other macro-prudential policy instruments for example the debt-to-income ratio would explore the extent to which they could complement countercyclical capital requirement regulations. Finally, the interaction

of monetary and macro-prudential policies could be extended to include fiscal and structural policies.

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## **TRANSFORMATION IN ORGANISATIONAL COMMUNICATION**

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*Abstract: The chapter focuses on communication in corporate organisations as it manages change. It recognises the need of communication during times of organizational transition. The tactics for educating and understanding the need for change are also discussed. It also examined some organisational communication change models that can be adopted by recognising the numerous aspects that influence the communication process and lead to successful organisational communication transformation. This information is becoming increasingly relevant as people become more versatile and move between work jobs in different parts of the organisation to enrich their experience.*

*Keywords: Behaviour, Change, Communication, Leadership, Organisation*

### **Introduction**

Organisational communication refers to the different types and channels of communication that exist between members of organisations such as corporations, NGOs, and small businesses. There is a significant correlation between corporate communication levels and job performance and happiness, according to studies. Organisational communication can be formal or informal, take several forms and use a range of mediums (Neher, 1997).

Every human step demonstrates the importance of communication. Humans are social creatures who rely on one another while remaining self-sufficient and connected to their surroundings. They can only connect with others in their environment through communication, both verbal and nonverbal (body language and cues are widely understood). Communication is one of the most important aspects of a company's success, both in terms of increasing productivity and adapting to changes in the environment. Effective communication between persons and parties directly involved in and outside the organisation can help organisations collect the necessary knowledge (Winarso, 2018).

Socialising benefits from communication as well. Survival necessitates communication. Process control is also aided by communication. It helps manage organisational members' behaviour in a variety of ways. Employees in a company must follow multiple levels of hierarchy as well as certain concepts and standards. They must adhere to organisational policies, perform their job duties effectively and notify their managers of any work-related concerns or grievances. As a result, communication helps with management control. An effective and efficient communication system necessitates managerial expertise in delivering and receiving communications. A manager must recognise a variety of communication barriers, examine the reasons for their emergence and take proactive efforts to avoid them. Consequently, the primary responsibility of a manager is to build and maintain an effective communication system within the company. Successful organisations rely on effective communication. All managers and employees must be

aware of how people behave in order to establish the best working environment. The field of organisational behaviour studies how people might be motivated to collaborate more effectively. The contact required to move a group toward a set of common goals is known as organisational communication. Incompetence, insensitivity, lack of coordination and red tape in each of these interactions leave us satisfied but unsatisfied, all of which are the result of ineffective organisational communication. Greater understanding of communication leads to better comprehension of what make a successful organisation. Employees are more motivated when they are informed and clear about the task at hand, how they are performing it and how to improve their performance if it is not up to grade. During the decision-making process, communication is a source of information for organisational members since it aids in the identification and evaluation of various courses of action. Communication is also crucial in influencing people's attitudes; a well-informed individual, for example, will have a better attitude than someone who is less well-informed. Organisational periodicals, journals, meetings and other forms of oral and written communication affect employee views (Neher, 1997).

Three recurrent elements appear when examining several definitions for the term "organisation": structure, objective and people. Internally and in relation to its larger external environment, organisational structure studies how a company functions. The goal is the overall objective of a group of individuals. The stakeholders relate to the organisation's many internal and external stakeholders. Mutual benefit, business concerns, service and commonweal are the four common sorts of organisations. Mutual benefit groups (e.g., fraternities, sororities, clubs, etc.) are created to aid the members of the group. Organisations that deal with business are primarily focused with making a profit for themselves and their shareholders (e.g. anything from Walmart and Citibank to your local grocery store or restaurant). The third form of organisation is a service organisation, which is dedicated to providing a specific service to individuals in society (for example, hospitals, legal aid societies, etc...). Finally, commonweal organisations are those that are operated by the government for the better good of society (for example, the military, fire/police departments, education departments, and so on) (Wrench & Punyanunt-Carter, 2012).

#### Directions of Communication in Organisation

Vertical, horizontal and upward communications occur inside organisation. Downward communication from the administrative and executive levels to the employees occurs through official channels such as policy documents, rules and regulations and organisational charts. Staff initiates upward communication, which usually takes the form of a complaint or a request and is addressed to executives. Horizontal communication occurs when coworkers meet to discuss topics of mutual interest, solve problems and share information (Neher, 1997).

### **Organisational Communication**

Organisational communication is a process whereby an organisational stakeholder (or group of stakeholders) attempts to stimulate meaning in the mind of another organisational stakeholder (or group of stakeholders) through intentional use of verbal, nonverbal and/or mediated messages (Wrench, McCroskey, & Richmond, 2008). Organisational communication is as an aggregate of persons, arranged in predetermined patterns of relationships, in order to accomplish stated objectives. Organisational communication,

according to Kreps (1990), is the process by which members gather relevant information about their organization and the changes that are taking place inside it (Redding, 1964).

"Transmitting news about the work from the organisation to employees and through employees" is another way to understand organisational communication (Phattanacheewapul & Ussahawanitchakit, 2008; Chen, Silverthone & Hung, 2005).

### **Change**

Leadership behaviours in the workplace have a direct impact on change-enabling actions (Drucker, 1999; Gilley, 2005; Howkins, 2001). Leaders can act as change agents by establishing a vision, identifying the need for change, and implementing the change (Kanter, Stein & Jick, 1992). Companies stay competitive when they advocate and implement continuous and radical change (Cohen, 1999). It may be argued that successful change management is critical for any organisation to survive and prosper in today's highly competitive and rapidly changing business climate. However, the theories and approaches to change management currently available to academics and practitioners are sometimes conflicting, relying on untested assertions about the nature of contemporary organisational change management (Todnem, 2005).

In many change management theories, the change recipient's trust and willingness to change on one hand are viewed as key factors for a successful change process. Resistance to change, on the other hand, is viewed as something the management must conquer to be able to complete the change process. In order to make the change recipients trusting and willing to change, change theories provide useful tools such as making discrepancy in the work situation of those who are to face changes and using persuasive communication. However, from a safety perspective the importance of trained skepticism and having the end users questioning the change process, rather than convincing them seem to be more important. To view the end users as experts and to bring them in the process from an early stage, with their opinions on how to make changes as safe as possible, seems more important than overcoming their resistance to change (Sætren, & Laumann, 2017)..

Logical people understand that progress entails change and that we all need to progress, the promise of reaping the benefits of change does not make everyone ready, willing or able to embrace change. On the contrary, most people are thought to be resistant to change. "Change is extremely personal," says Duck (1993) and Pietersen (2002) believes that "the prospect of change causes what is sometimes dubbed the Factor- Fear, Uncertainty, and Doubt" for many people.

### **Change In Organisational Communication**

Because change is usually always perceived as top-down and driven by management, people who are managed will almost always reject change, putting pressure on managers to overcome resistance before the change can be implemented. From a management perspective, resistance to change is generally viewed as the refusal of an organisation's members to accept a change (Cheng & Petrovic-Lazarevic, 2004; Coghlan, 1993). Resistance is also a multidimensional issue that throws unexpected delays, expenses, and instabilities into the strategic change process (Ansoff, 1988). It is defined by Bemmels and Reshef (1991) as any employee action aimed against preventing or delaying change. Resistance to change has acquired a negative connotation (Waddell & Sohal, 1998) that reportedly complicated the difficulty of achieving change by promulgating a dualistic



thinking of labour vs management (Dent and Goldberg, 1999). Change resistance can be divided into three categories (Mabin, Forgeson & Green, 2001): Individual, Group and Organisational. Individual components have been extensively examined in comparison to the other elements (Cheng & Petrovic-Lazarevic, 2005). Harris (2002) takes an unusual approach to the individual components, dividing them into:

**Sabotage Through Erosion** entails the persistent use of strident and extended speech arguments at every feasible opportunities to undermine enthusiasm, support or argument with management-suggested change.

**Hijacking:** Employees attempt to alter the adopted modification into something more acceptable to their function, or just something more personally pleasant, in a process known as hijacking.

**Lip Service:** Sabotage by Disregard is an instrumental compliance in which employees openly and vocally conform but covertly oppose attempts to subjugate them by accepting the legitimate authority of the hierarchy and the benefits of continuous employment.

**Scarcity Creation:** Sabotage by Undermining, which includes more confrontational behaviour;

**Direct Conflict:** Sabotage by Battle, which reflects strong personal hostility to change and may lead to resignation.

Change resistance would be triggered if group cohesiveness and social norms were threatened, and participation in decision-making was not appropriately catered to. Different emotional reactions to change are imposed by individual personality traits (Bernerth, 2004).

Risks posed by unforeseen or undesirable organisational structure and process change, as well as threats posed by the environment inside or outside the organization, are examples of organisational variables.

### **Organisational Communication Change**

Many studies have been conducted on organisational change. Many people have tried to explain what change is, how to manage it, and why it is so difficult to achieve. Despite a plethora of theories, models, and multistep approaches, organisational leaders lack a clear knowledge of, or ability to engage in the processes required to successfully implement change (Armenakis & Harris, 2002). Organisational communication generally has two goals. The major goal is to educate the staff about their responsibilities and the company's policies (De Ridder, 2003; Francis, 1989). The second purpose of organisational communication is to create a sense of belonging within the company (Francis, 1989; Postmes *et. al.*, 2001; De Ridder, 2003).

Employees at all levels are informed and educated through meaningful communication, which drives them to support a change plan (Barrett, 2002). This is significant because positive attitudes toward change are critical in successful change programs (Kotter, 1996), as change resistance is one of the most difficult obstacles to overcome. Meaningful communication necessitates some cognitive organisational reorientation, or understanding and acceptance of the proposed change. During organisational transition, Elving & Hansma (2008) conducted interview with management and staff. The most important conclusion reached was that the success of organisational change distribution and adaption is highly dependent on the communicative and informational skills of managers at all levels.

Elving (2005) presented a conceptual framework for researching communication in changing organisations. Six propositions were produced that all influence change readiness at the same time. The degree of change effectiveness is indicated by the level of readiness in this framework. According to the first hypothesis, a low degree of resistance to change or a high level of readiness for change is an indicator of effective organisational transformation. The second argument said that communication is required to tell members of the organisation about the change and how it would affect their work. The third proposition advocated for the use of communication to build a community that would improve commitment, trust, and identification with the organisation and management. The following idea focused on uncertainty, arguing that high levels of ambiguity reduce preparedness to change. The sixth proposition focused on the impact of downsizing on job loss and work instability, which affects willingness to change. The last proposition was linked to the fourth and fifth propositions, stating that communication has an impact on emotions of insecurity and job insecurity.

Klein (1996) states that the communication strategy should be aligned with the general stages of the change process as well as the appropriate information requirements. Klein has highlighted the objectives and communication demands for each step of the change process using Lewin's change model (1951):

**Communicating During the 'move stage':** There is a lot of organisational activity when change is introduced. Because most employees are not directly participating in the transformation process and are unaware of what is going on, there is a lot of confusion and rumours. As a result, communication is critical at this stage, with the following goals: to provide those who are not involved in the change process with detailed and accurate information about what is going on; to provide those who are involved in the process with information about their roles in the change process, as well as information about how the change will affect them and their new roles and responsibilities; and to dispel any misinformation that is circulating. Because the change is beginning to produce more real results and has some organizational implications, the communication should be more targeted than in the beginning (Klein, 1996).

**Communication During the 'unfreezing Period':** The primary goal of communication at this stage is to prepare personnel and the organisation for the change. This level is also known as "organizational readiness." Resistance will grow in lockstep with the size of the change and its impact on the organization. However, if the communication approach is structured to account for the first resistance, it is much easier to overcome it (Klein, 1996). It is critical to communicate the change's goal in order to prepare the organisation for the change. The first thing that needs to be communicated is the need for change, which can be done by highlighting the gap between desired and actual outcomes. This first message should come from the organisation's top management if the change is company-wide. Although written communication followed by a question-and-answer session has been shown to be helpful, face-to-face communication is critical at this stage (Klein, 1996).

**Communicating During the 'refreezing Stage':** The main goal at this point is to create structures and processes that support the new approaches. Employees' questions about efficiency, rewards, control, and relationship roles should be the focus of communication. The responsibility for interacting with employees moves from the CEO and management to supervisory management at this stage. Employees need to grasp the personal ramifications of the shift; therefore the information flow should be constant, concrete, and

multidirectional. Because of the potential for misunderstandings at this stage, communication should focus on making the success of the change public and spreading the word to employees (Klein, 1996).

Leadership, employee involvement, rewards, communication, and other factors have all become part of larger, multistep frameworks. For example, models by Kotter (1996) and Ulrich (1998) imply that leadership and vision, establishing guiding coalitions, communicating, inspiring, and empowering others, and anchoring innovative ideas in the firm's culture are all important.

**Table 1: Change Models**

Lewin's Model	Ulrich's Seven-Step Model	Kotter's Eight-Step Model
Unfreeze	Lead change	Establish a sense of urgency
Movement	Create a shared need	Form a guiding coalition
Refreeze	Shape a vision	Create a vision
	Mobilise commitment	Communicate the vision
	Change systems and structures	Empower others to act
	Monitor progress	Plan for and create short-term wins
	Make change last	Consolidate improvements and produce more change
		Institutionalise new approaches

Sources. Kotter (1996); Lewin (1951); Ulrich (1998).

### **Failure In Communication Culminates In Failure In Change**

According to Speculand (2005), CEOs were asked about the implementation of a new strategy in their organization by researchers working on a 2005 study for the Bridges Business Consultancy. The study found that 90 percent of strategic initiatives launched by government entities and energy and utilities corporations in Southeast Asia and North America failed. "Implementation fails due of weak execution, not faulty strategy," 97 percent of the 150 line managers polled agreed. When questioned about why, they listed their top 10 reasons. The top two reasons for this are:

1. Gaining support and action
2. Communicating the change

According to the survey, the most popular manner for companies to convey change efforts to their employees was via email (25% of the time), followed by briefings and newsletters. The poll also found that most communication was front-loaded, with a lot of information and activity at first, but less and less as time passed.

Another intriguing conclusion from this study was that middle managers have the most resistance to change within organisations: 54% vs 13% for executives and 23% for frontline workers. This study has a lot of implications. The most crucial are that change leaders must have a consistent communication strategy, use suitable communication channels (rather than email), ensuring that middle management are on board with the change, and keep communicating until the project is completed (Beatty, 2015).

### **Organisational Communication Change Objectives**

Employee issues should be addressed and organisational communication should be given a humanistic touch. According to communication researchers, the goals of communication content in a change process include spreading a vision, minimizing uncertainty (Klein, 1996), gaining employee commitment (Kotter, 1995), involving employees by seeking

their input into the content and process of the change, overcoming barriers to change (Carnall, 1997), and challenging the status quo (Balogun & Hope, 2003). Some of the communication goals sought during change management are as follows:

**Motivate Employees:** Energy, direction, and sustainability have been identified as components of motivation (Kroth, 2007). Communication has also been proved to be an effective tool for motivating those involved in change (Luecke, 2003). Organisational communication researchers have discovered that the quality of information provided by the organisation increases employee job satisfaction, which drives employees. According to Carlisle and Murphy, motivating people to communicate effectively and respond to employee questions is important (1996).

Expectancy theory, need theory, reinforcement theory and the widely used goal theory are examples of motivation theories that investigate various methods for meeting people's desires. Job satisfaction, perceived equity, and organisational dedication have all been identified as motivators (Schnake, 2007).

The experience an individual has inside a specific work environment and with leaders has a positive or negative impact on motivation (Gilley *et al.*, 2009). Substantial motives encourage strong attempts to complete the action despite significant obstacles. According to Kantner (1983), significant change necessitates a leap of faith into the unknown. The more emotional experiences a person has, the more receptive they will be to a proposed change (Huy, 1999).

**Build Trust:** (Dirks & Ferrin, 2001) opine that trust leads to more positive attitudes, greater cooperation, and higher performance (Jones & George, 1998; Mayer, Davis & Schoorman, 1995). The value of communication in the workplace can be determined, according to Cheney (1999). According to Chia, "trust and commitment are by-products of processes and policies aimed at making the interaction enjoyable for both parties" (2005). Through openness and compassion, effective communication can transmit trust (Mishra & Mishra, 2005). (Mishra & Mishra, 2005). Employees' faith in their bosses is expected to be influenced by organisational communication tactics and the organisation's upper echelon, as well as their dedication to the company.

**Employee Commitment:** Employee voice and argumentativeness are associated in communication studies, with the freedom to speak up about concerns and the ability to discuss the issues underlying these concerns. Employees' effectiveness and commitment are greatly determined by their knowledge and awareness of the company's strategic challenges (Tucker, Meyer & Westerman, 1996). Clear, accurate and honest communications, delivered across a range of media with high coverage and effect, are required to avoid confusion at any point during the transformation process (Abraham, Crawford, & Fisher, 1999). People committed to a vision, according to Pascale (1984), are more crucial than a well-thought-out strategy in successfully accelerating the change process. Communication with upper management and superiors fosters commitment and support. Sincere and effective communication styles among organisation members enable members to integrate the organisation by allowing employees to internalise the organisation's goals and standards. As a result, the dedication of those who work in this environment grows and as job satisfaction rises, employees contribute to the organisation's success. Miller (2003) also claims that achieving distinctive competence and achievement requires intense concentration and perseverance.

**Tackle Queries of Employees:** Employee information, change management and employee motivation must all be addressed through communication (Dolphin, 2005). Everyone in the organisation, at all levels, knows the need for change, what the changes are, and how they will impact the business and each individual's work.

**Employee Participation:** Employee engagement was connected with higher job satisfaction and better well-being, according to a study by Parker, Chmiel & Wall (1997). Individuals tend to report higher job satisfaction when they have the opportunity to provide input into how choices are made. Excellent companies, according to Hyo-Sook (2003), enclose management structures that empower employees' participation in decision-making.

Increased engagement in decision-making by lower-level employees has been found to improve the efficiency of the decision-making process, according to Heller, Drenth & Rus (1988). Employees who are involved in decision-making have better levels of satisfaction and loyalty to the company.

Employee involvement promotes workers' input into decisions that affect their well-being and the performance of the company. Employee involvement appears to have a favourable influence on change implementation and productivity, according to a growing body of studies. Relinquishing power and allowing employees to make decisions, in particular, produces positive outcomes (Risher, 2003). Persons who are given real opportunities to engage in change are more dedicated to its success because their suggestions are integrated into the change strategy (Kotter & Schlesinger, 1979).

**Reduce Uncertainty:** Knowledge about the motivations for change not only helps to reduce uncertainty and create readiness for change, but it also helps to reduce uncertainty. Effective change communication can be seen as a means of dealing with uncertainty (DiFonzo & Bordia, 1998). Employee uncertainty throughout change processes has ramifications for the individual employee as well as the environment in which that employee works. It is accompanied by concerns such as "will I still have a job after this change?" and "will I still have the same co-workers after this change?"

**Build Community Spirit:** Organisational communication is regarded as a crucial antecedent of the self-categorisation process, as it aids in the definition of a group's identity and the generation of a community spirit that meets organisational needs (De Ridder, 2003; Postmes *et. al.*, 2001; Meyer & Allen, 1997). Employee commitment to the organisation, employee faith in management and organisational identity are all examples of communication to build a community within organisations (Elving, 2005).

**Job Security:** Recent meta-analytic study shows that employees who perceive their positions as insecure have poorer job satisfaction, organisational commitment and a higher likelihood of leaving. According to previous studies, employees who stay on following a workforce decrease generally perceive their positions are no longer secure (Armstrong-Stassen, 1998). Organisations can take steps to mitigate the worst effects of job insecurity by giving accurate information and improving communication, providing retraining for alternative jobs and training their staff on how to manage with the stress that comes with it.

**Add Feedback:** Appropriate communications give employees with feedback and reinforcement during the change, allowing them to make better decisions and better prepare for the benefits and drawbacks of change. The organisational communication change paradigm is depicted in Figure 2. It depicts how numerous elements affect communication. Community spirit, trust, motivation, dedication, job security and involvement must all be

satisfied or strengthened in order for employees to grasp the concept underlying the change and adequately handle the demands. This leads to willingness to change, which leads to successful organisational change.

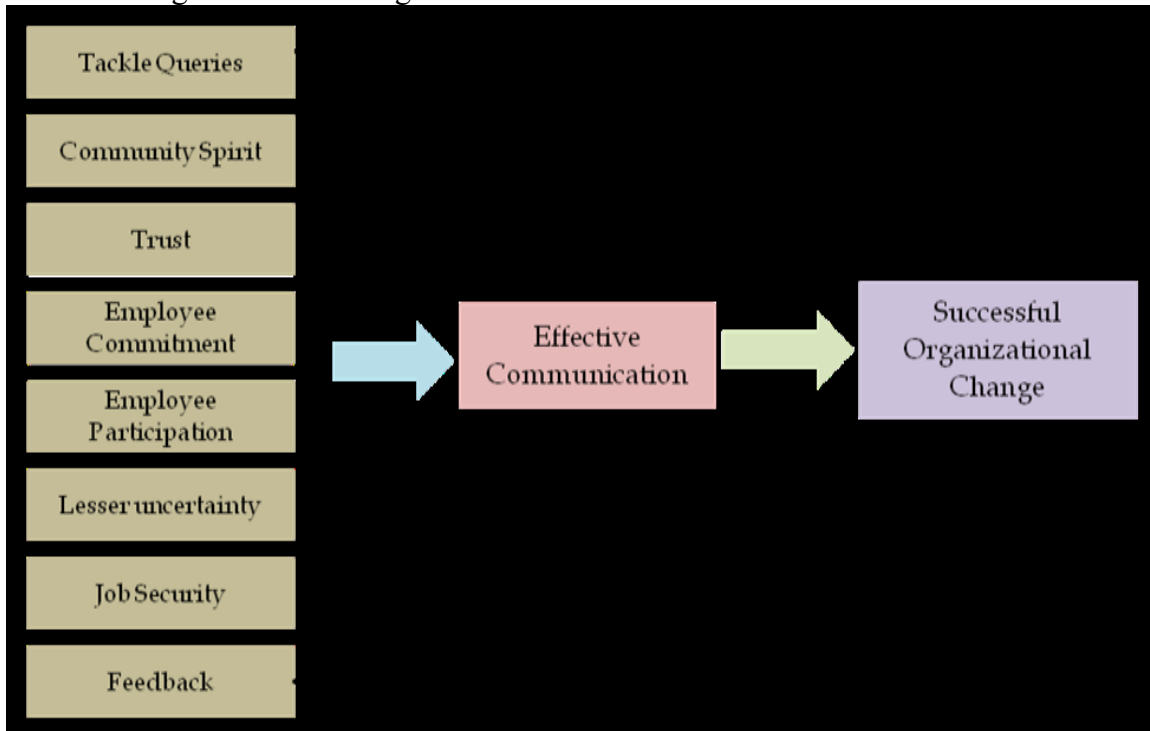


Figure 2: Organisational Communication Change Model. (Source: Husain, 2013).

### Conclusion

The role of communication in business organisations is critical for successful change management. Employees, including leaders and subordinates, are critical sources for bringing about effective organisational communication reform. To motivate employees to make desired changes, firms must address their concerns and issues, such as fear of uncertainty and job instability, and a feeling of community must be built so that employees understand their duties. The necessity for change and its benefits will drive employees to participate in change initiatives, which should be carried out in a systematic manner.

Several variables, including as communication, support, collaboration with professional associations and others, must be considered for implementation through the creation of a step-by-step career path process in order to create a successful career path in organizational communication. If employee career pathing is integrated into a company's entire personnel management plan, it will be most effective. Career paths guide people toward the company's future competitiveness by aligning talent management processes and creating a link between job functions, required competencies and significant experiences.

Throughout the process of change, managers should be ready to communicate not just once, but again and again. Let your staff be heroes by restating the mission, retelling the tale, and redrawing the map whenever difficulties occur. With synergy from both the manager and members of staff, organisation will be better prepared and driven to effect desirable change.

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## INVESTMENT AND ECONOMIC GROWTH NEXUS IN NIGERIA: A MODERATION ANALYSIS OF SECURITY THREATS

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*Abstract: This study assessed the moderating effects of security threats on investment-economic growth nexus in Nigeria from 1986 to 2021 using the Vector Error Correction Model approach. Domestic investment and FDI were found to have a positive impact on Nigeria's long-term economic growth. The study also found that security threats have a strong negative effect on economic growth in Nigeria, and that the presence of security threats significantly reduced the positive influence of investment on economic growth in Nigeria. Thus, the marginal effects of investment when there are security threats in Nigeria was worsened. The study therefore emphasized that security threats significantly hinder the positive contributions of domestic and foreign investments to economic growth, especially foreign direct investment. Therefore, the study recommends that Nigerian government should enhance security measures to combat political instability, terrorism, and social unrest in order to create a more favourable business environment and encourage both domestic and foreign investment.*

*Keywords: Domestic investment; economic growth; foreign investment; security threats*

*JEL: F43, O47*

### **Introduction**

Enhancing national output and economic growth is a key objective for economies worldwide, pursued by every nation. The achievement and sustenance of economic growth depends on various factors like investment, government expenditure, and security measures (Yusuf & Mohd, 2022). Market efficiency and the inclination to invest are contingent upon safeguarding individuals and assets from local and global risks. This could elucidate the reason numerous nations endeavor to maintain peace and security both domestically and internationally (Amana, Aigbedion & Zubair, 2020).

In the contemporary global strategic landscape, a diverse range of dissimilar threats and challenges persist. Preserving the safety of people and property against local and international risks is crucial for the smooth functioning of markets and the motivation to

invest and innovate. Hence, many countries worldwide strive to ensure peace and security within and beyond their borders (Apanisile & Okunlola, 2014; Amana et al., 2020). Conversely, escalating levels of insecurity and activities that undermine national interests pose a significant obstacle to national regulations, human rights, and, notably, have a substantial adverse impact on the economy. Such impact affects price levels, output, employment, trade balance, poverty rates, inequality, government budgets, socio-political conditions, and various other factors (Isola, Ayopo, Abiola & Joseph, 2019; Mazumdar & Bhattacharjee, 2019). Security threats possess the potential to harm the economy in multiple ways, including the depletion of a nation's capital stock.

The increasing levels of instability and insecurity are believed to divert investment away from countries with higher security risks and towards those with lower risks. This shift occurs due to the perceived danger and uncertainty associated with rising instability. In the Sub-Saharan Africa region, the ability to attract foreign direct and portfolio investments may decline as a result of the mounting insecurity (Chuku, et al., 2019; Brodeur, 2018). Moreover, insecurity hampers economic growth by raising the costs of conducting business, including higher wages, increased insurance premiums, and heightened security expenditures. These elevated costs lead to reduced profits and lower returns on investment. However, the impact of security threats on the economy varies across countries depending on their economic structure, as noted by Yusuf and Mohd (2022).

Nigeria has experienced severe security threats, rendering the country unsafe for economic growth. It was ranked as the third most affected nation by terrorism in the 2020 Global Terrorism Index (GTI), following Iraq and Afghanistan (GTI, 2021). The alarming levels of insecurity have made the Nigerian economy unappealing to both local and foreign investors, who have become apprehensive about investing and allocating their hard-earned resources into profitable ventures (Chuku, et al., 2019).

Despite the challenges related to finance, technology, and skills, developing economies are increasingly recognizing the significant role of investment as a catalyst for economic growth (Essien, et al., 2015; Achumba, 2013; Yusuf & Mohd, 2022). The components of investment that have been identified as impacting economic performance can be categorized into private domestic investment, public domestic investment, foreign direct investment, and foreign portfolio investment. Such investments provide investors with dividend payments, potential voting rights, and partial ownership of a company, thereby stimulating economic growth (Chaudhry, et al., 2014). Hence, the presence of security threats has the potential to discourage investment and hinder economic activities in developing economies like Nigeria, leading to a slowdown (Brodeur, 2018). However, it can be argued that security threats in an economy also create opportunities, especially for foreign investors who may take advantage of the unfavorable business environment to increase their returns, while many competitors (domestic investors) are deterred from the market. Nevertheless, in today's globalized world, investors seek not only high returns on their investments but also a safe environment for their ventures. Investment, regardless of whether one is risk-averse or a risk-taker, is recognized as a tool capable of stimulating economic growth.

Due to the prevailing security threats in the country, numerous businesses and companies have decided to shut down their operations and relocate to other countries, fearing for the safety of lives and properties. Meanwhile, those that continue to operate do so with caution and uncertainty. Security threats in an economy not only impact investment and business

activities but also diminish the overall value added to the economy. In an effort to address the security challenges and combat the escalating waves of crime, the Nigerian government has allocated significant funds to the military and paramilitary forces as part of its fiscal approach in recent years. Despite these substantial security measures to tackle the daunting challenges of insecurity in Nigeria, which can significantly affect investment, economic growth in the country remains a challenge. It is therefore worthy to examine whether the government's efforts to create a conducive atmosphere for investment expansion have yielded the desired outcomes and how economic growth responds to investment in Nigeria, while considering the moderating effects of security threats. Thus, this paper assesses the effects of security threats on the investment-economic growth nexus in Nigeria. This study is crucial for policymakers, investors, businesses, and researchers alike. It helps in formulating effective policies, enhancing economic stability, attracting investments, and fostering long-term development in regions facing security challenges. Therefore, the importance of this study cannot be overstated, as it holds significance in theory, policy, and the academia.

## **Literature Review**

### *Theoretical Review*

The study is hinged on three theories, viz: the flight-to-safety theory, the conflict theory, and investment uncertainty theory. The flight-to-safety theory describes the behaviour of investors during times of market uncertainty or instability. It revolves around the idea that in times of financial crisis, heightened market volatility or war, investors tend to move their funds away from riskier assets or places, such as stocks and corporate bonds, and into safer investments, typically considered to be government bonds or other low-risk assets. The primary motivation behind the flight to safety is to preserve capital and reduce exposure to potential losses. During periods of economic turbulence or uncertainty, there is an increased demand for safe-haven assets, which are seen as less susceptible to market fluctuations and defaults.

The conflict theory as developed by Karl Marx posits that security threats, such as armed conflicts, wars, or insurgency, can disrupt economic activities, lead to capital flight, and divert resources away from productive uses (Salehyan, 2011). In conflict-affected regions, infrastructure may be destroyed, businesses disrupted, and human capital depleted. The uncertainty and destruction caused by security threats can hinder investment, trade, and overall economic productivity, resulting in a negative impact on economic growth. The theory aims to elucidate political and economic occurrences through the lens of an enduring competition for limited resources. Within this contention, Marx highlights the adversarial connection between distinct social classes, notably between the capital-possessing individuals—referred to as the "bourgeoisie"—and the laboring class, whom he dubs the "proletariat." A frequent critique directed at conflict theory is its inability to adequately account for the potential mutual benefits that economic interactions can bring to the various classes engaged in such transactions.

Investment uncertainty theory also suggests that security threats create uncertainty in the investment climate, leading to reduced investment inflows (Mellati, 2008; Lensink, Bo & Sterken, 2001). Investors are hesitant to commit capital in regions facing security risks due to fears of asset expropriation, contract disputes, and supply chain disruptions. As a consequence, reduced investment can limit the expansion of businesses, job creation, and

productivity growth, hampering overall economic growth. Critics of the investment uncertainty theory raise several concerns regarding its explanatory power and practical application. Some of the key criticisms include: the theory may oversimplify investor decision-making by focusing solely on uncertainty avoidance, the theory uses "uncertainty" as a broad term, but it does not specify the different types of uncertainty or their varying impacts on investment decisions; the theory tends to overlook the fundamental principle of the risk-return trade-off in finance; and it describes a specific investor response to uncertainty but may not sufficiently explain the underlying causes of uncertainty itself and assumes a homogenous response to uncertainty among investors, overlooking the diversity of investor risk preferences, investment goals, and time horizons.

In summary, the investment uncertainty theory provides insights into the importance of uncertainty in shaping investment behaviour. However, its oversimplification, lack of precision in defining uncertainty, and failure to account for investor heterogeneity limit its explanatory power. A more comprehensive understanding of investor behaviour requires considering a broader set of factors and their complex interplay in the investment decision-making process. Overall, security threats can have multifaceted effects on economic growth, impacting investment, human capital, fiscal and monetary policies, trade, and tourism. Addressing security challenges through effective governance, conflict resolution, and targeted policies is crucial for creating a stable and conducive environment for economic growth.

#### *Investment and Economic Growth Nexus*

Suprpto and Saleh (2022) conducted a study to investigate the impact of investment on economic growth in Bekasi Regency during the period 2015 to 2019. Their findings revealed a positive and significant relationship between investment and economic growth. Amade, et al. (2022) explored the effects of domestic investment on Nigeria's economic growth from 1981 to 2018. They employed the Autoregressive Distributed Lags (ARDL) technique and identified domestic investment, foreign direct investment, and the exchange rate as significant long-term factors influencing economic growth in Nigeria.

Nguyen and Nguyen (2021) focused on Vietnam and examined the influence of public investment, private investment, and foreign direct investment on economic growth from 2000 to 2020. Using the Pool Mean Group (PMG) regression method, the study found that labour and trade openness had a negative impact on economic growth in the short term, while public investment had a negative effect on growth in the long run. Conversely, domestic private investment, foreign direct investment, trade openness, and labour had positive effects on economic growth in the long term. Ewubare and Worlu (2020) employed the Error Correction technique to analyze annual time series data from 1990 to 2017 in Nigeria. However, their study did not find a significant impact of domestic investment on economic growth in Nigeria.

Ijirshar et al. (2019) investigated the growth-differential effects of foreign direct investment (FDI) and domestic investment (DI) among 41 African countries from 1970 to 2017. The study utilized dynamic panel models and found that both FDI and DI are important drivers of growth in the long run. Additionally, inflows of FDI were observed to crowd-in DI in Africa, and the joint effects of FDI and DI on African countries' growth were statistically significant. However, foreign direct investment had negative effects on the growth of African economies in the short term. Ahmad (2018) analyzed the effects of

foreign direct investment (FDI) and domestic investment on China's economic growth from 2000 to 2014 using the panel autoregressive distributed lag (ARDL) method. The study concluded that both FDI and domestic investment positively and significantly influenced China's economic growth, with domestic investment playing a more substantial role.

Bakari (2017) examined the relationship between domestic investment and economic growth in Malaysia from 1960 to 2015. Using the Vector Error Correction Model and Granger-Causality tests, the study found a positive long-term effect of domestic investment, exports, and labour on economic growth. However, no significant relationship was observed between domestic investment and economic growth in the short term. The study highlighted the importance of domestic investment, exports, and labor as driving forces for Malaysia's economic growth.

#### *Effects of Security Threats on Economic Growth*

Yusuf and Mohd (2022) conducted a study to explore the impact of insecurity on the Nigerian Economy from 1980 to 2019. Using the ARDL method, the study found that increasing insecurity negatively affected high unemployment rates, domestic capital formation, foreign direct investment, and government spending on education and security, thus hindering growth in both the short and long run. Conversely, improved health services, equitable income distribution, and productive use of public borrowing were positively associated with security and stimulated growth in the long and short run. Ebipre and Wilson (2020) examined the influence of insecurity on economic growth in Nigeria from 2000 to 2019. The study revealed that national insecurity not only hindered the achievement of sustainable economic growth but also significantly reduced economic activities across all geo-political zones in the country.

On the other hand, Nkwatoh and Hiikyaa (2018) assessed the impact of insecurity on economic growth in Nigeria from 2009Q1 to 2016Q4. Surprisingly, their study found that economic growth and investment activities tended to increase during periods of insecurity. They also observed a reduction in the unemployment rate over the study period, suggesting that insecurity only posed a threat to specific economic activities without exerting a negative effect on the overall economy. Tahar, et al. (2018) also investigated the effect of insecurity on economic growth from 2008 to 2015. The findings revealed a positive effect of terrorism on economic growth in both developed and developing countries across the entire sample. However, a negative relationship was observed between economic growth and terrorism for the total sample and developing countries.

Mukolu and Ogodor (2018) examined the influence of insurgency on Nigeria's economic growth from 1991 to 2017. Utilizing ordinary least square regression, the study found a negative impact of insecurity on economic performance. Similarly, Shabir, et al. (2015) assessed the impact of terrorism on Pakistan's economic growth using the Solow growth model. Their analysis of secondary data from 1981 to 2012 indicated that terrorism had a negative effect on economic growth in Pakistan. Umaru (2015) investigated the impact of insecurity and poverty on sustainable economic development in Nigeria using Granger causality analysis and the Error Correction Model (ECM) technique on data from 1981 to 2013. The study found a negative relationship between economic growth and both insecurity and poverty, indicating that economic growth causes poverty, and in turn, poverty leads to insecurity in Nigeria. Based on the reviewed empirical literature, there

appears to be a gap in the literature regarding how economic growth responds to investment with and without security threats in Nigeria.

#### *Security Threats in Nigeria*

Security threats in Nigeria from 1986 to 2021 have been diverse and have posed significant challenges to the country's stability and development. Various factors, including political, ethnic, religious, and economic tensions, have contributed to the emergence and persistence of these security threats. The overview of some of the major security threats faced by Nigeria during the period of the study are as follows:

**Political Instability and Coups (1986-1999):** In the late 1980s and early 1990s, Nigeria experienced political instability, with military coups and frequent changes in government. The transition to democracy in 1999 marked a turning point in the country's political landscape, leading to greater political stability in subsequent years (Omotola, 2010).

**Ethnic and Religious Conflicts (1990s-2000s):** Nigeria is a multi-ethnic and multi-religious country, and tensions between various ethnic and religious groups have occasionally led to violent conflicts. The Niger Delta region witnessed ethnic unrest and militancy, driven by demands for resource control and fair distribution of oil wealth (Egharevba & Iruonagbe, 2015).

**Niger Delta Militancy (2000s):** In the early 2000s, militant groups in the Niger Delta region engaged in attacks on oil facilities, kidnapping of foreign oil workers, and other forms of violence (Asuni, 2009). These activities disrupted oil production and had adverse effects on the country's economy, as oil revenues are a significant part of Nigeria's budget.

**Boko Haram Insurgency (2009-present):** Boko Haram, an Islamist extremist group, emerged in northeastern Nigeria and has been responsible for a series of deadly attacks, suicide bombings, and abductions, targeting civilians, security forces, and educational institutions. The insurgency has caused thousands of deaths, displaced millions of people, and severely affected economic activities in the region (Amalu, 2015).

**Herder-Farmer Conflicts (2010s):** Conflicts between herders and farmers over land and resources escalated in Nigeria, particularly in the Central and Middle Belt regions. These clashes have resulted in numerous casualties, displacement of communities, and disruptions in agricultural activities, affecting food security in the affected areas (Chandra, et al., 2017).

**Banditry and Kidnapping (2010s-2021):** Banditry and kidnapping for ransom became increasingly prevalent, especially in the northwestern and central regions of Nigeria (Olafeju & Peter, 2021). Criminal groups targeted villages, schools, and highways, leading to a rise in violent incidents and a sense of insecurity among the population.

**Secessionist Movements (2010s-2021):** Calls for secession and the establishment of independent states or regions emerged in different parts of Nigeria, such as the Indigenous People of Biafra (IPOB) in the southeast and the agitation for Oduduwa Republic in the southwest. These movements further strained national unity and sparked tensions (Okaisabor, 2023).

These security threats have had severe socio-economic consequences, including loss of lives, internal displacement of people, disruptions in economic activities, reduced foreign investment, and negative impacts on Nigeria's international image. Addressing these challenges has been a priority for successive Nigerian governments and requires comprehensive strategies that could tackle the underlying causes of these security threats, promote social cohesion, and ensure inclusive development.

## Methodology

### Data Description

This study is a time series analysis that predominantly utilizes secondary data obtained from secondary sources. The secondary sources of data include CBN Statistical Bulletin and the World Bank World Development Indicators. The data used in the study encompasses variables such as the security threat indices [the total state fragility index and the fragility state index]. Additionally, data related to gross domestic product (GDP), domestic investment, foreign direct investment (FDI), real interest rate, and trade balance is obtained from the CBN Statistical Bulletin and World Development Indicators.

### Model Specification

The model specified in this study is following Suprpto and Saleh (2022) which held that economic growth is a function of investment. The model is written as:

$$GDP = f(INVT) \tag{1}$$

Where; GDP = Gross domestic product which is a proxy for economic growth and INVT = Investment.

In accordance with the study objectives, the model incorporates the security threat index to assess its impact on economic growth in Nigeria throughout the study period. Furthermore, the study considers the influence of security threat on investment, which is further disaggregated into domestic and foreign direct investment (Lean & Tan, 2011). Keynesian theory suggests that economic growth is also contingent upon the level of government expenditure within an economy (Nkwatcho & Hiikyaa, 2018). Additionally, based on Blavasciunaite et al. (2020), the trade balance is recognized as a factor capable of influencing a country's growth. The growth model that captured the effect of security threat on economic growth thus, the specification is similar to Lassoued, et al. (2018), however, this study used security threat index and not terrorism index. The model was used to capture the main objective of the study, and is thus stated as follows:

$$GDP = f(TSF, DIN, FDI, GSP, TBL) \tag{2}$$

Where;

GDP = Gross Domestic Product,

TSF = Security threat index (However, SFI=State Fragility Index was used as another measure of security threats for robustness check).

DIN = Domestic Investment,

FDI = Foreign Domestic Investment and

GSP = Government Spending, and Trade Balance

Given that TBAL does not show statistical significance, it may not contribute significantly to the model. Thus, the study reduced the model complexity, which can help mitigate overparametrization. Model 3 is written in the stochastic form as:

$$GDP_t = \beta_0 + \beta_1 TSF_t + \beta_2 DIN_t + \beta_3 FDI_t + \beta_4 GSP_t + u_t \tag{3}$$

By transformation, the model 3 is written as:

$$\ln GDP_t = \beta_0 + \beta_1 TSF_t + \beta_2 \ln DIN_t + \beta_3 \ln FDI_t + \beta_4 \ln GSP_t + u_t \tag{4}$$



$\beta_0 = \text{Constant}$ ,  $\beta_1 - \beta_5 = \text{Parameters to be estimated}$  and  $\mu_t$  is the error term. On the a priori,  $\beta_1$  is expected to affect economic growth negatively while,  $\beta_2 - \beta_5$  are expected to affect economic growth positively.

The moderating effects of security threats on investment (domestic investment and foreign direct investment)-economic growth nexus is considered below. Arising from the above, the interactive model is written as:

$$\ln GDP_t = \beta_0 + \beta_1 TSF_t + \beta_2 \ln DIN_t + \beta_3 \ln FDI_t + \beta_4 \ln GSP_t + \beta_5 \ln DIN * TSF_t + \beta_6 \ln FDI * TSF_t + u_t \tag{5}$$

where; GDP = Gross Domestic Product, DIN\*TSF = moderating effects of security threats on domestic investment-economic growth nexus, FDI\*TSF = moderating effects of security threats on foreign direct investment-economic growth nexus, the marginal effects of domestic investment (DIN) and security threats is  $(\beta_2 + \beta_5 TSF_t)$  and the marginal effects of foreign direct investment (FDI) and security threats  $(\beta_3 + \beta_6 TSF_t)$ . The study used marginal effects in the interpretations of the constitutive elements instead of the unconditional marginal effects ( $\beta_5$  and  $\beta_6$ ). The study also used state fragility index (SFI) for robustness check in the choice of the security threat index as compared to the main variable used for security threats (TSF=security threat index).

*Method of Data Analysis*

This research employed econometric techniques. The econometric techniques applied were the Augmented Dickey Fuller (ADF) unit root test and Philip-Perron unit root test, Johansen cointegration test, and Vector Error Correction test.

**Results And Discussion**

*Unit Root Tests Results*

The study made used of the Augmented Dicker-Fuller (ADF) unit root test. It was used to test the null hypothesis that data for the variables under consideration in this study have unit root. Results of the ADF test are presented in Table 1.

**Table 1: Results of ADF Unit Root Tests**

Variable	At level	First Difference	1% critical level	5% Critical level	10% critical level	Order
lnDIN	-2.362	-10.0889***	-3.632	-2.948	-2.61287	I(1)
lnFDI	-1.334	-9.126***	-3.639	-2.951	-2.6143	I(1)
FSI	-1.277	-5.034***	-3.632	-2.948	-2.61287	I(1)
TSF	-0.966	-6.993***	-3.632	-2.948	-2.61287	I(1)
lnGDP	-0.676	-3.785***	-3.646	-2.954	-2.61582	I(1)
lnGSP	-2.207	-8.074***	-3.639	-2.951	-2.6143	I(0)

Source: Extracts from E-views Output

Table 1 shows that all the series became integrated at first difference, I(1). This is because the probability values of the variables are less than 0.05 critical value at first difference.

*VAR Lag Order Selection Criteria*

The results of the VAR lag selection criteria are presented in Table 2. The VAR lag selection criterion test determines the optimal lag that yields robust results.

**Table 2: Optimal Lag Selection Results**

Lag	LogL	LR	FPE	AIC	SC	HQ
Economic Growth Model						
0	-103.803	NA	0.000379	9.150287	9.444801	9.228422
1	10.41311	161.8068*	6.22e-07	2.632241	4.693835*	3.179183
2	57.41470	43.08480	4.88e-07*	1.715441*	5.544116	2.731190*
Economic Growth with Interactive Model						
0	-276.21	NA	10352.46	23.43412	23.67955	23.49924
1	-171.966	156.3655*	14.80889*	16.83048*	18.30305*	17.22116*
2	-155.275	18.08182	40.53574	17.52291	20.22262	18.23914

Source: E-views Output

Where \* indicates lag, order selected by the criterion. LR: sequential modified LR test statistic (each test at 5% level), FPE: Final prediction error, AIC: Akaike information criterion, SC: Schwarz information criterion and HQ: Hannan-Quinn information criterion. The results presented in Table 2 show that the best lag selection for optimal performance of the two models is lag one (1), since lag one (1) had the least AIC, SC and HQ relative to the other lags for the three models. Therefore, we choose lag one (1) as the optimal lag for the models.

*Cointegration Test Results*

The results of the Johansen cointegration test for the two models are shown in Table 3.

**Table 3: Johansen Cointegration Test Results**

Hypothesized No. of CE(s)	Eigen value	Trace Statistic	0.05 Critical Value	Prob.*	Hypothesized No. of CE(s)	Eigen value	Max-Eigen Statistic	0.05 Critical Value	Prob.*
Economic Growth Model (TSF)					Economic Growth Model (TSF)				
None *	0.82	106.7	69.818	0.0	None *	0.82	60.005	33.876	0.0
At most 1	0.43	46.70	47.856	0.0	At most 1	0.43	19.704	27.584	0.3
At most 2	0.37	27.00	29.797	0.1	At most 2	0.37	15.717	21.131	0.2
At most 3	0.18	11.27	15.494	0.1	At most 3	0.18	7.013	14.264	0.4
At most 4	0.11	4.259	3.841	0.0	At most 4 *	0.11	3.159	3.841	0.0
Economic Growth with Interactive Term Model (TSF)					Economic Growth with Interactive Term Model (TSF)				
None *	0.87	164.5	125.615	0.0	None *	0.87	71.582	46.231	0.0
At most 1	0.57	92.93	95.753	0.0	At most 1	0.57	29.023	40.077	0.4
At most 2	0.45	63.90	69.818	0.1	At most 2	0.45	20.379	33.876	0.7
At most 3	0.41	43.52	47.856	0.1	At most 3	0.41	18.000	27.584	0.4
At most 4	0.34	25.52	29.797	0.1	At most 4	0.34	14.179	21.131	0.3
At most 5	0.21	11.34	15.494	0.1	At most 5	0.21	8.201	14.264	0.3
At most 6	0.08	3.147	3.841	0.0	At most 6	0.08	3.147	3.841	0.0

Economic Growth Model (FSI)					Economic Growth Model (FSI)				
None *	0.71	91.55	69.818	0.0	None *	0.71	43.167	33.876	0.0
At most 1 *	0.47	48.38	47.856	0.0	At most 1	0.47	21.950	27.584	0.2
At most 2	0.33	26.43	29.797	0.1	At most 2	0.33	13.866	21.131	0.3
At most 3	0.24	12.56	15.494	0.1	At most 3	0.24	9.412	14.264	0.2
At most 4	0.08	3.156	3.841	0.0	At most 4	0.08	3.156	3.841	0.0
Economic Growth with Interactive Term Model (FSI)					Economic Growth with Interactive Term Model (FSI)				
None *	0.82	171.4	125.61	0.0	None *	0.82	60.11	46.23	0.0
At most 1 *	0.67	111.3	95.75	0.0	At most 1	0.67	37.78	40.07	0.0
At most 2 *	0.54	73.56	69.818	0.0	At most 2	0.54	26.77	33.87	0.2
At most 3	0.45	46.78	47.85	0.0	At most 3	0.45	20.81	27.58	0.2
At most 4	0.30	25.97	29.79	0.1	At most 4	0.30	12.31	21.13	0.5
At most 5	0.26	13.66	15.49	0.0	At most 5	0.26	10.651	14.264	0.1
At most 6	0.08	3.011	3.841	0.0	At most 6	0.08	3.011	3.841	0.0

Source: E-views Output. □ denotes rejection of the hypothesis at the 0.05 level. □□Mackinnon-1Haug-Michelis (1999) p-values.

Table 3 reveals that there is co-integration among the variables for all the models. The results show that there is evidence of one cointegration for economic growth model using the TSF as a measure for security threats from both the Trace and Max-Eigen statistics. There is also evidence of one cointegration for foreign direct investment model evidenced by the Trace statistic. For the economic growth models with or without interactive term, the Trace statistic revealed three and three cointegrating equations for the model without and with interactive term respectively, while Max-Eigen statistic revealed one cointegration for the both models. From the results, we can deduce that there is cointegration among the variables for all the models at 5 percent level of significance.

*Impact of Security Threats and Investment on Economic Growth in Nigeria*

The study examined the impact of security threats and investment on economic growth in Nigeria while decomposing domestic investment and foreign direct investment. The results of the moderating effects are also presented in Table 4. This is to determine the marginal effects in the effects of foreign direct investment on economic growth when there are security threats. The results are as follows:

**Table 4: Results on Long-Run Impact of Security Threats and Investment on Economic Growth in Nigeria**

Variables	Estimates	Variables	Estimates	Variables	Estimates	Variables	Estimates
Economic Growth Model (TSF)				Economic Growth Model (FSI)			
TSF(-1)	-0.0583	TSF(-1)	-0.047	FSI(-1)	-0.0246	FSI(-1)	-3.546
	(0.149)		(0.005)		(0.024)		(0.869)
	[-0.388]		[-9.161]		[-0.988]		[-4.077]
LNDIN(-1)	3.132	LNDIN(-1)	3.1645	LNDIN(-1)	6.857	LNDIN(-1)	31.726
	(0.893)		(0.308)		(0.788)		(8.121)
	[3.50638]		[10.2646]		[8.70246]		[3.906]

LNFDI(-1)	0.642	LNFDI(-1)	0.279	LNFDI(-1)	0.384	LNFDI(-1)	3.840
	(0.219)		(0.031)		(0.093)		(2.087)
	[2.930]		[8.931]		[4.091]		[ 1.840]
LNGSP(-1)	0.422	LNGSP(-1)	0.335	LNGSP(-1)	0.524	LNGSP(-1)	0.103
	(0.050)		(0.036)		(0.086)		(0.046)
	[ 8.427]		[ 9.177]		[ 6.088]		[ 2.205]
LNDIN(-1)*TSF(-1)	-0.004					LNDIN(-1)*FSI(-1)	-0.364
	(0.016)						(0.084)
	[-0.253]						[-4.325]
LNFDI(-1)*TSF(-1)	0.006					LNFDI(-1)*FSI(-1)	-0.042
	(0.004)						(0.021)
	[ 1.632]						[-1.954]
C	21.199	C	19.588	C	52.192	C	-320.65

Source: Extracts from E-views Output. Note that standard errors are in parenthesis ( ) and t-statistics in square brackets [ ]

From the results in Table 4 using the security threat index (TSF), the significant coefficient of security threats (-0.05831) on economic growth in Nigeria in the long-run indicates that security threats have a strong and statistically significant negative impact on economic growth in Nigeria in the long-run. The negative coefficient value (-0.05831) suggests that as security threats increase, economic growth is expected to decrease, and vice versa, such that a unit rise in security threat is expected to reduce economic growth by 0.06%. In other words, higher security threats have an adverse effect on the country's overall economic performance. The negative effect of security threats (-0.04725) on economic growth in Nigeria was relatively less in magnitude without the interactive term. Security threats can undermine investor confidence, deter foreign direct investment, disrupt business activities and negatively impact consumer behaviour.

The results further show that security threats exert very strong negative influence (-3.546442) on economic growth in Nigeria in the long-run when the interactive term of security threats was included in the model. This suggests that security threats have a highly adverse impact on economic growth in Nigeria in the long-run. This result implies that when security threats are considered as part of the broader economic model, they have a dramatic and detrimental effect on the country's economic growth trajectory over the long run. These threats might include various forms of insecurity, such as political instability, terrorism, civil unrest, or crime, which can disrupt economic activities, discourage investments, and erode business confidence. This result conforms with that of Yusuf and Mohammed (2022), Ebipre and Wilson (2020), Shabir, et al. (2015) but contrasts with the findings of Nkwatoh and Hiikyaa (2018) on Nigeria.

This is substantiated by the marginal effects of domestic investment and foreign direct investment in the presence of security threats. The significance of domestic investment and foreign direct investment on economic growth has notably diminished, primarily due to the negative interaction between domestic investment and security threats. Conversely, the

interactive effect of foreign direct investment and security threats, while positive, does not exert strong statistical significance regarding its impact on long-term economic growth in Nigeria. One possible explanation is the repatriation of capital by foreign investors, in the presence of security threats, possibly the support from their home countries. The implication here is that the strong positive contributions of both foreign and domestic investment to economic growth are hindered by the existence of security threats in the country, particularly in the case of domestic investment, which exhibits a long-term negative effect on economic growth. Using the State Fragility Index, the marginal effects of domestic investment and foreign direct investment when there are security threats became worse. The sum of the constants and the interactive terms leaves negative influence on economic growth in the long-run when there are security threats in Nigeria.

There were significant positive effects of domestic investment on economic growth in Nigeria in the long-run from all the models and likewise the foreign direct investment. This implies that investment substantially improves economic growth in Nigeria in the long-run when there are no security threats. Moreover, a robust domestic investment environment can attract foreign investors and further boost economic growth through foreign direct investment. Foreign direct investment also plays a crucial role in fostering economic development by bringing in capital, technology, expertise, and access to new markets. By having foreign investors involved in the country's economic activities, Nigeria can tap into global markets, attract specialized skills, and benefit from the inflow of capital to finance various projects. This finding agrees with that of Ahmed (2018) for China and Ijirshar et al. (2019) for 41 African countries, but is at variance with Bakari (2017)'s results for Malaysia.

The significant coefficient of government spending on economic growth in Nigeria in the long-run indicates that government spending has a strong and statistically significant positive impact on economic growth in Nigeria in the long-run. The coefficient suggests that an increase in government spending is associated with higher economic growth, and vice versa. Government spending plays a crucial role in stimulating economic activity and fostering overall economic development. When the government increases its expenditures on public projects, infrastructure development, education, healthcare, and social welfare programs, it directly injects money into the economy, creating demand and encouraging economic growth. By funding various public initiatives, the government can boost domestic consumption, create job opportunities, and support business activities. Increased government spending also drives investment in vital sectors, improves the standard of living for citizens, and enhances the country's productive capacity. A similar finding was confirmed by Gbaka et al (2021) on the positive significant impact of government expenditure in Nigeria., unlike Kimaro et al (2017), Acikgok & Cinar (2017) and Egbetunde & fasanya (2013) whose studies demonstrated negative impact.

**Table 5: Results on Short-Run Impact of Security Threats and Investment on Economic Growth in Nigeria**

Variables	Estimates	Variables	Estimates	Variables	Estimates	Variables	Estimates
Economic Growth Model (TSF)				Economic Growth Model (FSI)			
CointEq1	-0.034	CointEq1	-0.033	CointEq1	-0.031	CointEq1	-0.077
	(0.03)		(0.03)		(0.01)		(0.03)
	[-0.98]		[-1.09]		[-1.71]		[-1.96]

D(LNGDP(-1))	0.354	D(LNGDP(-1))	0.406	D(LNGDP(-1))	0.234	D(LNGDP(-1))	0.141
	(0.19)		(0.18)		(0.20)		(0.24)
	[ 1.83]		[ 2.15]		[ 1.12]		[ 0.58]
D(TSF(-1))	0.003	D(TSF(-1))	-0.043	D(FSI(-1))	0.003	D(FSI(-1))	-0.159
	(0.00)		(0.07)		(0.00)		(0.31)
	[ 2.02]		[-0.61]		[ 0.60]		[-0.50]
D(LNDIN(-1))	0.045	D(LNDIN(-1))	0.367	D(LNDIN(-1))	0.048	D(LNDIN(-1))	1.776
	(0.086)		(0.392)		(0.087)		(3.137)
	[0.530]		[ 0.935]		[ 0.551]		[ 0.566]
D(LNFDI(-1))	0.018	D(LNFDI(-1))	0.102	D(LNFDI(-1))	0.017	D(LNFDI(-1))	0.187
	(0.010)		(0.054)		(0.010)		(0.508)
	[ 1.789]		[ 1.905]		[ 1.626]		[ 0.368]
D(LNGSP(-1))	-0.002	D(LNGSP(-1))	-0.005	D(LNGSP(-1))	-0.007	D(LNGSP(-1))	-0.006
	(0.030)		(0.030)		(0.030)		(0.030)
	[-0.086]		[-0.181]		[-0.229]		[-0.222]
		D(LNDIN(-1) *TSF(-1))	0.006			D(LNDIN(-1) *FSI(-1))	0.019
			(0.007)				(0.033)
			[ 0.83]				[ 0.58]
		D(LNFDI(-1) *TSF(-1))	-0.001			D(LNFDI(-1) *FSI(-1))	-0.001
			(0.00)				(0.00)
			[-1.57]				[-0.33]
C	0.023	C	0.021	C	0.031	C	0.034
	(0.01)		(0.01)		(0.01)		(0.01)
	[ 1.95]		[ 1.83]		[ 2.46]		[ 2.48]

Source: Extracts from E-views Output

From the results of the models with the interactive effect of security threats and the investment components in Table 5, there is significant effect of security threats (-0.04365 and -0.159) on economic growth in Nigeria in the short-run from the results of the different proxies of security threats. This suggests that security threats have a statistically significant negative impact on the country's economic growth in the short-run. The negative effect means that an increase in security threats is associated with a decrease in economic growth in the short-term. This finding highlights the importance of addressing security challenges to foster a conducive environment for economic growth. Security threats can disrupt business activities, deter investment, hamper productivity, and negatively affect consumer confidence. As a result, economic output and growth may be adversely impacted in the short-run.

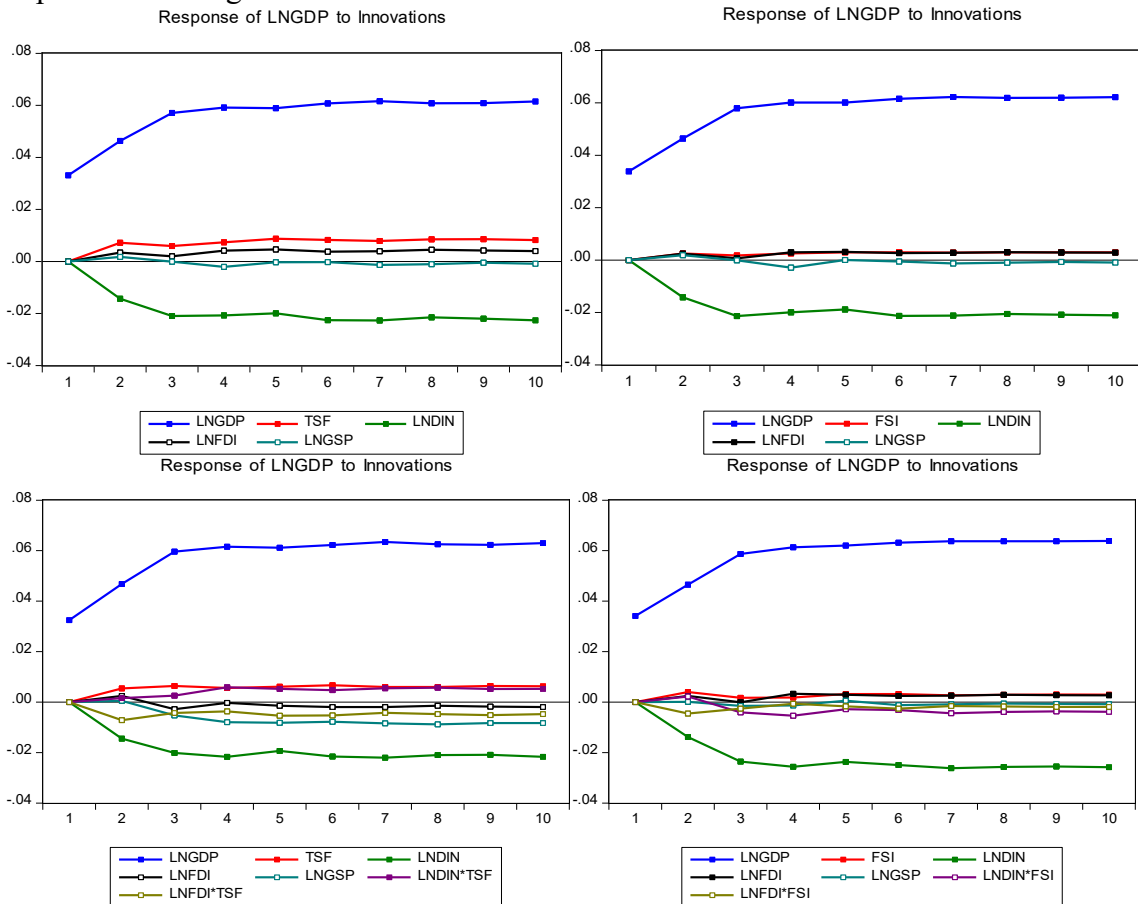
The estimated positive but insignificant effects of domestic investment and foreign direct investment on economic growth in Nigeria in the short run at the 5% level of significance shows that weak influence of domestic investment and foreign direct investment on the country's economic growth in the short-term. On the contrary, government spending exerts negative but insignificant influence on economic growth in Nigeria in the short-run. This

suggests that in the short run, the contributions of domestic and foreign direct investments to Nigeria's economic growth are relatively weak. At the same time, government spending does not seem to be positively associated with immediate economic growth, although this negative relationship is also not statistically significant.

The findings also indicate a strong reduction in the marginal effects of domestic and foreign direct investments when security threats are present. Specifically, the short-term impact of domestic and foreign direct investments on economic growth diminishes significantly, primarily due to the negative interaction between domestic investment and security threats. However, the positive interaction between domestic investment and security threats, while existent, lacks strong statistical significance regarding its influence on short-term economic growth in Nigeria. In essence, security threats hinder the positive contributions of both foreign and domestic investments to economic growth, particularly evident in the case of foreign direct investment, which exhibits a short-term negative effect on Nigeria's economic growth. Similar outcomes were observed using the state fragility index (FSI), where the marginal effects of domestic and foreign direct investments worsened in the presence of security threats in Nigeria's short-term context.

*The Impulse Response Results*

The result of the impulse response function for the response of economic growth to shocks is presented in Figure 1.



**Figure 1: The response of Economic Growth to shocks in Nigeria**

Source: E-views Output

Figure 1 shows positive response of economic growth to own shocks throughout the forecast period. The results also reveal that security threats would exert positive but near zero influence on economic growth in Nigeria throughout the forecast period except for the impulse response function when the TSF index was used in the interactive model where the result revealed negative influence. The impulse response results also reveal that economic growth would respond positively to shocks in foreign direct investment inflows to Nigeria in absence of security threats. However, the effect turns negative when there is presence of security threats in the country. Aside shocks in domestic investment that leaves strong negative effects on economic growth in Nigeria throughout the study period, shocks in government spending, and the interactive terms would exert worse effects on economic growth in Nigeria due to the presence of the security threats.

*The Accumulated Forecast Error Variance*

The result of the accumulated forecast error variance in examining the investment-economic growth nexus in Nigeria when there are security threats is summarized and presented in Table 8. The results explain the variance decomposition of economic growth to shocks in all the variables.

**Table 8: Variance Decomposition Results**

Variance Decomposition of LNGDP:								
Period	S.E.	LNGD P	TSF	LNDI N	LNF DI	LNGS P		
Short-run (Third Year)	0.08 5	89.63 8	1.19 2	8.914	0.21 5	0.041		
Middle-Term (Fifth Year)	0.12 3	88.49 0	1.42 3	9.683	0.35 5	0.049		
Long-Term (Tenth Year)	0.19 2	87.33 2	1.51 8	10.74 7	0.37 1	0.032		
Variance Decomposition of LNGDP:								
Period	S.E.	LNGD P	FSI	LNDI N	LNF DI	LNGS P		
Short-run (Third Year)	0.08 6	90.75 1	0.12 9	8.987	0.08 7	0.046		
Middle-Term (Fifth Year)	0.12 4	90.40 6	0.16 0	9.195	0.16 1	0.077		
Long-Term (Tenth Year)	0.19 2	89.76 9	0.18 2	9.828	0.17 6	0.044		
Variance Decomposition of LNGDP:								
Period	S.E.	LNGD P	TSF	LNDI N	LNF DI	LNGS P	LNDIN *TSF	LNFDI *TSF
Short-run (Third Year)	0.08	89.39	0.92	8.081	0.18 3	0.372	0.117	0.919
Middle-Term (Fifth Year)	0.12	88.00	0.85	8.945	0.09 9	0.978	0.436	0.689
Long-Term (Tenth Year)	0.19	87.02	0.85	9.609	0.08 5	1.297	0.540	0.587
Variance Decomposition of LNGDP:								
Period	S.E.	LNGD P	FSI	LNDI N	LNF DI	LNGS P	LNDIN *FSI	LNFDI *FSI



Short-run (Third Year)	0.08 7	89.18 1	0.25 1	9.817	0.08 1	0.029	0.283	0.359
Middle-Term (Fifth Year)	0.12 8	87.18 2	0.19 6	11.90 1	0.15 6	0.026	0.354	0.185
Long-Term (Tenth Year)	0.20 1	86.14 1	0.18 9	13.04 8	0.15 2	0.019	0.326	0.123

Source: Extracts from E-views Output

The findings presented in Table 8 suggest that a one standard deviation or innovation in economic growth would contribute to relatively higher variations in economic growth (own shock) throughout the study period. Over the forecast period, the impact of own shocks on economic growth would slightly decrease. On the other hand, a one standard deviation shock or innovation in security threats would lead to increasing variations in economic growth in Nigeria in the models without interactive term but the variations in economic growth declines in the forecast models with interactive term. Similar results were obtained from the variations in economic growth as a result of the shock in government spending. The study also found unstable variations in economic growth due to the variations in the interactive term of investment components and security threats.

Furthermore, the study found that a one standard deviation shock or innovation in foreign direct investment and domestic investment would cause increasing variations in economic growth from the models without interactive term but the variations in economic growth declines in the forecast models with interactive term.

#### *Robustness Test Results*

The study estimated the dynamics among security threats, investment, and economic growth in Nigeria by considering two security threats (total state fragility index (TSF) and state fragility index). All these were done in a bid to understand the true relationship between the security threats, investment, and economic growth in Nigeria while interrogating the significance of the choice of the security threats index used. The study carried test for data analysis on the Vector Error Correction Models using total state fragility index (TSF) and the state fragility index (SFI) for robustness checks. The result of both proxies were similar as presented above. This implies that the use of any of the proxies does not affect the results significantly. This implies that the estimates are reliable and can be used for statistical inferences.

### **CONCLUSION AND RECOMMENDATIONS**

The study concludes that security threats, encompassing various forms of insecurity, exhibit a strong and statistically significant negative effect on economic growth. In the long run, as security threats increase, economic growth is expected to decrease, hindering the country's overall economic performance. This negative influence extends to the short run as well, where increased security threats are associated with decreased economic growth. Moreover, the study reveals that security threats significantly diminish the positive contributions of domestic and foreign investments to economic growth, particularly affecting foreign direct investment. This indicates that addressing security challenges is crucial to unlocking the full potential of investments for economic development.

The Nigerian government should enhance security measures to address security threats in Nigeria. Implementing effective security strategies to combat political instability,

terrorism, and social unrest will create a more favorable business climate. Investors were more confident in investing in a secure environment, which can lead to increased domestic and foreign direct investment.

The Nigerian government should promote domestic and foreign investments by creating an attractive investment climate, reducing bureaucratic obstacles, and providing incentives. Encouraging investment in key sectors can drive economic growth. This can be done by implementing policies to encourage domestic investment by providing incentives, reducing bureaucracy, and improving access to finance for local businesses. Domestic investment can stimulate economic growth and create employment opportunities, contributing to overall development. On the other hand, attracting foreign direct investment requires creating an attractive business environment. Policymakers should prioritize legal and regulatory reforms, provide investment incentives, and offer reliable infrastructure to entice foreign investors.

The Nigerian government and relevant authorities should work towards promoting investor confidence through transparent and stable policies, regulatory frameworks, and efficient dispute resolution mechanisms. Building trust between investors and the government can attract more investments and bolster economic growth. Policymakers should focus on achieving long-term economic stability by diversifying the economy, improving infrastructure, and investing in education and skills development. A stable and diversified economy is more resilient to security threats and can attract sustained investments.

Policymakers and central banks should carefully assess and manage interest rate policies to support a favorable investment climate and economic growth. Addressing security concerns and implementing measures to improve safety and stability can be crucial in attracting foreign direct investment and fostering economic growth in Nigeria. Policymakers and authorities should work towards creating a secure and conducive environment for investment, which, in turn, can have positive effects on the country's economic development and prosperity.

To foster sustainable economic growth in Nigeria, it becomes crucial to address security challenges effectively. Implementing measures to enhance security, promote stability, and ensure the rule of law can provide an environment conducive to investment, trade, and economic activity. By reducing security threats, the country can attract more domestic and foreign investments, boost business confidence, and stimulate economic growth in the long-run.

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## **MANAGING NATIONAL INTEGRATION IN A FEDERAL STATE: A CASE OF NIGERIA**

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*Abstract: The page examined the challenges of attaining national integration within a federal state, with a focus on the Nigerian federation. It identifies the challenges in integration efforts in Nigeria as including the colonial rule, and the impact of corruption, lack of good governance, the problem of Nigeria allocation and control, state fragility among others. It concludes that the National integration efforts can be attained through implementation of good governance, constitutionalism, decentralised local system, social mobilisation and effective decentralisation of powers.*

*Keywords: Nation, National Integration, Federal, Federation, State.*

### **Introduction**

Nigeria once a country occupying an enviable position is now faced with inexorable slide from a country with the most promising development prospect in Sub-Sahara Africa to virtually the status of a failed state. This is due to plethora of political, economic and socio-cultural factors. These factors are epitomised by fiscal indiscipline manifested in unstable fiscal profile, pervasive corruption in all sectors of the national economy, gross disregard for the rule of law and due process, a systematic culture of impunity occasioned by the militarisation of the political space and abject poverty of the majority of the citizenry (Bello Imam 2010). The consequence has been a march towards disintegration of the country.

In fact, the aforementioned maladies necessitated the need for a strong drive towards national integration in the country. In a sense, the administration of national integration in Nigeria refers to the processes of bringing the various ethnic groups to cohere on a continuous basis (Frank 2003). Unfortunately, Nigeria's efforts to achieving national integration have remained largely unrealised. Thus, the integration crisis facing Nigeria manifest in the minority question, religious fundamentalism, conflicts, ethnic politics, indigene settler dialectic, resource control, youth restiveness and militancy and the clamour for national conference or conversation of about the terms of the nation's continued unified (Onifade 2013). Hence this research work focuses on the challenges of national integration in the country and suggest strategies to overcome the problem organisation of the paper: Section 1: Introduces the paper, section 2, concentrates on the clarification of concepts, section 3 dwells on theoretical frameworks of analysis, section 4 explains the challenges facing national integration in Nigeria and suggest strategies to overcome such challenges, while section 5, concludes the paper.

### **Conceptual Clarification**

*National Integration*

Karl Deutsch et al (1966), conceptualized integration as the attainment, within a territory of a sense of community of institutions and practices strong enough and wide spread enough to assure for a long time, dependable expectations of a peaceful community. He adds that national integration is the process of creating a homogenous political community. It is the increasing promotion or emergence of peace through the breaking down of cultural and regional divides in the process of evolving a United States. National integration involve two processes; which political integration which refers to the progressive bridging of the elite-mass gap in the vertical plan and territory integration which is the process of creating a homogenous territorial community.(Coleman and Robert (1964). Ojo (2009) conceptualised national integration from international perspective when he argued that it is a process by which members of a social system (citizens) develop linkages and location so that the boundaries of the system persist over time and the boundaries of sub-systems become less consequential in affecting behaviour. It is a process through which members of the social system develop an escalating sequence of contact, cooperation, consensus and community. Etzioni (1985), posits that a community can only be considered to be cohesive when it meets the following touch stones. It has effective control of the use of the means of violence. It has a centre of decision making capacity of effecting the allocation of resources and reward. It is a dominant focus of political identification for a large majority of politically aware citizens.

Hence, national integration is the processes in which the different people in a state transfer primordial allegiance to one central authority, which becomes the representative of the people It also indicate the various processes by the central authority which the corporate social group to cohere and regard one another as member in the same stake with obligation towards one another (Frank et al 2013). It is seen as a process that produces an omnibus of initiatives put in place by a state, its representatives or institutions guided by respect for the unique tradition and cultural backgrounds of ethnicities sharing the same polity with the goal of harmonizing all interests through a form of dialogue and representation and addressing differences that may be divisive and conflictual using the instrument of fairness, justice and equity in the sharing, benefits opportunities, and responsibilities in order to guarantee stability, longevity and prosperity of the polity (Onifade 2013).

### *The Federal State*

According to Wheare (1964), federalism is the principle, the method of dividing powers so that general and regional governments are each within a space, coordinate and independent. To him, it is a principle of organisation and practice whose ultimate test is, how federal system operates. In his own view, Elaigwu (2013), posits that federalism provides for shared powers among levels, order or tiers of governments as well as providing for self-rule or autonomy for substantial units. According to him, some characteristics of a federal system of government may be identified. They include the existence of two or more levels or orders of government.

- a. A written constitution which distributes powers and responsibilities among orders or levels of governments while providing sources of revenues for them to carry out these functions.
- b. Adequate representation of the views and members of sub-national groups in policy making institutions at the centre, such as house of representatives or a second legislative chamber in some countries.

c. Independent and impartial judiciary to interpret the constitution and play the role of an important umpire.

d. The establishment of institutions and processes to facilitate effective intergovernmental relations or collaboration in shared area of responsibilities.

Elaigwu (2013), concludes the federal systems from one country to another. The particular political colour that a country's federal system takes, is often reflective of its historical experiences, its political cultural, social and economic environment and the disposition of its people at a particular point in time.

Watts (1999), notes that federations have varied and continue to vary in many ways, in the character and significance of the underlying economic and the degree of symmetry and asymmetry in the size, resource and constitutional status, in the scope of the allocation of legislative, executive, and expenditure responsibilities, in the allocation of taxing power and resources, in the character of federal government institution and the degree of regional input to federal policy making, in the procedure for resolving conflict and facilitating collaboration between independent governments and in the procedures for formal and informal adaptation and changes. He adds: even where similar institutions are adopted, different circumstances may make them operate differently. An example is the operation of the similar formal constitutional amendment procedures in Switzerland and in Australia whereby both involve referendums for ratification of constitutional amendment requiring double majorities. Since 1986, Switzerland have secured three-quarters of their referendum while Australia was able to pass 42 amendments.

The Nigerian state joined the leagues of nations that adopted federal system of government in 1954, handled by the then British colonial power.

Otitis (2010), declared that "before our official National birthday on October 1, 1960 the colony and the southern and Northern protectorate had been amalgamated under Lord Lugard in 1914, Nigeria thus had many socio-cultural and social historical possess not on the part as one people and it is a big jigsaw with several socio-cultural patches. He further observes that "it is absolutely necessary to chain the diverse people together under changing constitutions by the British colonial government and the constitutional development actually made Nigeria to come into being". Presently, Nigeria is by far the largest country in Africa and among the ten most populous countries in the world and one out of about five black Africans are Nigerians. The country has a solitary combination of human and national resources to help it overcome the vicious cycle of poverty and autocracy that has become all too prevalent in Africa. Anticipating this breakthrough for the last thirty-five years of independence has become a source of considerable pessimism for Nigeria as well as for all of Africa (Agbaje 1996). The unfortunate situation has negatively impacted on national integration efforts in Nigeria.

While assessing the Nigerian policy environment, Jinadu (2011), held that an electric mixture of social liberalism, liberal conservatism, lingered internationalism and Pan Africanism provides the sources of the constitutional jurisprudence and of the political ideas, from which successive generations of Nigeria political leadership have drawn their competing visions of and frame their debates in democracy development and security. Beautiful as they are, they have not helped the integration efforts in Nigeria.

Elsewhere, Eliagwu (2005), opines that federal pendulum may swing in the direction of centripetal or centrifugal force. Centrifugal forces in the context of intense suspicion among component groups. In this case, the centre is likely to be weak. This is the case in

Nigeria where the country is faced with diverse problems such as ethnic, military, social and economic neglect, infrastructural decay and inter-ethnic rivalry have impeded the achievement of the enviable national integration in Nigeria.

### **Theoretical Framework: Structural- Functional Theory**

According to Beur (2011), a structure is an arrangement of different elements that have a particular and ensuring pattern. It is an institutional approach that sees such institution as a normative pattern of social relations and that the normative patterns are carried in people's mind but have their separate existence, acting on individuals to create expected models of action.

Structural – functional analysis is based on the concept of political system and it originated in the sphere of social anthropology in the writings of Radcliff Brown and Melinowsk. It was developed in the field of sociology by Talcott parson, Robert Melow and Marion Levin and Gabriel Almond and his associates developed it into a tool of political analysis (Gaubu 2007), Gabriel J.S. Coleman (1960), identified four characteristics of the political system. They include:

- (i) all political systems have structures
- (ii) The same functions are performed in all political systems with different frequencies.
- (iii) All political systems are multifunctional
- (iv) All political systems are mixed systems in the cultural sense, this means that they are based in a culture which is always a mixture of the modern and the traditional

Almond and his associate discerned four functions which include political socialization, interest articulation, interest aggregations and political communication. All these four roles are performed by both government and non-governmental institutions in the security. Output functions are rule making, rule application and rule adjudication performed by the governmental institution. Almond sought to look at those functions that must be performed by identifiable structure so that the political system will survive. He restructured and modified the approach and presented four functions of the political system. They include capacity function: How the political handles pressures from the society through the use of the extractive capability, regulating ability, distributive capacity and symbolic capacity. Secondly, conversion functions through the import-output system. Thirdly, communication functions through the sharing of information (Nwaogwu 2002). Almond has been criticized that his analysis centres on systems survival, hence it is ideologically inclined. In convergence to this Gauba 2007 posits that Almond's analysis, that it liberal democratic system as a pattern of institution building.

This research work is contextualized with the structural-functional theory because of its emphasis on structures and the roles they perform in the society. Such roles are carried out by both government and non-governmental institutions in a bid to ensure the survival of the social system. Structural function sees society as a complex system whose parts work together to promote solidarity and stability. It equally states that social lives are guided by social structures which are relatively stable patterns of social behaviour (Macionis 1991). Hence, the poor and abysmal performance of duties in Nigeria by our social institutions owing to greed, corruption and other unethical behaviour which serve as a draw back to the drive to achieve national integration in the country.



### **Assessing Factors that have Impeded National Integration Efforts in Nigeria**

Firstly, the challenge of colonial rule over the country persists till date in the affairs of the country as the bane of national integration has been located in the extant colonial rule order of the country. Akinsanya (2015) argues that Nigeria is closer to being a failed state than it has ever been with various sections of the country being at war with each other. According to him, while economic dissatisfaction plays a role in bringing political alienation to a head, the constitutional settlement at flag independence sowed the seeds of future crisis from which Nigeria is yet to recover. Not only has the colonial project including 1914, amalgamation conceived to serve patently British economic interest has been a mitigated disaster, of the 1931 and 1959 census counts and the December 1959 federal elections have only deepened and institutionalized Nigeria social cleavages. Akinsanya, concluded that the artificiality of colonial independence settlement makes likely, a power struggle to rectify structural, political imbalances in the politics of independence and that economic problem bedevilling post-independence in Nigeria contain in-built frustration threatening government and political instability.

Odubajo (2012), equally acknowledged the colonial heritage that pummelled the chances of political stability by setting the stage for conflicts and confrontation in the arrangement between the various groups in Nigeria. According to him, the colonists had initially created a technically flawed architectural design for the large expense that later became Nigeria. The parochial interests of the colonizers as evidenced in the miserly management of such member of variegated groups under a single political arrangement was faulty and thus created the incongruities that exist centuries after the mistake of history has been made. Hence, colonial rule laid an unbalanced structure that has continued to hunt the country's desire for an enduring national integration.

Secondly, lack of good governance that has characterised African States, of which Nigeria is a part constitutes another challenge to building National integration in Nigeria. In the view of Bell-Imam (2004), bad governance is characterised by ugly problems such as pervasive corruption, lack of public accountability and the capture of public service by elites among others. He adds: that or when these negative features occur together, they create an environment that is hostile to development. In such circumstances, the authority of government over their citizenry tends to be progressively eroded and undermined. This reduces compliance with decisions and regulations as a result of the hopelessness in government and government tends to respond through popular measures or as in some authoritarian regimes, the resort to coercion Nigeria attained political independence in 1960 and she had immense potential for sustainable development. Thus optimism was predicted on a number of positive indicators of the time amongst which were abundant natural resources, substantial human resources, endowment, the existence of a competent bureaucracy, favourable growth rates and one of the Africa's most educated elite. Unfortunately, contemporary evidence shows that these potentials have not been realized essentially because of good governance (Bello-Imam and Obadan 2004).

In a situation of bad governance (as the case in Nigeria), the spirit of nationalism wanes and personal survival takes over. These, coupled with the diversion and under-utilization of resources and order vices of corruption such as undermining of industrial policy consequently, affect economic growth and social development. As the people lose interest in their government, economic sections and suspension, including benefitting from

desirable capital flows, becomes the rider of the day. The last few years before the present democracy dispensation demonstrated right features (Tella 2004).

Thirdly, Corruption also constitutes a great impediment to national indignation in Nigeria. Bureaucratic corruption usually takes place within the content of the implementation and politics and this is daily encountered by citizens in place like hospitals, local government offices, licensing officers, police, tax, officers, government ministries and parastatals (Adetoye, 2004). The practice of corruption has also been described as favouritism and nepotism. Nepotism is a mechanism of power abuse implying a highly biased distribution of the resources while the favouritism is a form corrupt practices in which an office holder prefers his/her kinfolk member. This is a common practice in Nigeria, a situation whereby one is exempted from the application of certain laws or regulation or given undue preference in the allocation of scarce resources (Adetoye 2004).

Building on Adetoye thesis, Agagu (2004), posits that corruption takes multifarious forms including using official materials, time and labour for private purposes, tempering with record, kickbacks, demanding sex from female applicants, misuse of overseas tours, election malpractices and inflation of contracts among others. He stressed that the magnitude and prevalence of corruption and lack in the country is the common affiliation that creates the crisis of legitimacy and weakness many leadership regimes in Nigeria. He concluded that the race for political post is due to corrupt gains expected from such posits. Adediji (2009), believes that political leaders cold attitude to accountability accentuates corrupt practices in the country. He identified anti-accountability culture that has its root in the cultural practice of the pre-colonial era where Africa leaders have absolute power to command obedience to laws made by. This situation becomes the experience of the colonial rule. The economic imperatives deriving from outrages spending to secure political-posts and the need to recoup the expenses, coupled with the winning of fortune and prestige through the distribution of socio-economic advantages inform of employment, market stalls licences. The mode of acquiring power that involves bribing of voters, rigging of elections. He concluded that the multi-ethnic, multi-lingual nature of the country also led to rivalries for elections success between the principal ethnic groups of the country who wanted to control natural resources in order to enjoy the resultant socio-economic advantages.

Fourthly, state and institutional fragility is another important challenge thwarting national integration efforts in Nigeria. As Khan (2004), notes, fragile states are characterised by weak, ineffective and unstable political and democratic institutions processes, bad governance conducive to loss of state autonomy, absence of rule of law, personal and exclusionary rule, including tenure elongation, weak local government and poor service delivery. Equally noticeable is the lack of capacity to enforce rules and regulations and exercise effective jurisdiction over its territory to defeat/control opposition groups, militant rebel forces, warlords, urban groups and the likes.

Osaghae (2010), contends that, it is obvious that while most states may have one element of fragility or the other, those in Africa (Nigeria inclusive) and other parts of the third world are the most fragile, to the extent that they represents the full face of the worst indications of fragility in terms of both capacity and performance. He adds: with these characteristics, specially the stress of governance and poverty as well as violent contestations of citizenships and statistical which specially produce civil war, armed conflict, population displacement, refugee and humanitarian, problems, fragile states muddle through at best,

buckle when confronted with internal and external shocks and constantly, face the threat of collapse break-up or dis-integration.

Osaghae concluded that tenure elongation, struggle, politics of exclusion and inclusive election in the case of Nigeria have often pushed the state to the brink of collapse from which in many cases they have had to be saved by external interventions. Noting that, the drama of fragility ranges from government being held to ransom and social life being paralysed by prolonged workers strikes, violent demonstration and brazen acts of lawlessness, to the case with which warlords, militants, rebel forces, religious fundamentalists, private armies, criminal gangs and robbers have defeated state forces to the inability to execute effective control over national resources by checking the activities of smugglers, black marketers and resources which provides lifelines for the state.

Indeed, the situation in Nigeria at present poses danger because of renewed insurgency by the militants in the Niger Delta Area taking place after a prolonged battle with the Boko-Haram armed group that had nearly cripple the nation. This state of unending armed conflicts hinders the desire for national integration in Nigeria.

Kolawole (2014), affirmed that the Nigerian state has since independence remained a fragile state and therefore is experiencing a fragile democracy. According to him, fragility implies the inability to withstand combat or repel centrifugal and centripetal forces. Evidences are about in Nigeria political history since independence. These include: The political crises of the western region 1962 – 64, were avoidable or at least resolvable except for external forces of disunity that wanted to profit from such crisis. Secondly, the role of coup d'état as manifested in January 1966, July 1975, December 1983, August 1985, November 1993 and of course many attempted coup d'état in between the military always came with a messianic message of wanting to rescue the people only for them to constitute worst oppressions. Thirdly, there was the civil war of 1967 – 70 the civil war was more of an elite competition for power within the military hierarchy which was sown in embroidery of national interest. Apart from the cost on human and material resources, the memory of the war still engenders especially in the 1960 people a distrust if not a dictator to the Nigerian project. Fourthly, this is the instability in the electoral politics. The history of elections and our usual reactions to their outcome is indicative of the fragility of our democracy and lack of democratic ethics in our leaders. One can look back to the disputations that attended election of 1964, 1979, 1999 and 2013. Losers always lack the courage in accepting electoral rejection from the people who entrusted them with political power in the first place. They often failed to realize a reality of life that those who appoint can also disappoint. The electorates appoint and they have the right to disappoint when disappointed. The unending crises in the polity since independence, various crises have retarded the development and sense of belonging, of the Nigerian State. In this category are; crisis on religious intolerance, crisis of ethnic rationalism, and crisis of resource control. He concluded that the evolutionary process of democracy and social economy, development by crisis and since crisis contribute to the fragility of our democratic experiment and the drive for national integration.

Fifthly, the problem of resource allocation and control constitutes another problem of national integration in Nigeria. According to Orubu (2004), the changing fiscal fortune of the oil producing states formed the nucleus of the resource allocation problem in Nigeria. He posits that observation about intergovernmental fiscal relations in Nigeria is that the principles that have been in used for the allocation of revenue between the different regions

and states in Nigeria since political independence has progressively denied lower tiers of government substantial amount of revenue that should have enhanced their statutory ability to provide public goods and facilities (roads, hospital) to the people in their localities. He continues that over the years, the situation has been compounded by the imposition of statutory limitations on the powers of state and local governments to generate revenue on their own and this is because the system has been characterised by a high level of fiscal centralization.

Orubu stressed that while the situation in which the federal government exercises absolute financial superiority over the other tier of government has been generally found objectionable, the highly discriminatory network in which federal grants (particularly during the military era) were disbursed to favour some states against others was even that objectionable. In most cases, such grants were arbitrarily given to state governments the “good books of the federal government without regard for the rules while the federal government itself had put in and this attracted substantial resentment from non-favoured state. He adds the political economy of revenue allocation in Nigeria has been broadly characterised by rentier nature of oil revenue, which had led to several open contradictions. The contradiction exists in between the federal and state-governments, between the federal government and governments of oil producing state between oil-producing states and non-oil producing states who are not comfortable with proposals for a high weighted for derivation in the horizontal allocation of revenue. Orubu (2004), concluded that after more than three decades of helping to the national economy through petroleum derived – revenue, the oil producing state of Nigeria still rank relative low with respect to social measures of economy and social progress. Infrastructure in these states are still conspicuously in a poor state, poverty incidence and unemployment are visible) while environmental diseconomies have unquestionably distorted the ecological, material and resource equilibria. This state of neglect has invariably led to the development of youth militancy and terrorist groups in Nigeria. Youth militancy was first incubated in the Ijaw ethnic group. This is partly because of its size as the largest ethnic group in the region and consequently a large base of unemployed and educated youths and set of anger, bitterness and hostility, resulting from pervasive poverty, neglect and marginalization. Youth militia groups have been very vociferous, militant and violent in their methods are ordeal in the articulation of the Niger Delta issues. They have also been behind the very extensive and highly mobilized direct actions and insurrections in the region (Walter 2010).

The Niger Delta multi-level conflict involving confrontation between the local communities and oil companies, confrontation between local communities and confrontation between some local communities themselves (Imobighe 2004) the ecological, material and resource equilibria. Another example of military is a region consisting of peaceful and fun-looking people until the 1980s when the youth of the region took on militancy act and sporadic attacks on state infrastructures and high rate of kidnapping (Ikporukpo 2016). The rise of federal societies which have fractured structurally (such as Nigeria) ,and where the laid down mechanism for dealing with such pluralism has failed or is in the process of failing (Akinyemi, 2003). The militia and insurgency groups such as Boko Haram and those in the south – south threatens integration efforts in Nigeria.

Sixthly, Nigeria equally faced with leadership problem which tends to continuously hamstring the drive towards national integration. Yagboyaju (2006) contends that the quest

for the right leadership is, perhaps, the most prominent issue that Nigeria and its people have grappled with since 1960 when the country attained political independence. According to him, the collapse of the first republic, occasioned by the military coup of 1966 was faulted on some grounds. It was nothing but dissatisfaction with the political leaders. Of course, successive regimes especially the military between the mid-1980s and the late 1990's, exhibited some disturbing personalised and egoistic characteristics that are not surprising that money bag, election campaign financier and political Godfathers whose influence became most profound since the ill-fated third republic under General Babangida dominated the process of the reintroduced civil rule that culminated in the fourth republic since 1999. He concluded that the followership that has over the years pilloried into deeper poverty, is also dangerously pushed into sycophantic behaviour at some levels and more criminal activities in others.

In his views Agbaje (2003), argues that leadership has been the bane of Nigeria, pursuing dangerous policies, postures and statements to the utmost limits of national safety, survival and stability. According to him, the rise and resilience of the tradition of political brinkmanship involving threats and counts – threats of introduction of rule-induced and system – supportive behaviour in contexts of etched by the tendency of the political elite to prefer fission to fusion, coming apart rather than sticking together at moments of great national arises. Agbaje further notes that to suggest that brinkmanship is part of the Nigerian political tradition is to state the obvious. This is because it origin in 1950 triggered off attempt by the colonial authorities in conjunction with the local elites, to negotiate guiding principles for centre-region and region-region relations, including over relations in the recent federal set up. This process began in an atmosphere in which regional boundaries were assuming geo-ethnic importance and regional imbalances had already become quite visible.

Agbaje (2004) equally is of the view that political leaders created the problem of communalism in public life. This, he argued can be traced to the departed British colonialists who implanted cleavage conflict in the areas now known as Nigeria which tends to occur more within, rather than between geographical zones, occupied by ethno-regional constituencies now considered to be culturally united and homogenous entities. In other-words, the intensity of division within such group is strong if not stronger plan, than between them. Thus, ethnic identity was regularised and manipulated to invest tribes boundaries and division with colonial historiography selectively emphasising inter-tribal rather than “intra-tribal conflict. To him, the colonialists invented a tradition of inter-ethnic schism and upgrading cleavages as a dominant mode of group mobilisation for political and social action, during and after colonial rule to the neglect of less sectional cleavages of trade, education, profession and production. He concluded that the communalisation of public life has been entrenched after independence by several factors including the readiness of the elite and non-elite to fall back on sectional symbols in their search for advantage as well as regional imbalances in the Nigerian federation, the tendency for ethno-sectional are political cleavages to coincide, and die general absence of cross cutting cleavages.

### **Strategies for Managing National Integration in Nigeria**

Firstly, the implementation of good governance procedure in the governmental process in Nigeria Ani (2011), contends that good governance is seen as the competent management

of a country's resources and affairs in a manner that is open, transparent, accountable, equitable and responsive to people's needs. It is a situation in which the masses have access to social amenities such as good drinking water, health care, good roads, security, employment opportunities, good and affordable education.

He further notes that good governance creates an environment that promotes and sustains the process of development, solving the problems and challenges of reducing poverty and achieving the millennium development goals, which invariably will promote national integration. Ani concluded that good governance is a tool in the achievement of this citizenship happiness and welfare, part of which is to include the people in policy design, implementation, monitoring and impact assessment. Noting that, this is the only way that good governance can generate the dividends of both democracy and development for Africans and reduce the long storyline of poverty being daily plotted by the poor and help the continent to achieve millennium development goals. Building on Ani's thesis, Laako, et al (1996), posit that Africa (Nigeria inclusive) need to promote social equity, a minimum state of human welfare, a viable economy and a clear character of citizens' rights which aims to promote civil liberties and human rights, political and electoral policy and effective public institutions especially in the areas of education, health and the administration of justice, health and the administration of justice ought to be more fully recognised as urgent and brought closer to the centre stage of national political and policy discourse. They concluded that a relatively strong and democratic state apparatus is a necessity in Africa, (Nigeria inclusive), if the current social crisis is to be tackled and for national integration to be achieved.

Iwara (2004), pointed out the fact that government in Nigeria should not only stick to the avowed principles of democracy, but also to embrace the principle of the rule of law and a sense of justice that sometimes goes beyond formal legality. He stressed further that the contemporary political state (Nigeria) must intervene in society sufficiency to moderate cultural attributes that are in democratic and to offer political options that eliminate security threat to the minority groups.

On his part, Ajetomobi (2004), declares that the hope of the reconfiguring Africa (Nigeria inclusive) lies in promoting the logic and principles of constitutionalism through which democratic principles and values may be engineered and good governance and values may be engineered and good governance evolved. This would help to ensure predictable ways of life, orderly process of leadership selection and change, laid down organisation and procedure in public interactions, a reform of the state and its institutions and the protection of civil liberties and political rights. He concluded that, if these were achieved through constitutionalism then Africa would certainly be in the right to promoting good governance and a new culture of democracy on the continent. The rightful application of the logic of constitutionalism in governance practices will unequivocally enhance national integration in Nigeria.

On his part, Johnson (2005), notes that managing national identity in a pluralistic society like Nigeria is essential and paramount to guarantee continuous existence of the states through effective leadership. According to him, the issue of ethnic identity is a very sore and emotive one in Nigeria politics. Nigeria obviously needs a unifying leader cast in the mould of Nkrumah or Mandela to stem and blunt the rather sharp edges of the crisis of national identity in the country. This is because the crisis of national identity arose due to elite manipulation of popular identities, be it ethnic class or religious identities. Politicians

have always tended to take refuge in the support of their co-ethics by mobilizing them for electoral purposes.

In the same vein, Ajetumobi (2005), posits that negotiating space and stability (a key to nation building will require reconceptualising citizenship from a group to a national or universal perspective. According to him, citizenship is destructive of the social and political processes of a political community when conceived from the in group terms, as it undermines national identity and attenuates the loyal and commitment of the citizens to the state, an affront to steps toward national integration. Ajetumobi recommended policy changes in two major areas. They include an enhancement of liberal democratic norms like elections, political participation, rule of law and the right of association and expression which could provide the basis for the expression of citizenry in its substantive form. The second priority, in this case, involved a redefinition of the normative dimension of citizenship, that is, a definition of who qualifies to be a citizens and who does not? Noting that, national identity needs to be forged above sub-national and group identities. The direction of policy is to ensure that the state affect the life-chances of the citizens; in a just and equitable manner, such that the state affect the life-chances of the citizens in a just and equitable manner, such that subordinates identities do not context the legitimacy of the state in society; this will unequivocally promote national integration.

Secondly, properly decentralized fiscal system has been advocated to enhance integration. According to Ogisi (2004), decentralization is a political and administrative arrangement that entails the transfer of authority (to plan, perform functions and manage public fluid) from the central government to subordinate organisations, agencies or units of government, either geographically or units of governments, either geographically, or structurally. He stressed that given the physical and institutional distance between the government and the people in developing countries like Nigeria, a decentralized fiscal relationship between the central and other tiers of government will ensure a more equitable allocation of revenue and it is a positive and statistically significant factor in determining the rate of growth, including the gross domestic product per capital in the country. He further notes that decentralization of functions must go simultaneously with decentralization of revenue collection and allocation. Allocation in this case as a compromise needs to be reached between centralization and decentralization in the promotion of public goods for economic welfare. The central should concentrates on providing national public goods while the lower should concentrates on local public goods and this invariably enhance national integration in the country.

Thirdly, reconstruction of the state institutions has been advocated as a required step to national integration. Fawole (2005) notes that the quest for democratic nationhood can only begin to produce positive fruits in Nigeria and West Africa sub-region when certain irreducible minimum conditions are met. These, in his view include, a deliberate reform of critical institutions of the state especially the armed forces, police and service and the judiciary, in line with the demands and challenges of dividends and challenges of democratic rule, the delivery of democracy dividends which will help the people to accept that democracy is the best form of government and playing the game of politics in accordance with agreed democratic norms and principles, coupled with the dismantling of existing structures and institution of oppression that are only loyal to and serve the personal interests of the leaders at the corridors of powers in Nigeria capacity building as equally being seen as a key to promoting national integration in Nigeria.

Oshionebo (2004), observes that about three decades of successive opaque military dictatorship led to a continued state of underdevelopment and indicate a state of underdevelopment indicated by low rates of economic growth, mass poverty among the people, distortion in the allocation of scarce resources, weak production structures a poor and discouraging investment climate, lack of transparency and accountability, widespread of systematic corruption etc. Hence there is need for capacity building, both human and institutional aspect of national capacity. Oshionebo adds that it involves not only human capital but also institutions and practices that are necessary for sustainable growth and development in the country. According to him, capacity building will include the reform and strengthening of individual public sector institutions and the entire public service as an entity, the investment in human resources through framing and development and the adoption of best management practices in the federation for the public sector. Also a much broader range of institutional reforms that reinforces the values of democratic governance and promotes good governance agenda so as to establish and maintain private sector confidence and thereby lay the basis for sustains growth in the country. He concluded that what is crucial to any nation is therefore the capacity not only for policy analysis but also for managing development process. Noting that if Nigeria is to break the paradox of being rich but populace by an impoverished "citizenry, it is crucially important that it builds the capacities of its people, civil societies the administrative machinery and democratic institutions among others. This is the best way of galvanising the energies and abilities of society and placing people and their needs as the centre of the development process, he opined.

Ogundiya (2009), explicated the need for legitimate mass mobilization of the citizenry as vehicle for promoting national integration. According to her, mass mobilization has its core objective, to create a supportive base for government. This is because legitimate mobilization became necessary because of the perception of government, culminating in widespread and antipathy to them. She contends that most mobilization programmes in Nigeria are not only institutional inspired but products of the country historical experiences. Hence, successive governments embarked on mobilization programmes to respond to exigencies and crisis of their time. She concluded the good governance, political accountability, due regard for the rule of law, protection of human rights, security of life and property and other democratic ingredients are the sine qua non for the state and political leaders to enjoy support that will enhance right to rule and national integration moves.

Lalude (2005) canvassed appropriate and proper devolution of power as key to achieving national integration in Nigeria. According to him, a principle of federalism centres on the division of power and functions between the centre and the federations units and such decentralization of power must be guaranteed in a constitution. That is why the constitution made provision for exclusive and concurrent list with the residue, namely, items falling outside the two lists, being last to the regional or state government. But in the 1999 constitution, the federating states are made to be dependent and even subservient to the federal government and in fact, in all the thirty items contained in the concurrent list enumerated in part II of the second schedule to the constitution, the dependence was made obvious. Indeed, item I on the concurrent list of the 1999 constitution states that subject to this constitution, the National Assembly may by an act make provisions for (a) the division of public revenue (b) grants or loan from and the imposition of charges upon the public funds of the federations. He stressed that this undoubtedly negates the federal principles



which states that a governed is not federal of the power of the regional government are specified and the residue is left for the general government. He argues that a true federal state in the legal sense is one in which there is not one division but also that the division is made in such a way that neither the general nor regional government is subordinate the other.

### **Conclusion**

From the foregoing, it is glaringly clear that Nigeria is faced with challenges of national integration. The challenge is multifaceted. These range from fiscal, political, social, economical to institutional failure and have manifested in the outbreak of ethnic militia, insurgencies, mutual suspicion and fear across the country. This situation necessitates a programme and sustainable steps towards national integration. We concur with Zaun (2013), that the country needs to seriously embark on state building in the vertical and horizontal dimensions. The vertical dimension of state include strengthening of the state capacity, democratic accountability of state institutions and the character of the hierarchical state society relationship embedded in social contract. The horizontal dimension of state building such as ensuring power balance in the society and managing relations between different social groups. The embracement of the two dimensions of the state building help to explain why some states despite limited capability tend to provide their citizens with public services and responsive to their needs and are very resilient and have not succumbed to violence and state collapse. We equally advanced Frank (2013), prescriptions as means of ensuring a result-oriented national integration in Nigeria. They include;

The establishment of a norm which would guarantee access to all the citadel of political offices in the state that is an arrangement to ensure that each integrated group would have their turn to produce president, governor, chairman of local government respectively. This will certainly reinforce the interest in the integrity units towards, national integration in Nigeria.

A genuine commitment to anti-corruption war and the due process principles would be a confidence-building measure towards national integration. This would curb tax-evasion and financial mismanagement which will does generate enormous resources to the government.

There is an urgent need for leadership which understands the dynamics of integration and incorporates it into its budgets and judiciously implementing the same. This will go a long way to build the confidence needed among the people for integration.

The need for a redress of fiscal imbalance using pigous thesis which posited that the cost imposed on one section of the community by another should be the basis of a tax on the beneficiary and this could be redistributed to compensate those suffering the costs.

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## THE MANAGEMENT STYLE UNDER THE FOURTH INDUSTRIAL REVOLUTION

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*Abstract: The main assets and the primary drivers of the Industrial Age were machines and capital. People were necessary, but replaceable. This is because machines controlled the speed of workers' labor through the assembly line, and management controlled the speed of workers' labor through the quota system. In other words, management used the carrot-stick approach to motivate employees so they could perform the physical labor needed to produce the products and services. In the Fourth Industrial Age, however, knowledge workers produce most goods and services with their mind. Thus, the challenge of the Fourth Industrial Revolution is how companies can secure talent acquisition and motivate their knowledge workers to release their human potential. This article consists of four related topics. First, there are similarities between the four industrial revolutions and the five ages of civilization. Therefore, we may infer the opportunities of the four industrial revolutions through the characteristics of these five ages of civilization. Second, product life cycle theory explains the major reason for the rise and fall of many products and/or companies. When companies face a do-or die situation, the theory explains why they must take big risks to avoid failure. Third, we will use the Hyundai Motor Group (HMG) as a case study to explain why the company became one of the World's top 3 automakers according to sales in 2022. Fourth, this article discusses how business leaders can secure talent acquisition and self-motivate employees to make their market-creating innovations successful. Keywords: fourth industrial revolution, Hyundai Motor Group (HMG), knowledge worker, talent acquisition, self-motivation, product life cycle theory, and automobile industry.*

### **Introduction**

The Fourth Industrial Revolution, a term coined by Klaus Schwab, founder and executive chairman of the World Economic Forum, describes a world where individuals move between digital domains and offline reality with the use of connected technologies to enable and manage their lives (Miller, 2016: 3). The first industrial revolution changed our lives and economy from an agrarian and handicraft economy to one dominated by industry and machine manufacturing. The second industrial revolution used oil and electricity to create mass production. The third industrial revolution used information technology to automate production. Although each industrial revolution is often considered a single event, it can be better understood as four separate industrial revolutions, each building on the innovations of the previous revolution and leading to more advanced forms of production. This article discusses the similarities between the four industrial revolutions and the five ages of civilization, the major reason for the rise and fall of products and/or companies, HMG as a case study to explain why the company became one of the World's

top 3 automakers by sales in 2022, and the major reason for companies' primary emphasis on the market-creating innovations.

*Four Industrial Revolution and the Five Ages of Civilization*

There are similarities between the four industrial revolutions and the five ages of civilization: the hunter and gatherer age, the agricultural age, the Industrial Age, the information worker age, and the emerging age of wisdom. Therefore, we may infer the opportunities of the Fourth Industrial Revolution through the characteristics of these five ages of civilization presented by Steven Covey in his book *8th Habit* (Covey, 2011: 12-17). First, the productivity of each subsequent age increases fifty times over the preceding age. Consider, for example, the increase in productivity of the Industrial Age over the agricultural age. Second, each subsequent age destroys many of the jobs of the preceding age. The Information Age is replacing the jobs created by the Industrial Age. Many of the losses in our Industrial-Age jobs have less to do with government policy and free trade agreements than they do with the dramatic shift in our economy to the knowledge worker. Third, in the first three ages of civilization, manual workers produced most goods and services with their bodies; however, in the last two ages, knowledge workers produced most goods and services with their minds. Knowledge workers are the link to a company's other investments. They provide focus, creativity, and leverage in using those investments to achieve the organization's objectives more efficiently. In other words, knowledge is an integral part of total management and cuts across functional boundaries. The main assets and primary drivers of the Industrial Age were machines and capital. People were necessary, but replaceable. This is because machines controlled the worker's speed of labor through the assembly line, and management controlled the worker's speed of labor through the quota system. Management focused on motivating employees to perform the physical labor needed to produce products and services. In the Fourth Industrial Age, however, the challenge is how companies can secure talent acquisition and motivate their knowledge workers to release their human potential.

*Product Life Cycle Theory (Kim, 2024)*

Many products and /or many companies have a certain length of life. During this life, they experience certain stages. A product's life begins with its market introduction; its market grows rather rapidly. Its demand reaches maturity, its market declines, and finally, its life ends. This product life-cycle theory attempts to explain both world trade and foreign investment patterns based on stages in a product's life. In the context of international trade, the theory assumes that certain products undergo four stages:

Stage 1: A large company introduces a new product or a new service in response to some change in the home-country market. After a time lag, this home country establishes itself as an exporter with a monopoly position.

Stage 2: Increasing transportation and tariff costs make it less attractive to export the product. Thus, the firm begins to produce its products in some foreign countries. This international production replaces home country exports in certain foreign markets.

Stage 3: Some foreign companies begin to compete in third-country markets. This competition leads to a further reduction in home country exports.

Stage 4: Some foreign companies export products back to their home country. Many factors, such as low labor costs, economies of scale, and government subsidies, make it possible for foreign companies to invade the home-country market.

The theory of the product life cycle explains changes in the location of production. When new products are introduced into their home country markets, their sales and profits tend to increase sharply until they reach maturity. Competition increases rapidly as these products approach their maturity point; this competition narrows profit margins. At this stage, companies may utilize foreign manufacturing locations to lower production costs and sustain profit margins.

The product life cycle theory is also used to explain foreign investment patterns. This theory assumes that larger companies in highly advanced countries have a comparative advantage in new products over companies in developing nations. Companies in developing countries, however, have a comparative advantage in fabricating mature products. Highly advanced technologies, highly educated labor resources, and abundant capital are essential for developing new products. They are readily available to larger firms in advanced countries. Larger markets and necessary alteration requirements in the early production stages are additional reasons why larger companies in the developed areas of the world first introduce new products in the home country markets. As products mature, product defects and technological imperfections inherent in new products are ironed out so the method of production becomes standardized. Competition begins to appear during the market growth stage and becomes highly intensive during the market maturity stage. At this point, some companies will shift their standardized manufacturing methods to developing countries for several good reasons: Standard production methods require many unskilled workers. Most developing countries have an abundant supply of unskilled labor. Labor costs are lower in developing countries than in advanced countries.

### **A Case Study of the Product Life Cycle Theory with Hyundai Motor Group**

HMG: Among the Top Three Auto Maker. The World's top three automakers by sales in 2022 include the following: (1) Toyota, (2) Volkswagen, and (3) HMG. Their 2022 sales were 10.48 million units for Toyota, 8.3 million units for Volkswagen, and 6.848 million units for HMG. Using product life cycle theory, we can see how HMG, a relative newcomer to the auto industry, quickly became the world's third largest auto maker in 2022. However, to understand HMG's product life cycle, it is important to understand the product life cycle of automobiles in general (Top 15 Automakers in the World, 2022).

General Product Life Cycle of Automobiles. First stage: Cars were invented in the 19th century, though only the extremely wealthy could afford them.

Second stage: In 1903, Henry Ford founded the Ford Motor Company. Its main innovation in the automobile industry was twofold. First, the company was the first to mass produce cars. The primary way they achieved production efficiency was through economies of scale and the use of assembly lines. This led to cost efficiency and this led to their second innovation: they were the first to make cars affordable to many people.

Third stage: Eventually, almost everyone in the United States who wanted a car eventually owned one, and for Ford to continue to grow, the company needed to export. In doing so, they could further exploit their near-monopoly-like power in the global marketplace.

Fourth stage: Eventually, Ford Motors faced domestic competition from abroad. When exporters have domestic competition, they must then figure out how to survive. Normally, it is not easy for exporters to compete with domestic rivals. Therefore, some exporters may choose to collaborate with their domestic competitors to survive. Here, HMG's product life cycle begins (The History of Ford Motor Company, 2023).

Product Life Cycle of HMG Automobiles. First stage: In 1968, Hyundai Motor Company (HMC) was officially born, with the introduction of its very first model, the Cortina. This car was a result of a collaboration with Ford. Together, they optimized the location and know-how of Korean manufacturing to lower production costs and sustain profit margins. Following the Cortina's initial success, HMC developed the Pony, South Korea's first mass-produced car, in 1974. A compact rear-wheel drive automobile, the Pony was so popular in Korea that it was even nicknamed "kukmincha," meaning "car for the people." Second stage: In the 1970s, HMC became an exporter. In fact, HMC even competed with Ford in some third-country markets in South America and Europe.

Third stage: In the 1980s, HMC aggressively made inroads into foreign markets. HMC entered the UK market for the first time in 1982, and the Pony was first exported to Canada in 1984. In February 1986, HMC launched its subcompact "Pony Excel" model into the U.S. market, where Ford Motors was founded. The customer response was immediate. In 1986, total numbered 168,882 – an industry record for an import car distributor in its first year. During this time, HMC successfully featured itself as a "fast follower" to compete against more established automakers.

Fourth stage: Eventually, for HMC to continue to grow, it needed to lower its production costs. HMG Motor Group (HMG), the parent company of HMC and other Hyundai companies, was launched under the leadership of Honorary Chairman Mong-Koo Chung in 2000. To grow in the U.S. markets, HMG undertook a direct investment in the United States. HMG set up its own manufacturing facility employing approximately 3,000 employees in Montgomery, Alabama, in 2005.

Today, HMG automobiles sold in the U.S. car market are no longer exports. They are assembled in the United States. In 2019, HMG announced that, instead of a "fast follower," it is perceived as a "game changer" in the market that can outthink its competition by making new rules for the market. By 2021, HMG had more than 463 establishments in 43 countries, with approximately 292,575 employees working in 56 companies globally. HMG's sales were 313,357 KRW billion, with an annual net income of 16,296 KRW billion. In the first half of 2022, HMG sold 3.3 million units in the domestic and overseas market—1.88 million units sold by HMG Motor Company and 1.42 million units sold by Kia Corporation. In 2022, HMG was the fourth largest car company in the United States, behind GM, Toyota, and Ford, and the third largest car company in the world by sales volume. HMG acquired bankrupt Kia in 1998, thus enabling the company to become the world's third largest automaker in 2022 (Top 15 Automakers in the World, 2022).

A Look Back – HMG Enters the U.S. Market. The timing of HMG's entry into the U.S. market in 1986 was ideal. At that time, most automobile manufacturers had abandoned the entry-level market in favor of high-end, high-priced vehicles, leaving a large void in the market. First-time car buyers, such as college students and young families, could not find adequate, value-equipped cars that met their needs, yet were priced within their economic means.

In February 1986, HMG launched its subcompact Excel model in the U.S. market. The customer response was immediate. In just seven months, HMG America had sold its 100,000th Excel. Total 1986 sales numbered 168,882 – an industry record for an import car distributor in its first year. HMG sales averaged 1,431 units per dealer, another sales record. In 1987, HMG sales continued to soar, reaching a record of 263,610 units.

What makes this sales performance even more remarkable is that it was done with dealers located in only 31 of the 50 states. In the early years, HMG concentrated its sales efforts primarily on the West and East coasts as well as in the southern states. In 1987, HMG expanded into the central portion of the United States, opening a central region office near Chicago. Today, there are four regions and nearly 600 HMG dealerships nationwide (HMG, 2010).

### **Management Style under the Fourth Industrial Revolution**

The management style under the Fourth Industrial Revolution can be summed up with just two short phrases: talent acquisition and employees' self-motivation.

How Can HMG Maintain its Top Position? According to product life cycle theory, HMG is likely to lose its top position unless the company handles the following two issues better than its competitors. In the Fourth Industrial Revolution, knowledge workers produced most goods and services with their minds. For the sake of long-term survival, therefore, companies must secure talent acquisition and self-motivate knowledge workers to fully develop their potential (Xu, et al., 2018: 88-95; Top 15 Automakers in the World, 2022; Mezue, et al., 2015: 198-205). The main assets and the primary drivers of the Industrial Age were machines and capital. People were necessary but replaceable. This is because machines controlled the labor speed of workers through the assembly line and management controlled the labor speed of workers through the quota system. Management focused on motivating employees, through performing the physical labor needed to produce the products and services. In the Fourth Industrial Age, however, the challenge is how companies can secure talent acquisition and self-motivate their knowledge workers to release their human potential. In other words, success depends on talent and passion. Talents are natural abilities that are inherited at birth. Examples include drawing, innovating, repairing machines, singing, and the ability to create something from nothing. Passion is a strong feeling of enthusiasm or excitement for something or motivation to do something. In other words, passion refers to awakening human's potential (big dreams and visions) and stimulating them to do their best.

### **Talent Acquisition**

In order to secure talent acquisition, business leaders should know a number of things: the type of innovation and the technology trends.

The Type of Innovation: Innovation accompanied by new technology comes in several varieties. For the sake of long-term survival with prosperity, however, companies should place their primary emphasis on market-creating innovations (or radical innovations) because only such innovations bring permanent jobs that ultimately create prosperity. Talent acquisition tends to focus on long-term human resource planning and finding appropriate candidates for positions that require a very specific new skill set. Talent acquisition is not everything, though. The self-motivation of employees matters, as we have observed the failures of Kmart, Sears, and JC Penny. Talent acquisition is a necessary but not a sufficient condition for companies to make their market-creating innovations successful (Lopez, 2015). In addition, radical innovation typically utilizes a technological breakthrough that transforms industries and creates new markets. This type completely changes how an organization interacts with the marketplace. The success of the underlying technological shift to drive this type of innovation is often related to the firm's



organizational behaviors and capabilities, which create the right conditions for new ideas to be successfully commercialized in the first place.

The Internet and other modern technologies have recently allowed employers to innovate new ways to secure talent acquisition, such as the Wall Street Journal Chief Information Officer Network (WSJ CIO Network), Applicant Tracking Software (ATS), and The Employment Ownership (EO), each of which will be described respectively in what follows: 1) The WSJ CIO Network consists of technology's decision makers from the world's most influential companies. One major benefit of this network is that it allows its members to enjoy valuable connections so they build the right relationships with a group of peers who will challenge, advise, support, and inspire them. 2) The EO is a business model in which the employees have an equity stake in the business, making them full or part owners. The EO is beneficial to the business, the employees, and the community. 3) Companies use the ATS for better engagement, faster hiring, and ensuring a more diverse workforce. Their customers can accomplish the following: Source top talent and automate personalized follow-ups. Build and nurture talent pools. Use data to plan and operate more strategically. Measure diversity throughout the hiring funnel automatically. Have one central hub that brings all talent interactions together.

During the years of growth for HMG, its talent seeking strategy has also evolved from "diligent and sincere hard workers." Under the fast follower vision, an ideal HMG employee was a passive and hard-working individual who could quickly imitate the skills of others. However, this type of ideal employee was far from a revolutionary, or a game changer by any means. Now, to transform into a game changer in the market, HMG has also changed its "talent" to creative, game-changing individuals. In its revised Group website, HMG defined talent as "someone who creates new value based on an open mind and self-reliance and realizes new possibilities through ceaseless revitalization and development." HMG wrote that the Group sought employees with dedication, creativity, passion, collaboration, and a global mindset.

Technology Trends. For business leaders, the disruptive power of new technologies makes it ever more important to track advances in domains such as IT, energy, and materials. By following—and anticipating—a technology's progression from scientific research to real-world applications, executives can better decide how their organizations should invest in developing or using technologies to create value. Clearly, all sectors are exposed to changes resulting from technological innovations and the diffusion of technology-enabled business practices. Evaluating 20 sectors, experts found that most sectors display a meaningful association with several of the technology trends we reviewed. They are: Megatrend #1: Artificial intelligence at scale; Megatrend #2: Advanced connectivity; Megatrend #3: Sustainable consumption; and Megatrend #4: Digital trust. Combinations of trends can have powerful effects. Over the next few decades, as researchers and engineers bring technologies together in creative ways, the cumulative effect could be even more powerful than that of individual trends. Organizations already combine different technologies to create the metaverse and the many layers that make it up. Changes such as these will accelerate and intensify in the years to come, much as they have since the start of the Internet Revolution some 30 years ago (Chui, et al., 2022).

For HMG, it no longer viewed itself as a traditional car manufacturer, but as a provider of smart mobility solutions. HMG renounced its old "fast follower" mission and aspired to become a disruptor in the mobility market. Their game changing vision materialized

through the development of electrification, robotics, AAM (Advanced Air Mobility), and hydrogen technology.

**Electrification:** Similar to any other automaker, HMG envisioned the future of mobility to be driven by electrification, or the development of electric vehicles. As the most representative variety of existing eco-friendly vehicles, electric vehicles (EVs) were expected to overtake internal combustion engine vehicles (ICEVs) in the days to come. HMG declared in 2021 that it would achieve global leadership in vehicle electrification. The Group stated that, as the global leader of the EV market, HMG would release 23 electric vehicle lines and sell more than one million EVs by 2025. Genesis, the luxury auto brand of HMG, even promised to completely phase out ICEVs by 2030 and become a “purely electric brand.” HMG further announced that by 2040, the company would raise the ratio of EVs to as much as 80 percent of global sales. HMG has enjoyed considerable success in the EV market. In 2022, HMG’s IONIQ 5 was selected as the World Car of the Year, and Kia’s EV6 was named the 2022 Car of the Year at the European Car of the Years (COTY) awards. HMG was the number-two EV seller in the United States just after Tesla.

**Hydrogen Technology:** HMG viewed hydrogen as the most promising future energy—a source perhaps more promising than electricity. Hydrogen was not only cost-efficient in solving environmental problems but also effective in reducing energy imbalance issues. After the development of its first hydrogen fuel cell electric vehicle (FCEV) in 1998, HMG introduced the “Tucson FCEV (ix35 Fuel Cell),” the world’s first mass-produced FCEV, in 2013. HMG launched the next-generation fuel cell SUV, NEXO, in 2018, and the world’s first heavy-duty fuel cell truck, XCIENT Fuel Cell, in 2020. In December 2020, HMG also launched “HTWO,” a dedicated fuel cell system brand for the hydrogen fuel business. HTWO was expected to facilitate HMG’s global fuel cell business and foster the hydrogen ecosystem. In March 2021, HMG began constructing the HTWO Guangzhou, the Group’s first fuel cell system facility outside of Korea.

**Robotics:** Robotics, a compound word for robots and technics, referred to the technology behind the design, construction, and operation of robots in automation. HMG established its Robotics Lab in December 2019, recognizing the potential of robotics in the mobility industry. Sharpening its focus on advancing robotics, HMG acquired Boston Dynamics, an American engineering and robotics design company, in June 2021. The Group’s Robotics Lab mainly focused on developing technology in three areas of robotics: wearable robots, service robots, and micro-mobility. HMG was one of the few automakers who intensively worked on robotics. Through its heavy emphasis on robotics, HMG aspired to redefine the car, transforming it into a disruptive game changer in the mobility market.

**Artificial Intelligence:** In addition to robotics, HMG viewed artificial intelligence (AI) as integral to the upcoming rules of the industry. In 2019, HMG established the AIRS Company (formerly the AIR Lab), an organization exclusively dedicated to AI technologies and applications. With its mission as a game changer, HMG targeted three domains: the automotive voice agent, the mobility service platform, and the smart factory. HMG not only developed AI technology independently but also cooperated with various institutions worldwide. In August 2022, HMG announced that it would build an AI research center with Boston Dynamics in the United States—tentatively named the “Boston Dynamics AI Institute.” According to HMG, the institute was expected to “invest resources across the technical areas of cognitive AI, athletic AI, and organic hardware design, with each discipline contributing to progress in advanced machine capabilities.”

Advanced Air Mobility: Perhaps the most striking rule that HMG envisioned as a game changer was advanced air mobility (AAM). An air transport system concept integrating transformational aircraft designs and technologies, AAM encompassed Urban Air Mobility (UAM) and Regional Air Mobility (RAM). HMG anticipated AAM to be the key technology of future mobility, solving the limits and problems of the current transportation systems. Recognizing the potential of UAM, HMG established a UAM-exclusive department in January 2020. President of the AAM Division Jaiwon Shin also commented, “Being the first to enter the market is not important. Entering with the safest vehicle at the appropriate time is what really matters.” Shin’s quote highlighting the “appropriate time” demonstrated how HMG aspired to become a game changer in the industry. A game changer was a powerful disruptor beyond the market’s first mover—a player who could out-think competition, regardless of the timing.

Hyundai Motor Group Innovation Center in Singapore (HMGICS): Integrating various technologies ranging from electrification to AAM, HMG established the “Hyundai Motor Group Innovation Center in Singapore (HMGICS)” —the Group’s global open innovation hub for future mobility solutions in 2022. The objective of HMGICS was to provide innovative, customized value and experience to people inside and outside Singapore, housing a vibrant ecosystem of researchers, technology, and factories of the future. With its vision of “innovation for future mobility,” HMGICS aimed “to push forward to grow in the future by providing a human-centered future mobility paradigm as a game changer.” HMGICS had three missions: advancing the future mobility value chain innovation platform, serving customer-centered value and experience, and establishing an open innovation ecosystem.

Passion-Self-Motivation of Employees: Remember, anything lasting and worthwhile in life takes effort, sacrifice, commitment, and perseverance. Employees need more than a fleeting, warm-fuzzy feeling, and a good paycheck to invest in their work and achieve more for their company. People want purpose and meaning from their work. They want to be known for what makes them unique, which drives employees to work harder for their company. They also want relationships, particularly with a manager who can coach them to the next level.

Table 1 demonstrates the differences between the traditional approaches to motivating employees and the new approaches to motivating employees.

**Table 1: How to Motivate Employees**

The Past (Industrial Age)	The Future (Digital Age)
My paycheck	Purpose
My satisfaction	Development
My boss	A caring manager
My annual review	Ongoing conversations
My weaknesses	A focus on strengths

Source: Gallup, “What Is Employee Engagement and How Do You Improve You Improve it?”, <https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx#ite-357473>

Whether it is sports or art, potential is not acquired by itself, so if one does not strive to develop one’s potential at least from one’s youth, the success of one’s dream will inevitably drift farther away. For most people, when they have the motivation to achieve something,

they have a desire to take on the challenge, no matter how difficult it is. Desire does not simply mean pleasure or lust but confers the power to act, that is, to induce a sense of adventure. Therefore, adventure becomes a noteworthy event in a person's history, and people boldly push forward and challenge the unknown world while predicting uncertain results. That is true passion.

People want purpose and meaning from their work. They want to be known for what they are good at. These are the key drivers of self-motivation. One of the most common mistakes companies make is to approach motivation as a sporadic exercise in making their employees feel happy - usually around the time when their supervisor's job performance is reviewed and/or employee surveys are conducted.

HMG has taken several major initiatives to motivate its employees. One is the new working style. In the past, HMG had been notorious for its conservative, masculine culture; it was even known as "the enterprise with the most disciplinary and seniority-oriented working culture in Korea." Yet, under the "game changer" vision, the company has aimed to restyle the automotive empire as a flexible and agile entity. For example, the group implemented a selective working hours system in the workplace, in which each member could adjust their working hours within the week. HMG also sought creative solutions for the office. In June 2021, HMG created 100 remote offices, or "H-Work Stations," for people who preferred offices with their optimal working atmosphere. Another approach is the updated personnel system. Under the new pay-grade system, the companies had only four grades, running from G1 to G4. G1 and G2 employees were considered managers, while G3 and G4 employees were senior managers. A new employee evaluation system has also been adopted. With the new promotion system, HMG grades employees on an absolute scale. HMG expected the absolute evaluation system to boost teamwork and cooperation. Lastly, HMG abolished its annual promotion system. To help well-performing workers rise quickly in the company, the Group no longer required employees to serve at their posts for a certain period of time before promotion.

## **Conclusion**

We have recently entered the dawn of the Fourth Industrial Evolution, which differs in speed, scale, complexity, and transformative power compared to previous revolutions. This paper discusses why and how companies can secure talent acquisition and self-motivate employees to fully develop their potential for long-term survival with prosperity.

The main assets and primary drivers of the Industrial Age were machines and capital. People were necessary, but replaceable. This is because machines controlled the labor speed of workers through the assembly line, and management controlled the labor speed of workers through the quota system. Thus, management focused on motivating employees to perform the physical labor needed to produce products and services with regular paychecks, job security, satisfaction, and annual reviews.

On the other hand, the main assets and the primary drivers of the Fourth Industrial Revolution are knowledge workers. In the Fourth Industrial Age, therefore, the challenge is how companies can secure talent acquisition and self-motivate their knowledge workers to release their human potential. Employees need more than a fleeting, warm-fuzzy feeling and a good paycheck to invest in their work and achieve more for their company. Knowledge workers want purpose and meaning from their work. They want to be known for what makes them unique, which drives employees to work harder for their companies.

In addition, they want relationships, particularly with a manager who can coach them to the next level. Furthermore, they want their companies to place their main emphasis on their strengths rather than their weaknesses.

When companies face a do-or-die situation, the theory explains why they must take a big risk to avoid failure. As a latecomer in the auto industry, HMG had survived with prosperity by taking over the bankrupt rival Kia in 1998 and invading the US market in 1986, regarded as the home of the auto industry. As we have navigated through the landscape of the automotive industry, it is evident that the competition is as fierce as ever. Tesla, General Motors, Uber, NIO, and Li Auto Inc. are all vying for dominance in the electric vehicle market, which is evolving faster than ever. Furthermore, traditional behemoths such as Ford, General Motors, Volkswagen, and Toyota continue to flex their might and reinvent themselves to remain relevant and competitive (Pereira 2023).

In the era of electric vehicles, where every major traditional car maker and non-traditional car company start from the same point, HMG decided to switch their strategy from the fast follower to the game changer. The disruptive power of new technologies makes it even more important to keep track of advances in domains such as robotics, artificial intelligence, and others. By following—and anticipating—a technology’s progression from scientific research to real-world applications, executives can better decide how their organizations should invest in developing or using technologies to create value. Thus, HMG has decided to acquire talent acquisition and self-motivate employees through rapid changes in its corporate culture, the adoption of a pay grade system, the establishment of an Innovation Center in Singapore, and other necessary bold changes to become a game changer. If HMG’s new strategy is more successful in creating market-creating innovations than its competitors, it will continue to remain a top automaker in the world. Until the fourth industry began, high-tech companies such as Apple and Microsoft mainly relied on brain power. However, all industries, including the automobile industry, are moving in the direction of brain-based competition. HMG has a high probability of success as a game changer because it has recognized all these new trends and has been making the necessary preparations for long-term survival and prosperity.

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## WILL THE SECURITY CHALLENGES IN NIGERIA TRIGGER LOCAL GOVERNMENT REFORM?

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*Abstract: Since the return to civil rule in 1999, Nigeria has been grappling with distress and persistent social, economic, and political challenges that are terrifically threatening the country's corporate existence. Perhaps insecurity constitutes the most significant challenge to Nigeria's stability. The spate and spectre of insecurity in the country, ranging from the Boko Haram/ISWAP, ethnoreligious crises, kidnapping, rural banditry, cattle rustling, farmers'/herders' conflict, and the IPOB, had intensely questioned the capacity and capability of the levels of government to fulfil the very essence of the state, which is to guarantee peace, security of lives and livelihoods of individuals. Drawing on the assumptions of ungoverned spaces, the paper examined local governments' dwindled capacity to carry out governance functions, particularly in rural areas. Thus, the paper argues the essentials of bolder local government reform given the lapses in the existing structure as envisaged in the 1999 Constitution regarding the functions, status, finances, and relations between the local governments, states, and the federal government.*

*Keywords: Local Government; Reform; Ungoverned Spaces; Security Challenges*

### Introduction

Since the return to civil rule in 1999, Nigeria has been experiencing dramatic increases in numerous violent conflicts. Elaigwu (2012) indicated over 600 violent clashes in which one or more lives were lost and properties destroyed. Similarly, according to SBM Intelligence (2021), over 2,861 people were killed in the first quarter of 2021, including 346 security personnel. These violent conflicts range from election-related violence, ethnoreligious conflicts, communal and land conflicts, and economic and other violent conflicts. In addition to all these are the increasing threats from militant ethnic militias and religious/terrorist groups such as the Movement for the Emancipation of the Niger Delta (MEND), Indigenous People of Biafra (IPOB), with its security outfit known as the Eastern Security Network (ESN), and Boko Haram, and its faction the Islamic State West Africa Province (ISWAP), and the Egbessu boys etc. The most recent frightening and disturbing

trends are the unprecedented bloodshed, rural banditry, kidnapping, maiming and annihilation of villages by the 'Fulani herdsmen' and cattle rustlers. Not so long ago, there were rampant kidnappings of school children in almost all the states in North-West Nigeria. On 11 December 2020, over 300 pupils were kidnapped in a boarding school in Kanakara, Katsina State. A week later, 80 students were abducted in Dandume, Katsina State. Then, on 17 February 2021, about 27 students, 3 staff and 12 members of their families were kidnapped in Kagara Secondary School in Niger State. Similarly, almost 317 schoolgirls were kidnapped in Jangebe, Zamfara State, on 26 February 2021. Also, on 30 May 2021, about 136 pupils were abducted in Tegin, Rafi local government of Niger State. Aside from the mass kidnappings in many villages and highways, especially on the Abuja-Kaduna highway and Zamfara to Sokoto, countless individuals were kidnapped, several lives were killed, and properties were lost. The spate and spectre of these attacks and lives lost had extensively questioned the capacity of levels of government to fulfil the very essence of a state to guarantee peace, security of lives and livelihoods. Presently, an undisclosed number of persons, including school children, are held captive by bandits and kidnapers in many parts of the country.

The euphoria for progressive, functional, viable and vibrant economic and political structures at independence in 1960 and later at the return to civil rule in 1999 had significantly washed off. Nigerians' quest for justice, social cohesion, economic progress, and political stability have been truncated by chequered challenges that thrust the federation into a series of crises. Notably, the return to civil rule in 1999 after decades of the dictatorial military regime, citizens hoped for a Nation that would ensure equal access to public services irrespective of their places of residence, accommodation of diversity, individual and collective rights, and economic prosperity for the component units (see Aghalino 2009; Abutudu, 2010; Adejumobi, 2010; and Mohammed 2012). However, the civilian regime swept the institutions of governance, which led to a severe weakening of various institutions, especially the local governments which are the closest governance units to the citizens. For instance, Adejumobi (2010) lamented whether Nigeria was confronted with a structural problem beyond the capacity and ingenuity of the political leadership or was the political leadership was part of the problem rather than the solution. In effect throughout the almost 62 years of Nationhood, Nigeria has not been successful in managing public affairs. These challenges predominantly resonate from large-scale corruption, indiscipline, structural deficits (basic infrastructure), and institutional decline. Considerable concern and interest have been shown by policymakers, researchers, and development partners in the challenges of governance in Nigeria.

Broadly, World Bank opined dysfunctional and ineffective public institutions and weak governance are increasingly seen to be at the heart of the economic development challenge (World Bank 2000). Many contended that the disproportionate distribution of responsibilities and resources amongst the component units had resulted in a dysfunctional structure, the consequence of which is the myriad problems bedevilling the country. According to Ayua (1994), the standard of administration has created a sense of frustration to the extent that even economic development and social justice have not materialised since independence. Instead, there is insecurity and disenchantment with the nation-state which arise from deprivation and unequal opportunities. Whilst all the levels of government in Nigeria are complicit in the social, economic, and political crises that stalled the euphoria of having the biggest, strongest black Nation on earth, the state of affairs of the local



government system is desolate and horrendous. Local governments today are merely conduit pipes through which state governments with impunity misappropriate statutory revenues due to local governments. Justice Tobi (JSN) averred ‘it is a notorious fact that there are leakages here and there in local government funds, leakages caused by human beings that either operate the system or supervise the system’s operation. In essence, there are many thieves in the system (AG of Abia State & 2 Ors v AGF 2006). In the same vein, Olowu (1986) maintained that state governments are hijacking local governments’ funds or diverting them for other projects considered as a priority, without any consultation with the local governments.

There have been attempts at examining the consequences and implications of the failure of the local government system in Nigeria. Olowu (1986) opined local governments are in an even worse position of dependency. Regrettably, the position expressed by Olowu in 1986 remains the same today, if not worst, given Nigeria is now under ‘democracy’. However, quite a few studies examine the escalating security challenge in the country from the perspective of the failure of the local government system. The closest was Ebohon et al (2021), who trace the threats to state culpability regarding the centralisation of security apparatuses in a federal system. Whereas Ojo (2020) attributed the contemporary security challenges to the woeful economic situation and entrenched corruption in the public and private spheres. In view of these, drawing on the assumptions of the ungoverned spaces thesis, this paper examined how the challenges confronting the local government system in Nigeria are significantly responsible for the step-up of insecurity in Nigeria. Our discussion begins with a discourse on ungoverned spaces’ theoretical and conceptual discourse. Furthermore, the article proceeds to appraise the existing local government system and how the degree of governance in these local governments enables dark elements to exploit the deficit and local hardships to operate without fear of detection and capture.

#### **Ungoverned Spaces: Conceptual and Theoretical Discourse**

The state is defined by its ability to make domestic or foreign policy to shape the domestic realm, free of domestic social structural requirements or the interests of non-state actors (Hobson, 2000). States (however conceived) are defined based on their characteristic features. Thus, according to Ahmad et al. (2011), states have four primary features: sovereignty, government, territory, and population. Accordingly, Murphy (2002) opined that one of the most distinctive features of a modern state is its particular territory. Thus, its ability to exercise sovereignty both within the territory and externally too. Therefore, while exercising its internal sovereignty, a state must possess an absolute monopoly over all instruments of coercion including maintaining law and order and enforcing rules and regulations within its territorial integrity. Just as Marxsen (2015) opined, territorial integrity protects the sovereign state against all sorts of violations of its territory. Therefore, the ultimate function of every state is to maintain peace, order, and good governance for the welfare and well-being of its population within its territorial integrity.

However, states varied according to the form of their internal setup. The most prominent systems today are either federal or unitary. According to (Bulmer 2015), the federal system has spread worldwide and can be found on every inhabited continent. Also, it has increasingly been used as a means by which an existing state can decentralise power and, as such, has become a tool for holding large or diverse countries. Therefore, among the basic features of a federal system is the existence of different levels of government, with each level having relative autonomy within its spheres of authority. Thus, in federal

systems, there are groups of separate state governments and one central government to which each state will send a representative to a central legislature, the single policymaking body of the central government. While policy decisions made by state governments will be decided by their separate legislatures (see Inman et al. 1999). In the case of Nigeria, there are three levels of government, with each assigned specific responsibilities by the Constitution. Combining the collective efforts of these three levels of government is necessary for peace, progress, and development. On the other hand, the existing structure of intergovernmental relations in Nigeria, in *pari passu* the status and performance of local governments, given the kind of politicking, and asymmetric relationship between the state governments and their respective local governments, are enough justifications that all is not well with the local government system. Consequently, local governments in Nigeria seem to a considerable extent create the impression that there are ungoverned spaces within Nigeria's territorial integrity. In view of this, what then are ungoverned spaces?

The term ungoverned spaces now appear regularly in the discourse on governance, security, and institutional performance. It is often used interchangeably with 'failed state', 'limited statehood', 'under governed', and 'dysfunctional state' (see Clunan 2010, Risse et al. 2018). The term provides a novel way of examining the implications of dysfunctional institutions on governance. Thus, Taylor (2016) considered it as a source of serious instability, moreover, it is often equated with a security threat and all that it implies. This is because certain potential threats do certainly emerge on account of the degree of governance and the way a territory is governed (Lamb, 2008). And yet, Taylor (2016) and Rabasa et al (2007) opined that whether a territory becomes a threat depends on its attractiveness and viability or conduciveness. Therefore, what conditions or factors are responsible for the emergence of ungoverned space, and at the same time portends a security threat? As an example, the US Department of Defense holds that an ungoverned space is a place where the state or central government is unable or unwilling to extend control, effectively govern, or influence the local population, and where a provincial, local, tribal, or autonomous government does not fully or effectively govern due to inadequate governance capacity, insufficient political will, gaps in legitimacy, the presence of conflict, or restrictive norms of behaviour (cited by Taylor, 2016: 3). According to Clunan (2010), citing Palan (2003), Raab and Milward (2003), ungoverned spaces connote the ease with which non-state actors can avoid state surveillance and undermine state sovereignty. Therefore politically, ungoverned spaces are a novel and inherently dangerous threat to the security of states and the international state system (Clunan 2010). Hence, Taylor (2016) cautioned that the international state system should at all costs avoid ungoverned spaces because of their inherent powerful overtones of threat, instability, and insecurity. Thus, states should focus on exercising 'effective sovereignty' and 'good governance' in every social, political, and economic arena; since the inability to do, such will render them weak or unable to enforce their authority (see Clunan and Trinkunas, 2010:17 & 21). Similarly, Lamb (2008) emphasised effective political will by government officials, and adequate governance capacity at all levels of government (especially at the local level), in order to prevent any possible civil unrest, armed conflict, or active insurgency. Achieving this requires lots of capacity building, especially in developing countries and emerging democracies whose institutions are not only fragile but to a certain degree 'outlaw' and mostly neo-patrimonial.

From the preceding, it is succinctly demonstrated that ungoverned spaces emerged from the inability of states, to effectively perform some or all of the security, judicial, legal, regulatory, intelligence, economic, administrative, social, and political functions, and public services that an effective and legitimate government is generally expected to provide to the people residing in its territory (see Lamb 2008, and Rabasa et al., 2007). Lamb goes further to demonstrate that where these functions are not performed or not performed effectively, terrorists, insurgents, and criminals can operate without fear of detection or capture by the state and can exploit local hardships and conflicts to win resources, refuge, and recruits. Therefore, how effective are local governments in Nigeria, and how their vast territories are effectively governed? This question is addressed in the next section.

#### Local governments in Nigeria: A Stark reality

Local governments are multi-purpose governments serving and providing various purposes, fundamentally bringing government closer to the people and enhancing public participation in governance. Local governments in Nigeria have a long history and had evolved in the mould of Native Authorities (NAs), which administer areas possibly homogenous regarding ethnic and linguistic features of their population. The then NAs typically consist of a chief (Emir or Oba as the case may be) associated with a council. According to Yahaya (1980), the NAs were local government units, supported by a bureaucratic organisation called Native Administration and the primary function was solely the maintenance of law and order and the collection of taxes. Also, the NAs provide social services such as education, water supply, access roads, motor parks, and residential accommodation. Therefore, besides maintaining local administration, the NAs manage their treasuries, native courts, police and prisons, agriculture, animal husbandry and forestry, and provide some capital projects.

However, the dominance of traditional institutions in the administration of the NAs was subsequently challenged to give room for broader political participation. This agitation coincided with the colonial government's preparations for the transfer of power to Nigerians. Consequently, the Macpherson Constitution of 1951 and the independence constitution provided elected representatives in the regional legislative councils and the local governments (see Yahaya, 1980:34). Thus, Odoh (1991) maintained that the modern local government system appeared on the Nigerian scene with the advent of the Macpherson Constitution. Subsequent reforms saw the change of the term Native Authority to local government administration and the gradual weakening of the influence of traditional institutions in the administration of local governments. Also, there were significant changes in the structure and organization, functions, and scope of local governments primarily, through the 1976 local government reform, which was a prelude to the planned transition to civil rule in 1979. However, Olowu (1986) maintained that the 1976 reform recorded fair successes in the first few years before the emergence of a civilian administration in 1979. As such, the new military regime that toppled the civilian administration initiated another reform in 1984.

However, the Dasuki Committee maintained significant recommendations of the 1976 reform and recommended that the federal and state governments share the burden of funding local governments. It also introduced a Presidential system with the principles of separation of powers between the executive and the legislative arms of the Council. Therefore, the transition to civil rule in 1999 and the coming to force of the 1999 Constitution retained all the features of the reform. Hence local governments were placed

under the supervision and monitoring of the State Governments concerning their establishment, structure, functions, and finances. However, they shall be under democratically elected councils CFRN, 1999).

The return to civil rule in 1999 reignited lofty expectations for a functional and appropriate institution of government. The citizens anticipated a federation that would ensure equal access to public services irrespective of their residence, accommodation of diversity, individual and collective rights, and economic prosperity for all the federating units (see Aghalino 2009; Mohammed, 2012). Unluckily, the return to civil rule further witnessed the severe weakening of various institutions of governance, particularly the local governments. Accordingly, local governments become the subject of national debate among scholars, practitioners, and policymakers. Hence, the existing studies such as World Bank (2002), Akindele et al., (2002), Daniel (2012), Majekodunmi (2012), Agba et al. (2013), Wilson (2013), Abdulhamid and Chima (2015), Oladele (2020) have documented dwindling performance of local governments in Nigeria as democratic institutions and grassroots institutions for service delivery.

Section 7 of the 1999 Constitution christened to mother local government system, stipulates that the state governments shall ensure the existence of local governments through a valid law passed by the Houses of Assembly of State. Thus, the state governments are responsible for a system of local government that is democratically elected and sets its structure, composition, functions, and finance. Hence, section 162 (6) stipulates that each state shall maintain a special account to be called the State Joint Local Government Account (SJLGA) into which shall be paid all allocations to the local governments of the state from the Federation Account and the government of the state. This, however, resulted in many challenges and problems. It is alleged, instead of the state governments ensuring a system of monitoring and supervising, partnering with local governments, especially in the provision of public goods, they are failing to meet their financial obligations to local governments and refuse to distribute the statutory allocations due to local governments as envisaged by law (see Koko, et al., 2021). Thus, in 2005 the National Assembly passed a law 'The monitoring of Revenue Allocation to Local Governments Act intending to ensure prompt payment and distribution of local governments' statutory funds. But the state governments challenged the Act before the Supreme Court, and the Court ruled in favour of the state governments on the premise that going by the relevant provisions of the 1999 Constitution the National Assembly has no legislative competence to legislate on the nicety or the nitty-gritty of the allocation to local governments from the state joint local government account (AG, Abia V AGF and 33 Ors, 2006). However, the judge acknowledged the leakages here and there that are caused by human beings that either operate the system or supervise the operation of the system. The subsequent discourse examined critical challenges bedevilling the local government system in Nigeria from data obtained through official documents and interviews with officials of state governments and local governments in North-West Nigeria.

The poverty of leadership and personnel: Local governments in Nigeria have not attracted a pool of competent political leadership and qualified personnel to discharge the onerous responsibilities of delivering services to the people at the grassroots. This is because local government administration generally has not been considered a serious government enterprise in Nigeria, and the excessive political interference and politicisation of sensitive positions had significantly undermined the capacity of the political leadership and

personnel. Going by the antecedents of the state governments in the exercise of supervisory control over local governments revealed the extent to which the state governments impaired the capacity of local governments in Nigeria. Accordingly, Vambe (2018) argued that local governments would continue to suffer at the hands of their respective state governments through their supervisory powers. The Ministry for Local Governments is one of the major agencies state governments use to supervise and monitor local governments. The Ministry coordinates, supervises, and oversees local governments' functions, operations, and performances. Thus, it considers and approves local governments' annual budget estimates before being forwarded to the House of Assembly for passage. Also, the Local Government Service Commission is responsible for recruiting, promoting, disciplining, transferring, and posting staff of the unified local government service. However, the Ministry in some states performs this function. Not all states have the commission. Other supervisory controls are often ad hoc bodies formed for a particular purpose. Examples include the local government audit, board of inquiry, primary pension board, local government staff pension board etc.

The implications of this political interference in the local government system are excessive control, dictating and manipulating local governments, thereby politicising sensitive positions at the local governments. Many state governments are deliberately refusing to conduct elections in the local governments instead, of appointing a caretaker committee to oversee the affairs of local governments. In addition to these, lack of financial resources has been the vanguard local governments are not attracting the right calibre of people, a capable, productive, and vibrant workforce that can propel and accelerate the system. It is alleged, many state governments carefully appoint people with no requisite experience to oversee the affairs of local governments as a reward for political patronage. Furthermore, the issue of segregation between staff employed by the state governments and those for local governments, such that the most senior post in the local government is regarded as inferior in terms of responsibility and status and remuneration to his counterpart at the state level. Consequently, qualified, and competent staff have not been attracted to local government service.

Fiscal dependency: Local governments in Nigeria have two dominant sources of revenue to sustain them. These are internal sources in local taxes, fees, rates, and fines, and the external source is mainly from the Federation Account and 10% of IGR from their respective state governments. Therefore, for local governments to function efficiently and effectively, they must have viable sources of revenue. However, the state governments have been alleged to fail in meeting their financial obligation to local governments. In most cases, they withhold and temper the statutory allocation standing to the credit of their local governments. Regarding internal revenue generation, the state and local governments have not demonstrated a real appetite to exhaust all their revenue sources optimally. Thus, the state governments' inadequate revenue generation, personnel capacity, and overbearing dominance are interlinked: the state governments are responsible for local governments in all ramifications. As such, their statutory revenues are transmitted from the Federation Account to their respective states. However, the state governments often quarantine the funds and only release them piecemeal to local governments at the sole discretion of the state governments. Also, the state governments determine the rate of taxes to be collected by the local governments and are influential in appointments, discipline, and placement of personnel.

Until 2002, local governments received their statutory allocation directly from the Federation Account Allocation Committee through the Office of the Accountant General of the Federation (OAGF). But the Supreme Court Judgement in AG Ogun Vs AGF, 2002 affirmed the provisions of section 162 (6) of the 1999 Constitution, which provides that each state shall maintain a special account to be called ‘State Joint Local Government Account’ (SJLGA) into which shall be paid all allocations to the local governments of the state from the Federation Account and the government of the state. Whereas some states did affirm the process of distributing statutory allocations due to their local governments and established a committee referred to as the Local Government Account Distribution Committee (LGJAAC) in conformity with the Allocation of Revenue (Federation Account etc.) Act, several other states have not complied and often distribute the statutory allocation to their local governments in an ad hoc arrangement.

Although there have been controversies with regards to the role of the state governments in managing the SJLGA. While it was argued that the state governments are mere trustees of the SJLGA, others believed the state governments are just channels of passing statutory allocations for onward distribution to their respective local governments. Expectedly, the SJLGA is made for convenience to transmit local governments’ funds. As such, the distribution of the funds should be according to valid laws passed by the National Assembly and the Houses of Assembly of State. On the contrary, however, it was argued that the essence is to streamline the economies within states. Thus, revenues standing to the credit of local governments in a state are to be distributed, not allocated such that no local government is left behind in terms of meeting its obligations. These notwithstanding, the state governments have often been accused of mismanaging the funds and failing to meet their financial obligations to the local governments. For instance, Salami (2011), based on data examined from the Central Bank of Nigeria (CBN) statistical bulletins and annual reports revealed that from 2003-2008, all the local governments in Nigeria got 0% allocations from the state governments’ IGR. However, from 2014, 2015, 2016, and 2017 annual reports of the CBN, it was revealed that local governments received such allocations. Although, whether what was allocated is up to the 10% required by law cannot be ascertained. Thus, both the state governments and local governments have been fiscally irresponsible in revenue mobilisation and utilisation. Therefore, the next issue to examine is how these challenges ensue ungoverned spaces.

### **Ungoverned spaces and the risen Insecurity in Nigeria!**

In view of the preceding challenges discussed, local governments have failed to provide essential services, especially in many rural areas which are vulnerable and susceptible to what Raab and Milward (2003, 2006) referred to as dark networks. By dark networks they opined is a metaphor that refers empirically to illegal covert networks that pursue criminal ends. Accordingly, it was opined that failed states might not necessarily be a condition for dark networks to thrive but can facilitate them and serve as their sanctuaries (see Milward and Raab 2006). Thus, the failure of the local government system, and indeed its failure to provide basic services in such a way that people at the rural level feel governed had created ungoverned spaces that provided avenues for dark networks (bandits, kidnappers, terrorists and ethnic militia or separatists) unfettered access to continue to unleash mayhem in virtually all parts of the federation. Although several studies have examined the failure of

local governments in service delivery, there has been an insignificant attempt to link these failures with the rising insecurity in the country.

Local governments are vitally important in the provision of essential services to the local populace and their participation, especially on matters that directly affect their lives and the general well-being of the entire society. Statutorily, local governments in Nigeria performed basic functions ranging from preventive health services (sanitary inspection, sewage disposal and refuse collection, administration of vaccines, regulation and licensing of laundries, food vendors, abattoirs and environmental pollution); education services (nursery, primary and adult education, public libraries, provision of scholarship and bursaries); development of agriculture and natural resources (excluding exploration of mineral resources); public utilities and social welfare (water supply, provision of roads, regulation and control of buildings, markets and motor parks, gardens and parks, cemeteries and burial grounds, orphanage, and community and recreation centres etc.). These assigned responsibilities obviously indicate local governments closeness with the people. However, a lack of correspondence between available revenue and expenditure responsibilities has challenged providing these services. Thus, the wide range of responsibilities demanded by citizens from the local governments, the ever-growing demand for improved standards of their delivery, and the sequential failure of local governments to respond efficiently and effectively had presumptively brought up ungoverned spaces. It is assumed, therefore, the rising insecurity challenges in Nigeria, where criminal elements have been perpetrating flagitious attacks, especially on soft targets indicate the dark networks come forth from the ungoverned spaces springing up from the failure of the local government system in Nigeria.

A truism of the ungoverned spaces thesis is that states must exercise absolute sovereignty over their national territories. Ungoverned spaces pose potential security threats to the nation-state and globally (see Taylor, 2016). Importantly for the advocates of the approach, ungoverned spaces bring about powerful overtones of threat, instability, and insecurity, and the sense that an ungoverned space is something the affected territory and international state system should avoid at virtually any cost (Taylor, 2016). Furthermore, Reno (2010) opined that the collapse of institutions that can control and discipline armed individuals leaves all groups vulnerable to attacks from competitors. In other words, the absence of constraining state institutions generates incentives for violent predation among armed groups at the expense of broader community interests. Also, Menkhaus and Shapiro (2010) maintained areas without functioning state institutions do not provide safety for their residents. Quite generally, ungoverned spaces ensue when states or institutions of states failed to effectively function within any of their territorial areas. Impliedly, local governments in Nigeria have been unable and are failing to provide essential services and public goods effectively.

Local governments have failed in all ramifications to provide efficient and effective services and public goods as envisaged in their statutory responsibilities. There are enough reasons to make people lose hope in the local government system in Nigeria, going by their level of responsiveness to the people's demands. Service delivery and provision of public goods remain a daunting challenge to local governments in Nigeria. Virtually, the rural populace lacks essential social services and amenities such as health care, basic education (both western and religious), sanitation, water (for both consumption and other domestic uses), access roads, communication, electricity etc. Going by the demographic data

released by the National Bureau of Statistics (NBS) and National Population Commission (NPC), rural areas are below the national average in virtually all indices measured. Especially those on the functional responsibilities of local governments. Thus, in basic education, primary health care, and access to basic services such as water, electricity, rural roads etc., existing data revealed a grim situation and a critical challenge to governance in Nigeria. This is even more worrisome given the astronomical rise in the country's population, particularly young children, and youth. According to the NPC, only 20% of households have water on their premises, and almost 24% of households travel 30 minutes or longer to obtain their drinking water, with barely 11% using appropriate treatment methods to ensure the safety of their drinking water. Regarding sanitation, the National Demographic and Health Survey (NDHS) revealed that less than 10% of households in rural areas have access to improved toilet facilities (NDHS, 2013).

The primary healthcare being the bedrock of Nigeria's health system falls within the concurrent legislative list. As such, every level of government is responsible for its provision. However, the local governments practically partner with the other levels of government in providing the required services, especially in terms of staffing and funding. Accordingly, Ozochukwu (2017) opined that the local governments are the main source of financing primary healthcare service delivery, especially regarding staff salaries, facility construction and maintenance, and supply of drugs and equipment and other medical commodities. The federal government established the National Primary Health Care Development Agency (NPHCDA), to provide technical support and ensure standards in delivering primary health care and the construction of primary health care centres through budgetary allocations by the federal government. These notwithstanding, access to primary health care services remains a critical challenge, especially for rural people. A very fundamental challenge for instance is that of inadequate, inexperienced, and unqualified personnel and essential facilities in all the country's primary health centres. Thus, the 2016 National Health Facility Survey (NHFS) report revealed that the clinical competence of health workers is below par as their diagnostic accuracy, adherence to guidelines and ability to propose correct steps and actions in the management of maternal and newborn complications. The report scored the National quality of care services at 34.3%.

Furthermore, the provision of public primary education in Nigeria has mainly degenerated due to the inability of local governments to provide the necessary political support. Through the Local Government Education Authority (LGEA), each local government is responsible for managing primary schools. However, the delivery of primary education is replete with several challenges ranging from poor infrastructure, poor quality of teachers, and dwindling students performance across all levels of public education in Nigeria due to insufficient background. Statistics on out-of-school children, literacy rate, especially on student's ability to read and write, the proliferation of unlicensed and unregistered private schools, quality of teachers, etc., significantly indicate the prevalence of social vices in the country. For instance, according to the National Commission for Colleges of Education in 2013, it will take Nigeria 20 years to produce the required number of teachers for basic education (NCCE, 2013). This is despite quite a few federal government agencies and other development partners' contributions towards education in the country.

The foregoing indicates that citizens do not significantly feel service delivery by local governments in all its ramifications. Overall human capital development is virtually stagnant. Healthcare centres and primary schools are ill-equipped, and staff quality,



quantity, and capacity are at their lowest ebb and standard. Provision of other basic amenities like water, road networks, rural electrification, basic sanitation etc., has proven difficult to provide by the local governments. Indeed, the existing challenges of governance, the poverty of leadership, waxing insecurity, abject poverty, and myriad social problems in the country are reasonable pointers to the failure of local governments. The implications of the apparent local government failure are profound, chief of which is the rising insecurity, especially in the country's rural areas. Beyond the failures of local governments, the porous nature of national borders, mainly the land borders, and the civil unrest in Libya had contributed significantly to providing pathways for the illicit flow of small and light weapons into the country.

Consequently, in spite of the unceasing military operations in virtually every part of the federation, the security situation seems unabated. This, therefore, necessitates a comprehensive governance reform, cheap amongst which is the local government system. Given the renewed interest in decentralisation, Nigeria is not alone in the quest for reforming local governments. It is the rage worldwide in governance matters (Bardhan, 2002). Thus, in 2014, the umbrella body of the African continent, the African Union, in its bid to promote and reposition local governments as vehicles for improving the livelihoods of all peoples to ensure access to basic services for all peoples on the continent, promulgated and adopted an African Charter on the Values and Principles of Decentralisation, Local Governance, and Local Development. Also, the 10th of August of each year was chosen to commemorate 'Africa Day on Decentralisation and Local Development.

### **Reforming Nigerian Local Governments: The Immediate Concerns**

Given the discourses raised, the urgent need to reform local governments is of immediate concern if the security challenge in the country is to be managed. Although, since the return to civil rule in 1999, quite significant reforms were embarked towards addressing the challenges bedeviling the public service and governance in general. Prominent among these reforms were: Federal civil service reforms, Review of the Financial Control and Management Act; privatisation and commercialisation of public entities; The National Economic Empowerment and Development Strategy (NEEDS) and governance and anti-corruption reforms. All these reforms significantly improved the state of Nigeria, particularly at the federal level. However, little or virtually nothing trickles down to the states and local governments. Thus, the most prominent local government reform in Nigeria was by the military in 1976 as part of the regime's preparation for the civilian transition in 1979. Consequently, the provisions of the 1999 constitution, especially those pertaining to local governments, were in no way distinct from the provisions of the 1979 constitution. By implications, it is reasoned that the provisions of the 1999 constitution are partly responsible for Nigeria's dysfunctional local government system. This is evident by the incessant agitation and clamour for granting local governments autonomy.

Specifically, section 7 (1) of the 1999 constitution stipulates that state governments shall ensure the existence of local governments under a law which provides for the establishment, structure, composition, finance and functions. Furthermore, section 162 (5-6) mandates that the states should be the recipient of statutory allocations from the Federation Account for the benefit of their local governments. As such, states were required to establish and maintain a special account for the receipt of such allocations (CFRN,

1999). However, substantial discourse prevails regarding the flow of such statutory revenues to local governments. In effect, state governments were accused of withholding and spending such revenues with impunity (see Adeyemo, 2005; Asaju, 2010; Koko, et al., 2021). Hence, the federal government in 2003 set up a 10-man commission under the chairmanship of his Royal Highness Etsu Nupe, Alhaji Umaru Sanda Ndayako, with the sole mandate examining the issues of inefficiency and high cost of governance with a view to reducing costs and wastages at the three tiers of government, review the performance of local governments and consider the desirability or otherwise of retaining them, adoption of a modified version of the pre-1976 local government. Given the failure to record significant success in that regard, the National Assembly, during the last 4 constitutional amendments (2007, 2011, 2015 and 2022) attempted to grant local governments autonomy by altering sections 7 and 162 of the 1999 constitution. Also, in 2005, the legislature passed a law titled 'Monitoring of Revenue Allocation to Local Governments Act, 2005' with the intent of checkmating the irregularities and mismanagement of the joint account by the state governments.

Undoubtedly, in the past, these circumstances significantly influenced the 1976 reform as indicated by the then Chief of Army Staff (Brigadier Shehu Musa Yar'Adua), highlighting the government's intentions and justifications for the reform. The defects of previous local government systems are too well known to deserve further elaboration here. Over the years, local governments have suffered from whittling down their powers. The state governments have continued encroaching upon what would normally have been the exclusive preserves of local government. The lack of adequate funds and appropriate institutions continued to make local government ineffective and ineffectual... (see Guidelines for Local Government Reforms, 1976).

The imminent security threat in Nigeria can never be viewed beyond proportion. Accordingly, Barnett and Rufa'I (2023) reported an incidence when members of al-Qaeda's Sahelian affiliate, Jama'at Nasr al-Islam wal-Muslimin (JNIM) were sighted moving towards Nigeria to link up with small militant group known as Ansaru that was to pledge to al-Qaeda in the Islamic Magreb, the paramount affiliate within al-Qaeda's West African organisational hierarchy. Thus, they opined that the complex and evolving nature of the Nigeria's jihadists continue to have a potential influence on the overall trajectory of jihadism in West Africa (Barnett and Rufa'I, 2023). Moreover, it's been more than a decade now, the Nigerian government has been battling with the Boko Haram insurgents since their emergence in 2009. Besides, the Boko Haram elements, other numerous forms of security threats emanating from the bandits, IPOB, Niger-Delta militants and several other clandestine criminal elements had for many years continue to spew violence in almost every part of the country (North, South, East and West). Similarly, in the Southern parts of the country, the spate of attacks by the IPOB have exacerbated the security situation in the country. At the moment, in the entire South East region (comprising 5 states), the secessionist declared Mondays a 'sit at home' order thereby depriving residents from undertaking any lawful activity, thereby grounding socio-economic activities (Njoku, 2022). In the South West geopolitical zone, some states had to go extra mile to form a security outfit referred to as 'Amotekun' to confront the prevalence of killer herdsmen, bandits, kidnapers, armed robbers etc. The move which raised serious controversies, yet did not deter the states from instituting the security network (Vincent & Dayil, 2020). Furthermore, the incidences farmers/herders clashes had continued unabated especially, in

the North Central geopolitical zone. In view of these, there is overwhelming evidence that the local government system in Nigeria is broken and dysfunctional. Thus, the most obvious drive for the prevailing security threats in the country are linked to the complexity and variability of ungoverned spaces, which the local governments failed to cover. Hence, the inevitability to reform the local government structures and processes in order to perform governance-like functions.

### **Conclusion**

From the foregoing, local governments are vitally important in providing essential services to the local populace and their participation, especially on matters that directly affect their lives and the general well-being of the entire society. However, going by the challenges bedevilling local governments, it is clear that local governments have failed and are continuously failing. Thus, the paper contrasts this failure by drawing insights from the approach of the ungoverned spaces and establishes that the ongoing security challenges in all parts of the country are, to a degree, ascribable to the ungoverned spaces created because of governance deficits at the local levels. This, therefore, necessitates far-reaching local government reforms in the country that will not only strengthen the local government system but will significantly lessen the security challenges the country is facing. First, Nigeria must ensure the domestication and implementation of the African Charter on the values and principles of decentralization, local government, and local development, 2014, in which the country is a signatory. Thus, necessary constitutional amendments should be made, especially those that will empower the Houses of Assembly of State and the state judiciaries to function without undue interference by the state executives. Second, political parties and voters should strive to ensure credible and competent people are fielded for elective positions, especially as state legislatures, councillors, and council chairpersons. There is also the need to define the proper role of traditional institutions in the administration of local governments beyond just advisory roles while earning huge sums of resources from the councils. Third, there is the need to streamline the local governments' personnel with the states' public servants in terms of parity of condition of services in all ramifications. Fourth, state and local governments should strive towards being fiscally responsible and ensure proper identification and collection of all internal revenue sources to improve their financial viability. Fifth, the tenure of elected local government councils should be affirmed, and the dissolution of the councils should be in strict accordance with the law. Also, such dissolution shall be followed by fresh elections without unnecessary delay.

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## EU AND TRANSFER PRICING. TOWARD PETRIFICATION OR REVOLUTION?

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*Abstract: Two EU documents important for transfer pricing were announced in 2021 and 2023. The first one is a framework of the EU's tax strategy disclosed in a document called "Communication on Business Taxation for the 21st century" published in 2021. The next one is Transfer Pricing Directive (TPD) proposal published in 2023. TPD proposes cementing current TP rules proposed by OECD decades ago. The first document contains some very significant proposals, one of which calls for the introduction of a new taxation mechanism imposed on "groups of companies" as the term is used in the document. This new tax would be based on the Formulary Apportionment Mechanism (FA) of income allocation. The article puts forward the thesis that the choice between the directive and the strategy addressed in "Communication on Business Taxation for the 21st century" will have a significant impact on the global development of TP standards and the entire global tax order. The article is to analyse the possible impact of the EU's adoption of FA approach and not petrification of ALP standard through TPD on evolving global taxation principles (which are currently based on the Arm's Length Principle - ALP). We will go on to analyze the impact of its adoption on further development with respect to ALP, potential transformation of the transfer pricing to-date model and e-commerce taxation, and, finally, the emergence of a new global system of taxation.*

*Keywords: EU Taxation, Transfer Pricing, Arm's Length Principle, Formulary Apportionment, International Taxation*

### **Introduction**

Taxation is one area of the law in which EU integration has been and remains inconsistent. On the one hand, the harmonization of indirect taxes is considered to have been moderately successful, but, on the other, the lack of harmonization when it comes to direct taxes is, in the eyes of many eurocrats, an anachronism—that is, a chronological misplacement—that disrupts the evolution of the EU (Wasserfallen, 2014). This correlation between the Union and income taxes results in many negative phenomena and leads to a kind of tax schizophrenia. The EU likes to present itself as a setter of solutions and a source of standards for other less advanced countries or regions. However, in terms of taxation, it is difficult to reconcile, for example, the condemnation of tax havens outside the EU and at the same time the tolerance of several Member States following such practices which, many experts believe, effectively make those countries "tax havens" (The State, 2020). The Covid crisis, however, provided a great excuse to propose fundamental changes to the EU income tax regime—proposals that have been postponed for decades. These proposed changes are set forth in a document entitled "Communication on Business Taxation for the 21st century" (Communication, 2022). This document provides both a long-term and a short-term tax vision to support Europe's recovery from the COVID-19 pandemic and to ensure adequate public revenue over the coming years. The measures set forth in the

document would replace the pending proposals for a Common Consolidated Corporate Tax Base - CCCTB (Council, 2022).

The proposals set forth are of a general nature and the Commission is committed to present a full set of rules - a new framework for business taxation in the EU in 2023. There are very significant references to the principle of Formulary Apportionment method and there are also indirect references to transfer pricing, as well. The document, on page 11, states: "the Commission will therefore propose a new framework for the income taxation of businesses in Europe (Business in Europe: Framework for Income Taxation - BEFIT). BEFIT will be a single corporate tax rulebook for the EU, based on the key features of a common tax base and the allocation of profit between the Member States based on a formula (formulary apportionment). It is then suggested that the use of a formula to allocate profit "will remove the need for the application of the complex transfer pricing rules".

As would be expected, the document presents the EU proposal as a necessary step in the right direction. However, it is difficult not to ask whether this change may mean the beginning of a great tax revolution that could lead to the global replacement of the arm's length principle by the formulary apportionment mechanism and sweep away the current transfer pricing order. The European Commission published a proposal of a Directive on transfer pricing rules in the EU (TP Directive 2023). If unanimously agreed by Member States, the TP Directive would apply from 1 January 2026. The proposal seeks to harmonize the most important transfer pricing rules and establish common binding rules on specific transfer pricing matters under the framework of the OECD Transfer Pricing Guidelines. Unfortunately, this will also petrify current set of rules based on arm's length principle (ALP) and separate entity approach, making switch into alternatives impossible within EU as well as globally.

The research approach employed in writing of this document is the doctrinal research methodology, defined as the reliance on text books, articles, journals, newspaper articles as well as legislations and statutes relevant to this area.

### **Where Does Transfer Pricing Stand Today**

As a result of the economic changes associated with globalization, the growth of multinational corporations and new technology, transfer pricing (TP) became one of the fundamental issues in global taxation and economics (De Mooij, Liu, 2020). The number of transactions between the related parties and, consequently, the scope of TP's application, is systematically increasing. Currently, according to various sources, it is estimated that between half and two-thirds of world trade takes place between related parties. TP has an impact on the allocation of revenue between the companies within a corporation and, as a result, on the budgetary revenue of the individual countries (Syromyatnikov, Dolgova, Demin, 2020). TP rules are becoming more and more complicated. I. Grinberg describes transfer pricing environment as a kind of priesthood, where subspecialists "debate arcane pricing matters using a specialized language that they found meaningful and that others left to purview" (Grinberg, 2017). This has been influenced by new forms of activity and, in particular, by the changing structure of corporate assets (from fixed assets to intangible assets), the mobility of companies transferring the location of assets, the attitude of creative corporations looking for solutions that can help minimize their tax burden, as well as the growing needs of countries interested in increasing budgetary revenues (Choi, Furusawa, Ishikawa, 2020).



The complexity of the TP issues leads to accusations that the current system is unfair, especially for the developing countries, that it favors investor's countries and puts the global corporations in a privileged position with their deeper knowledge of TP rules and tricks than the tax authorities in many countries (Brauner, 2009).

Why is transfer pricing where it is today? The current transfer pricing rules date back to the early 20th century, when, due to the international expansion of companies (mainly American but also British) tax authorities began to realize, for the first time, that companies could sell products cheaper or more expensive in countries with different tax rates in order to reduce the real rate of the tax due. This led to the creation of national standards, initially in the US, then in the UK to prevent tax loss from such practices (Farquet, Leimgruber, 2016).

For a while, transfer pricing regulations were matters of domestic law. However, in view of the growing practice of taxpayers operating in more than one country, the prevention of double taxation became an increasingly important concern. The work to address this issue was initiated by the League of Nations in the 1920s and resulted in the famous 1928 report "Methods of allocating taxable income" prepared by Prof. M.B. Carroll.

In the course of their work, researchers considered two basic approaches to the issue: (1) a mechanism to recognize each foreign entity of a corporation as an independent entity and to treat its transactions with affiliated entities as though they were also independent (this came to be known as the "Arm's Length Principle" – ALP); and (2) another mechanism based on the allocation of total revenues between companies based on certain formulas.

Because of the difficulty in developing an objective allocation formula, the researchers decided to choose and recommend the ALP. This principle was included in the proposal for the model double taxation convention drawn up by the League of Nations and then the UN and the OECD--the organization that developed ALP into a global tax mechanism by applying it first in the model tax convention and then in all its transfer pricing documents (Avi-Yonah, 2007). By the end of the 20th century, the OECD became the sole creator of global TP standards (of course based entirely on ALP), its standards are widely used around the world and there is only marginal resistance to those standards (Azam, 2017). This resistance is, moreover, effectively combated by the organization itself (Picciotto, 2018).

### **ALP - Blessing or Curse?**

The arm's length principle requires that transactions between the related parties should be analyzed as if they were concluded by independent entities. Thus, prices (and, similarly, revenues and costs) can be adjusted to the level at which they would have been had there not been a special link or relationship between the parties (Pankiv, 2017). This solution, although logical to a great extent and widely accepted, regularly generates criticism (Sorsa, 2005). It revolves around several groups of issues including:

the general complexity of the mechanism and, in particular, the tendency to continuously increase its intricacy. Such intricacy also tends to increase compliance costs for the taxpayer and increases the risk of challenging the taxpayer's approach;

the inadequacy of the mechanism for new, emerging forms of business;

the increasingly questionable degree of fairness, leading to an asymmetrical distribution of profit between states, to the particular disadvantage of developing countries (Borkowski, 1997);

dominance of entities from the investors' countries at the expense of the countries receiving their investments and

the extreme advantage of multinational corporations relative to state tax authorities that results when the greater part of the transfer pricing process is left to the taxpayer (Sikka, Willmottill, 2010).

The widespread use of the ALP has served to make the introduction of e-commerce taxation much more difficult than it otherwise might have been (Azam, 2012). Taxpayers rightly claim that the current global tax order, based on ALP, allows them to pay taxes in the amount they do. The global tax rules emerge from the OECD model that includes network of 3000 treaties on tax avoidance (Quak, Timmis, 2018).

Despite the obvious dominance of the ALP and the high degree of petrification of TP solutions protected by the position and achievements of the OECD, there is (at least at the level of researchers' discussion) a real alternative to the ALP - the Formulary Apportionment (FA) method. The FA method first emerged at the beginning of the last century. Some federal States consider FA to be an adequate tool for distribute tax revenue amongst member states, provinces or cantons (Weiner, 2005). FA has many advantages. Once a formula has been established (which is, admittedly, difficult), its use is relatively simple. The taxpayer's risk is reduced and administrative and tax-related costs (compared ALP) are lower. FA allows other non-economic factors to be considered, including factors such as the tax-receiving country's needs (such as, for example, social needs, economic level, current budgetary situation, etc.), into the allocation formula (Grinberg, 2020). It also seems that replacing the ALP by the FA mechanism could finally lead to breaking international deadlock and lead to the taxation of the sprawling and undertaxed e-commerce income (Fair tax, 2019).

Unfortunately, as researchers generally agree, FA is not free of weaknesses (Brauner, 2014). Its main shortcoming is the difficulty of creating a universal, objective and fair allocation mechanism (formula). Each formula used would result in a different income allocation to each particular recipient. This is a conflicting factor that can lead to disputes and create a sense of injustice. There is no ideal approach, however and any solution can be perceived by some as unfair.

### **The EU Proposals and Its Importance for Transfer Pricing**

Although there have been some attempts, the EU has not decided to harmonise income taxes. Some timid proposals have met with the resistance from both the so called "old" and "new" members (Podvieszko, Parfenova, Pugachev, 2019). The previously referenced document represents an attempt to change the current status quo, within a long-term perspective therein referred to as: "the EU tax mix on the road to 2050" (Business, 2020). It stresses that "EU action on business taxation must be embedded in a comprehensive EU tax agenda" (Business, 2020). There is an expectation expressed within the document that "through a combination of formulary apportionment with a common rulebook for the tax base, BEFIT will mark an important step in building a more robust business tax system in the Single Market" (Business, 2020). There were reasons to believe that one of the EU proposals could be also fundamental to the global future of transfer pricing in general.

The current transfer pricing system is deadlocked on the ALP principle, supported by the OECD, which is very reluctant to allow alternatives (Secretariat, 2018). Currently, no single country is perceived to have the clout that would allow it to push through a change

on its own and replace the ALP with another principle (Avi-Yonah, 2007). One exception to this general perception could be the USA which, in the past few decades has shown that it is not only able to stop the adoption of tax solutions globally but can also impose its own, which could be illustrated by quite few examples (Azam, 2017).

The EU could have a very significant impact on global tax governance. This is both because of the strength of the individual countries playing a major role in a global tax discourse (France, Germany and the Netherlands in particular) and also because of the phenomena, such as that described by A. Bradford, as the "Brussels effect" (Bradford, 2012) and its tax equivalent "Luxemburg effect" (Faulhaber, 2017). Thus, the introduction of the FA into a non-federation structure and its adoption by dozens of sovereign states can send a very important signal to the world that a viable alternative to the ALP is being created (Azam, 2017). On the other hand, introduction of TP Directive will petrify ALP based system.

If the FA worked well within the union, it could weaken the OECD's resistance and ignite the debate on the global dominance of the ALP. This can be of a great importance also for the future of transfer pricing. The EU document states: "the use of a formula to allocate profits will remove the need for the application of complex transfer pricing rules". Indeed, adopting the FA to a significant extent can eliminate the need for difficult-to-use TP mechanisms, and that seems to be acknowledged in discussed proposal. The EU countries may be interested in changing the current transfer pricing paradigm for both objective and subjective reasons. Objective reasons include the undoubted growing complexity of the TP, especially the tempo with which it is progressing. Changing the current rules to less complicated would relieve the tax authorities and would benefit some taxpayers (especially smaller and medium-sized companies). A subjective factor is the current set up of roles in the creation of global TP standards. The OECD is the only organization that dominates the process (although some EU countries are very active within this organization) and the EU is a passive observer of this process. This could be confirmed by the scope of work of the EU Joint Transfer Pricing Forum (JTPF) (Compare feedback obtained by JTPF from participants with respect to potential topics it should be focusing at. [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/jtpf-003-2019.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/jtpf-003-2019.pdf), p. 2 (4.05.2022).) which was established within the EU to address TP's problems. JTPF does not even attempt to create an alternative mechanism to the OECD proposals, but limits its' scope to merely analyzing and 'translating' what the OECD imposes into a practical language.

If the FA principle, with the help of the EU, were to effectively replace ALP and its complex rules with a simpler mechanism, it is conceivable that there could be pressure on the OECD to depart from the ALP's global proxies, it could start the end of transfer pricing as we now know it. Such change would be a long process and would need strong support from a globally respected institution to even begin. With its recent action, the EU has done just that. In case TP directive is adopted with ALP standard's leading role, it will make FA future significantly less promising.

### **Is moving Away from ALP possible?**

EU choice on TP approach will be very important for the global TP future. The fact that an international organization and not any single state is behind their creation, gives them the appearance of objectivity from the taxpayer's perspective—as though they were created by a neutral institution (which the OECD is obviously not) (Salzman, 2000).

Moving away from the TP rules developed over decades will not be easy. The rules are deeply rooted in the current reality of business and administration. They offer ready-made, available solutions to current problems. Influential special interest groups would likely be determined to maintain existing practices. Thousands of TP professionals in corporations, tax offices and consulting firms make their living by interpreting and applying the existing TP rules. The advisory business appears particularly lucrative. The introduction of the new rules will not create an alternative area for advice (Heij, 2016). One must not forget about the potential stand of the global Multinational Entities (MNEs), that currently significantly affect the shape of transfer pricing solutions (Saffie, 2006). They benefit from ALP because they have central units developing TP policies. This puts the MNEs at an advantage over the tax authorities, especially in smaller and poorer countries. A taxpayer, especially a large one, can develop its own TP compliance strategies, and if those strategies are in line with OECD guidelines they are usually successful. Tax officials are generally not familiar with any given industry and often do not understand the prevailing business practices. This makes it difficult to question a savvy taxpayer's tax plan. The previously discussed proposal refers to the FA model only for the EU settlements (which is obvious at this stage). However, those companies doing business in the EU almost always operate outside this area. Will there have to be a two-tiered reporting system if the proposal is implemented? Will there be one reporting regime that follows the classic OECD model and another for the EU according to the FA mechanism? This would be costly and inconvenient, although there are cases where MNEs have reported the same information in different formats (e.g. Foreign Account Tax Compliance Act - FATCA) (Gadzo, Clement, 2017).

Previous e-commerce tax attempts have been effectively blocked by industrial companies (mainly from the US) and many governments, including the USA, Sweden and Ireland. These countries protected their interest at others' cost. Any proposed change would allow one party to gain, another to lose. Replacing ALP with FA would potentially generate revenue for countries that currently do not receive tax revenue from e-commerce. However, it could also deprive tax havens of revenue if taxpayers decide that there is no longer any benefit from locating their assets those countries.

Whether it would be possible to introduce a version of FA that actually result in the fair taxation of such taxpayers, despite strong opposition remains to be seen. The OECD is busy working on its' own proposal, but that effort is plagued with delays. Nevertheless, it is expected that the introduction of an FA solution in the EU will strengthen the argument for a global e-commerce tax based on such a formula. Support from the OECD will be critical. That organization launched and bravely defended ALP, but it appears that the OECD has become pragmatic and has recently been giving signals that it is ready to change its approach to achieve a higher goal– the e-commerce tax. The willingness to change is suggested by a number of small signals like the one expressed in a recently released report: "the current context of the COVID-19 pandemic makes the need for a solution even more compelling, than when it was first considered" (Tax Challenges, 2020). Further, OECD is currently examining a model based on a " fixed rate of return on base-line marketing and distribution activities intended to approximate results determined under the arm's length principle" to be adopted globally (Cover Statement, 2020).

Supporters of FA as a global solution to the TP hardship will be augmented by the EU as one common organization as well as by at least some of its members (interested in an effective e-commerce tax solution, for example, the Czech Republic, France, Italy, Austria,

that had already tried to launch their domestic e-commerce tax) (Asen, 2021). It can be also assumed that the developing countries will be content to see the EU development and will provide support for FA for the same reason. These countries are not able to effectively impose an e-commerce tax and are also aware that the costs associated with administering a TP regime are considerable and the effects are not always satisfactory. EU politicians and eurocrats, in particular, will express strong support for the new mechanism because the proposal, as it stands, would go a long way toward fulfilling Brussels' desire for more centralised taxing authority. It would be they who would be charged with creating the formula for dividing the tax among the states—they may also very well appropriate funds from that tax revenue to help cover the expenses of the whole union bureaucracy.

Agreeing the FA formula will not be an easy task and it will certainly require a great deal of diplomacy and determination on the part of the MEPs to impose the final outcome on member states (Chiti, 2011). Once developed, however, the formula could serve as a model for a global standard (possibly after some adjustments). Bottom-up development of a single global formula seems much more challenging than the use of the EU model, which, once adapted, could serve as a global model. This was noted in the aforementioned document: "A consensus on the reform of international corporate tax rules will constitute a historic step forward towards the modernization of global business tax rules"(Business, 2020).

The EU's draft introduction of the FA is more likely to succeed than the solutions proposed in Pillar I by the OECD, as it needs to be administrable between almost 140 jurisdictions (Harris). Nevertheless, any further steps in the global FA promotion would require an organization that could oversee the implementation of the FA globally - not only developing a formula but also reception strategy, monitoring progress, and supervising the collection and distribution of the tax itself. EU notes: "the forthcoming global agreement will mark a decisive step forward in the reform of the international corporate tax system, addressing the important challenges related to the allocation of taxing rights and minimum effective taxation at global level. At EU level, we must build on this progress and take forward a similarly ambitious business taxation agenda" (Business, 2020). Brussels, as the force behind the FA solution, will be well placed to lead such a global effort.

Some scholars suggest that the creation of a completely new tax organization would be a challenge beyond our current capability (Rixen, 2011). However, replacing ALP with FA, changing the entire TP paradigm and implementing a global e-commerce tax could have such a significant impact on global tax governance that the existence of an efficient, reliable organization would be an important key to success.

Even with a procedural organization in place, it is important to secure the appropriate technology to support the function of the FA mechanism. This is critical to the obtaining of data from taxpayers, as well as the verification of that data, tax collection and distribution, and the technical tools for monitoring the entire process in order to determine the tax base and ensure efficient collection. It is currently possible from a technological standpoint to collect and process the needed data (Malinowski, Tomkiewicz, 2015). "Block chain" technology also offers great potential (Heij, 2016). By undertaking its own project, the EU will be the first government entity with the needed technological support in place.

### **Conclusions and De Lege Ferenda remarks**

As we have shown, the EU proposals could be a true break-through in the development of a global tax regime—not only from the perspective of the EU, but also from that of the individual Member States and, on a broader international level, for the further development of international tax cooperation. In the longer term the proposal could very well help the progression toward the formation of the global tax governance. Moreover, it is very likely that this project will be fundamental to further development of the TP regulations. The introduction of FA and the demonstration that this mechanism eliminates the need for complex rules under the ALP principle should start the process of slowly moving away from this century-old mechanism.

Because any agreed formula may be in force for years, its impact on national revenue ought to be fully examined. This process should also address the changes that countries will face as a result of its use. Since it can be assumed that the EU model will be an example for further work at global level, the EU member states are in a privileged position (Hoff, 2013). By participating in the work of the EU they will influence not only the formula used within the EU itself but could also exert great influence on the particulars of any global solution. Replacing ALP with FA will mean a change in the basic principles of TP and, practically speaking, a redesign of the entire tax order. Today there are no answers to questions about who would carry out such a task and under what conditions, although as Professor E. Chiti at Università Degli Studi Della Tuscia, Viterbo, Italy, notices: "global legal space is characterized by the existence of administrative bodies that are autonomous or fully independent from the member states governments" (Chiti, 2011).

Finally, the EU proposal allowing FA could very well be instrumental in the development of a global allocation formula and oversight of tax collection. Such a turn of events would force countries to actively participate in the development of formulas and mechanisms, lest they put themselves in the position of passive beneficiaries of the new deal (Christensen, Hearson, 2019). For all states, this will be an important challenge that requires answers to the questions of what elements of the formula might be beneficial or disadvantageous for them.

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## **THE CONTRIBUTION OF ENTREPRENEURSHIP TO DOMESTIC ECONOMIC GROWTH IN MUNICIPAL DISTRICT OF SOUTH AFRICA**

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*Abstract: The primary goal of the study is to look at how entrepreneurship affects regional economic development in the Nkangala District Municipal area. Economic empowerment, income and employment development, economic restructuring, and the eradication of economic inequality can all be achieved through entrepreneurship. Through creating jobs, encouraging creativity, creating effective techniques for utilising resources, and improving people's socioeconomic well-being, entrepreneurship promotes economic progress. This investigation employs a quantitative research approach. There are 55 business owners in the study sample. The data from the study were analysed using SPSS. Regression and correlation analysis were used to quantitatively analyse the research variables. Using Cronbach's Alpha, the results indicated that a coefficient greater than .70 ensures the validity and reliability of the research instruments. The study concludes that building knowledge and abilities in this area, emphasising entrepreneurial education, and considering mentorship initiatives are crucial. Recognising adequate education in the context of the digital economy and the fourth industrial revolution is one of the main principles in this. The use of digital technology affects the environment and creates previously unthinkable exponential development for new participants with a variety of business models and philosophies.*

*Keywords: Entrepreneurship, Local Economic Development, Job creation, Disparity.*

### **Introduction**

The goal of LED is to change the manner in which local governments and businesses make economic and political choices. The goal is to improve local society's quality of life in a way that benefits everybody. It is conducted through formalised negotiating procedures involving regional representatives of the public, business, and civil society who address the many problems the area is facing. Through dialogue, LED aims to use current and conceivably accessible resources more sustainably and efficiently. aims to create socioeconomic possibilities, such as jobs and income, and seeks to improve effective local government (SDC, 2022). According to Croci (2016), entrepreneurship is a discipline that is unique in and of itself. According to Barot (2015), entrepreneurship is a practice that starts with decisions and the founding of a new company and is recognised as a major success. Every person who establishes a brand-new company is doing so by shifting the entrepreneurial paradigm. Diandra and Azmy (2020) asserted that entrepreneurship is a disciplined, independent activity that transforms old habits into new ones. Furthermore, according to Barot (2015) and Hessels (2019), the ultimate goal of the definition of entrepreneurship is to create chances for employment that stimulate economic growth.

According to Madzivhandila and Musara (2020), LED policies are emphasising entrepreneurship as a way to harness local and indigenous potential worldwide. Malecki (2018) also holds the belief that entrepreneurship, in whatever form, is essential for economic growth, poverty reduction, job creation, and economic inclusion.

### *Background*

Even after pursuing a variety of development interventions, such as local economic development, 27 years after South Africa's transition to a democratic state, many of the nation's development and unemployment concerns remain unaddressed (Ndabeni & Rogerson, 2017). While South Africa is considered as one of the world leaders in the creation of LED policy, the majority of local governments have tried to implement the approach. In addition to the method, it would be challenging to claim that the actual outcomes have significantly improved all local communities. According to Ndabeni & Rogerson (2017), LED in South Africa has underperformed, and new approaches are needed to revitalise the market for LED. The Constitution has given local government the broad mission to ensure social and economic growth, which serves as the background for our inquiry. Nevertheless, as is stressed by the National Framework for LED of 2018–2028 (D–COG, 2018), which argues that the activity of LED must go beyond local government and encompass partnerships and the involvement of a variety of different stakeholders (Ndabeni & Rogerson, 2017), the activity of LED must go beyond local government. This study's unique premise is that a more thorough comprehension of the solutions that come from the national system of entrepreneurship and innovation offers an appropriate strategy for inclusive and sustainable development. A comprehensive and integrated strategy is necessary to promote creative and productive entrepreneurship in a way that will enable it to contribute more significantly to LED (Ndabeni & Rogerson, 2017).

### **Literature Review**

#### *Significance of Entrepreneurship to Economic Development*

A key factor in economic development is frequently recognised as entrepreneurship. While it is appropriate to see entrepreneurship as a tool for development, it is also crucial to specify the specific kinds of entrepreneurship that have the greatest positive effects on economic growth (van Vuuren & Alemayehu, 2018). Consequently, a number of the most competitive economies in the world realised that improving the business climate is necessary to increase productivity and ensure future prosperity. As a consequence, they focused on fostering entrepreneurship to create jobs, improve access to funding, and expand opportunities. (Vatavu, Dogaru, Moldavn, & Lobont, 2021). One of the key drivers of economic development in every nation is entrepreneurship. Entrepreneurship is the practice of improving the utilisation of resources that have been found to be of low value in order to produce revenue. Real income growth is the primary indicator of economic growth. By identifying and starting viable enterprises, the entrepreneurial community support and advance economic progress. The creation of enterprises expands the employment market (Ranjan, 2019). In the republic, entrepreneurship is regarded as a panacea for all social ills and is considered to be the engine of all booming economies throughout the globe (Holliday, 2019). Small-scale trade is the cornerstone of the established marketplaces throughout the world, according to researchers. Additionally, developing nations foster a business climate that encourages entrepreneurship to thrive

(Spigel & Harrison, 2018). Akinyemi and Adejumo (2018) claim that South Africa's three tiers of government are focusing tangible resources towards advancing entrepreneurship. In a similar vein, improvements that support job development, economic growth, and provide a remedy for the country's economic issues.

#### *Entrepreneurship in South Africa*

In comparison to much of the rest of sub-Saharan Africa, South Africa has stronger supporting institutions, which has created a strong basis for its entrepreneurial ecosystem. The South African government has been working hard since the 1990s to get more of its citizens into wage employment or business ownership (GEDI, 2017). One of the hardest places in the world to start a business is South Africa, but as the nation recovers from the economic shocks caused by the Covid-19 pandemic, there are encouraging signs of increased entrepreneurship and more small businesses moving past the startup stage (Bizcommunity, 2022). The lack of focus given to entrepreneurship research in Africa is changing as the continent transforms into a thriving and expanding commercial metropolis (Atiase, Mahmood, Wang, & Botchie, 2018; Dvoulety & Orel, 2019; Ratten & Jones, 2018). Undoubtedly, the commercial mindset and entrepreneurship are becoming increasingly popular across the African continent (George et al., 2016). Despite the fact that many entrepreneurs still encounter difficult ecosystem constraints, Chigunta (2017) concurs that entrepreneurship offers a way out of poverty.

#### *Policy perspectives to entrepreneurship and economic development*

When new enterprises generate more jobs through job creation, higher production, and the introduction of innovations into the economy, entrepreneurship is frequently regarded as a key route and engine for economic growth. Therefore, it appears that entrepreneurial activities are positively correlated with economic growth (Aghion, 2017; Lafuente, Szerb, & Acs, 2016; Szerb, Lafuente, Horvath, & Pager, 2018). More scholars are arguing that entrepreneurship is a crucial method for alleviating poverty, particularly in developing and rising nations (Sutton et al., 2019). Lafuente, Vaillant, and Leiva (2018) disagree, arguing that promoting entrepreneurship is not always beneficial for the economy. As a result of incentives that attract hi-tech multinational firms, doing so improves the possibility that additional jobs will be generated. The growth of small and medium-sized businesses and entrepreneurship are topics that the government and other stakeholders are becoming more and more interested in. Along with now being seen and utilised as methods to encourage economic growth and slow the rate of growing unemployment. The components that make up contemporary economic theories of development and progress in any given economy have been identified as include entrepreneurship as a significant or key component (Nwagu & Enofe, 2021). Nwagu and Enofe (2021) also contend that entrepreneurship and innovation must have a resounding endorsement in order to stimulate economic progress. Two facets of the economic environment are frequently encouraged by government policies: venture capital and entrepreneurial activity. To encourage entrepreneurship, governments must provide a beneficial environment in many different ways. Entrepreneurship should be emphasised in education, especially at the university level. The government should encourage students to produce original ideas, and academics should support this effort (Mempel-Sniezyk et al., 2020). Despite these notions, tax policy has a significant influence on the recruitment of entrepreneurs and most come from the business

rather than academic sphere. The depth and familiarity of the investors with particular subjects and regions is an additional crucial feature. Investors are typically more drawn to nations that become hubs of entrepreneurship. Governments now more than ever believe that encouraging entrepreneurship is essential to ensuring regional prosperity (Mempel-Sniezyk et al., 2020).

## Methods and Material of the Study

### *Research design*

Due to its comparative examination of variables using precise measurement (Bless, Higson-Smith, & Sithole, 2016), this study uses a quantitative research technique. It is a methodical, objective approach that uses numerical data to draw generalisations about the topic under investigation (Maree & Pietersen, 2012). This will make it easier to comprehend how entrepreneurship affects regional economic growth using descriptive and inferential statistics (Salkind, 2014). As a suitable technique for providing a quantitative description of respondents' ideas, attitudes, and demographic trends about the research subject, the survey method was chosen as the research methodology for this study.

### *Data collection*

An instrument for collecting data for this study was a questionnaire with five sections, A through E. Out of the 90 copies of the surveys distributed, 80 responders were the intended audience. Of those surveyed, only fifty-five returned survey forms that were fully filled out. It's possible that some potential respondents decided not to participate because the survey is voluntary. The study's target participants answered in sixty-nine percent (69%).

## Data Analysis

The study's data was recorded and coded using SPSS version 29.0.0.0 (241) for organising and analysis by running a number of tests. After data collection, data were processed and analysed using descriptive statistics. To determine the internal reliability of the questionnaire items, the Cronbach's alpha was used. To determine the connections between the variables, a bivariate correlation was run. To ascertain the overall level of significance of the research variables, the analysis of variance (ANOVA) was used. To find and assess the level of significance between the dependent and independent variables, regression analysis was used.

### *Model Specification*

Table 1 displays the independent and dependent variables used in this study.

**Table 1: Research Variables**

Independent Variables		Dependent Variables	
Code	Description	Code	Description
EPSD	The municipality promote SMME development	LED	Local Economic Development
EES	Entrepreneurial support in the municipality is accessible		
EPSB	The procedure for starting business is simple		
EPAS	The procedure for accessing support in the municipality is simple		

ERNBS	The responsiveness of the municipality to the needs of business support is high		
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Source: Own Compilation

The economic variables taken into account in this study define the following linear equation: LED is equal to  $\epsilon + \beta_0 + \beta_1\text{EPSD} + \beta_2\text{EES} + \beta_3\text{EPSB} + \beta_4\text{EPAS} + \beta_5\text{ERNBS}$  + where  $\beta_0$  is the constant term,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$  are the estimation parameters, and  $\epsilon$  is the error term. Regression analysis will offer the coefficient for each variable.

## Data analysis and Results

### Data Analysis Reliability and Validity

Table 2 shows that research variables are valid and reliable since the Cronbach's Alpha coefficient equals .85 which is more than .70 the minimum requirement.

**Table 2: Reliability Statistics**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha	Number of Items
.854	.85	20

Source: Own Compilation

### Descriptive statistics

**Table 3: Descriptive statistics**

Descriptive Statistics								
	N	Range	Min	Max	Sum	Mean	Std. Deviation	Variance
The municipality promote SMME development	55	3	1	4	130	2,41	0,740	0,547
Entrepreneurial support in the municipality is accessible	55	3	1	4	124	2,37	0,792	0,627
The procedure for starting business is simple	55	3	1	4	111	2,05	0,855	0,732
The procedure for accessing support in the municipality is simple	55	3	1	4	127	2,35	0,872	0,760
The responsiveness of the municipality to the needs of business support is high	55	3	1	4	132	2,44	0,768	0,591
Local Economic Development	55	4.00	1.00	5.00	131.00	2,42	0,81499	0,664
Valid N (Listwise)	55							

Source: Own Compilation

For the research variables EPSD, EES, EPSB, EPAS, ERNBS, and LED, Table 3 presents the descriptive statistics. 2.41, 2.37, 2.51, 2.35, 2.44, and 2.42 are their respective averages. The sample mean's proximity to the population is shown by the standard deviation. EPSD, EES, EPSB, EPAS, ERNBS, and LED had standard deviations of, respectively, 0.740, 0.792, 0.855, 0.872, 0.768, and 0.81499, as shown in Table 3.

*Correlation Analysis*

According to Table 4, which shows a correlation coefficient of .510, .099, .361, .194, and -.317 at a significance level of 1%, respectively, there is a positive and substantial link between the LED and the independent variables EPSD, EES, EPSB, EPAS, and ERNBS.

**Table 4: Correlation Analysis**

Correlations							
		The municipality promotes SMME development	Entrepreneurial support in the municipality is accessible	The procedure for starting a business is simple	The procedure for accessing support in the municipality is simple	Responsiveness of the municipality to needs of business support is high	Local Economic Development
The municipality promotes SMME development	Pearson Correlation	1.	.510	.099	.361	.194	-.317
	Sig. (2 Tailed)	-	<.001	.412	.003	.114	.018
	N	55	55	55	55	55	55
Entrepreneurial support in the municipality is accessible	Pearson Correlation	.510	1	.484	.477	.151	-.434
	Sig. (2 Tailed)	<.001	-	<.001	<.001	.218	.001
	N	55	55	55	55	55	55
The procedure for starting a business is simple	Pearson Correlation	.099	.484	1.	.485	.301	-.149
	Sig. (2 Tailed)	.412	<.001	-	<.001	.013	.276
	N	55	55	55	55	55	55
The procedure for accessing support in the municipality is simple	Pearson Correlation	.361	.477	.485	1.	.462	.120
	Sig. (2 Tailed)	.003	<.001	1.	-	<.001	.382
	N	55	55	55	55	55	55
Responsiveness of the municipality the needs of business	Pearson Correlation	.194	.151	.301	.462	1.	.171

support is high							
	Sig. (2 Tailed)	.114	.218	.013	<.001	-	.213
	N	55	55	55	55	55	55
Local Economic Development	Pearson Correlation	-.317	-.434	-.149	.120	.171	1.
	Sig. (2 Tailed)	.018	.001	.276	.382	.213	-
	N	55	55	55	55	55	55
Correlation is significant at the 0.05 level (2-tailed).							
Correlation is significant at the 0.01 level (2-tailed).							

Source: Own Compilation

### Regression Analysis

The R square is equivalent to 0.12, as Table 5 below demonstrates. 12% of the Local Economic Development may thus be accounted for by the behaviour of all predictors.

**Table 5: Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.501	0.25	0.12	0.35
Predictors: The municipality promote SMME development; entrepreneurial support in the municipality is accessible; the procedure for starting business is simple; the procedure for accessing support in the municipality is simple; and the responsiveness of the municipality to the needs of business support is high.				

Source: Own Compilation

### Analysis of Variance (ANOVA)

With a P-value of .005, the ANOVA table below shows that the association between the research is not only positive and powerful, but also strongly significant.

**Table 6: Analysis of Variance**

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.889	5	0.236	1,894	.005
	Residual	5.610	45	0.124		
	Total	7.5	53			
Dependent Variable: Local Economic Development.						
Predictors: The municipality promote SMME development; entrepreneurial support in the municipality is accessible; the procedure for starting business is simple; the procedure for accessing support in the municipality is simple; and the responsiveness of the municipality to the needs of business support is high.						

Source: Own Compilation

### Regression model

Table 7 below indicates that the coefficient and the P-value of each research variable.

**Table 7: Regression coefficients**

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
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Intercept	0,693	0,297	2,334	0,024	0,095	1,292
4	0,126	0,066	1,919	0,061	-0,006	0,26
4	0,08	0,089	0,898	0,373	-0,1	0,261
3	-0,225	0,097	-2,307	0,026	-0,421	-0,028
1	0,248	0,09	2,75	0,008	0,066	0,43
3	-0,056	0,09	-0,624	0,535	-0,239	0,125

Source: Own Compilation

Regression model appearance based on the above regression coefficients:  $\beta_0 + \beta_1 \text{EPSD} + \beta_2 \text{EES} + \beta_3 \text{EPSB} + \beta_4 \text{EPAS} + \beta_5 \text{ERNBS} + \epsilon = \text{LED}$  (1) The following is how the regression equation changes:  $0.317 + 0.752 \text{IEEO} + 0.326 \text{IOGS} - 0.179 \text{IECRI} - 0.268 \text{IECLM} + 0.220 \text{IEPS} + \epsilon$  (2) is the DEG.

### Research Findings

Figure 2 shows the aspects of entrepreneurship that support regional economic development based on the statistical analysis and the conclusions from the literature review.

Figure 2: Entrepreneurship elements



Source: Own Compilation

#### *The municipality promotes SMME development*

The literature has demonstrated that by creating initiatives to support the growth and expansion of the SMME sector, municipalities may significantly contribute to the promotion of entrepreneurship. In order to meet their obligation to build, maintain, and provide for their residents' fundamental needs, municipalities may acquire products and services from domestic businesses, according to Rogerson (2018). This trade in products and services gives municipalities the opportunity to contract with the private sector to provide facilities on their behalf (Rogerson, 2018). The mandatory relationship between cities and small businesses, according to Bomani and Derera (2018), may also include things like giving local SMMEs resources like real estate, supporting talent development through training and knowledge transfer, and hosting business expos. The development of entrepreneurship is encouraged by these prescriptive linkages. resulting in a large number of people beginning new businesses with municipalities as their main market. Therefore, to encourage the growth of entrepreneurship, municipalities must sustain new and developing entrepreneurial ventures in their local supply chain processes (Madzivhandila & Musara, 2020). In South Africa, there are over two million small businesses. However, the majority of these businesspeople operate in the un-organised sector because of need



and are primarily motivated by South Africa's high unemployment and inequality. Few of these small firms offer long-term employment, with just 15% of South African small businesses growing into profitable multinationals (Allen Grey Orbis Foundation, 2019). The aforementioned claim is confirmed by the study's findings, which show a relationship between SMME development and entrepreneurial assistance in the municipality. The two-tailed significance test results with a value of  $p < 0.05$  indicate that the link between these variables is statistically significant.

*Entrepreneurial support in the municipality is accessible*

South Africa's economy has grown after equitable reform, according to research on entrepreneurship. According to data, the country struggles to fully realise the promise of free enterprise. An aspect and proficiency economy is being replaced by a competence economy in South Africa. Evaluations of the Global Entrepreneurship Monitor indicate the possibility of a digital revolution (Herrington et al., 2017). Local governments have a major impact on the socioeconomic growth of many populations (Bomani & Derera, 2018; Lauermann, 2018). Municipalities are in charge of ensuring that initiatives are planned and carried out in this manner. The municipalities may utilise the integrated development plan to carry out coordination responsibilities (Madzivhandila & Musara, 2020). Municipal governments should play a significant role in fostering an entrepreneurial climate in addition to their other organisational responsibilities. This entails making investments in company growth and giving aspiring entrepreneurs access to resources (Madzivhandila & Musara, 2020). According to Rogerson (2018), local administrations should be responsible with establishing and upholding agreements in the societies they serve. This obligation is important for maintaining business convenience and promoting entrepreneurship (Nieuwenhuizen & Nieman, 2018). Creating investment possibilities in the local communities is another significant method that towns may promote the growth of entrepreneurship. To satisfy their obligation to promote public and economic prosperity, municipalities might provide possibilities for private sector investment. (Madzivhandila and Musara, 2020). For operationally sustainable growth, municipalities should promote their entrepreneurial role in the LED plans. Plans for LED should be connected to entrepreneurial development in order to range with sustainable growth. According to the study's findings, support for SMME growth and entrepreneurship are positively correlated. The availability of municipal assistance for business owners and the simplicity of the application process for municipal assistance are also positively correlated. The results of the two-tailed significance test showed that the association between the variables was statistically significant

*The procedure for starting business is simple*

An average of 5.8 full-time equivalents are employed by 68% of South African technology start-ups, according to Venture Capital for Africa (2018) research. One potential solution to South Africa's economic and social problems, according to Anwana and Anwana (2020), is to promote technologically driven, high-growth entrepreneurship as a means of fostering economic growth (Allen Grey Orbis Foundation, 2019). The government has realised the importance of establishing a supportive atmosphere for small enterprises, especially for the black majority, who were previously marginalised, after apartheid ended and democracy was established. The most recent and significant policy document is the Integrated Strategy

for Small Business and Entrepreneurship Promotion. It is a plan of action with an emphasis on increasing demand for SMME products and services, reducing regulatory barriers, and providing non-financial and financial help. Municipalities will have to make these platforms accessible in order to help small business starts. The study's findings indicate a significant positive correlation between the claims that starting a business is simple and that the municipality is accommodating of requests for business assistance. This implies that the association between the variables has statistical significance.

*The procedure for accessing support in the municipality is simple*

The integrated development plan, a five-year plan, is something local governments are supposed to do to account for the changing demands of their communities. Local governments' involvement in planning shouldn't be restricted to only carrying out the integrated development plan. However, bringing together community members who would participate in agendas for entrepreneurship expansion is also important (Madzivhandila & Musara, 2020). Municipalities should play a significant role in fostering an entrepreneurial climate. Making investments in company growth and giving aspiring entrepreneurs access to resources are examples of this (Madzivhandila & Musara, 2020). The creation and maintenance of arrangements in the communities they serve should be the responsibility of municipalities, claims Rogerson (2018). According to Nieuwenhuizen and Nieman (2018), this responsibility significantly contributes to maintaining the ease of doing business and promoting entrepreneurship. The study's findings suggested a connection between the municipality's strategy for assisting the community and how SMMEs are promoted inside the municipality. The fact that there is a correlation between the municipality's technique for getting assistance and the factors indicating the availability of entrepreneurial support in the municipality lends credence to this idea.

*The responsiveness of the municipality to the needs of business support is high*

According to Herrington and Coduras (2019), it is time to fundamentally rethink present government policies in favour of a broader perspective that underlines the necessity of institutional re-organisation to assist economic progress. Investors are typically more interested in investing in a nation that becomes a hub for entrepreneurship. As a result, governments are beginning to recognise that a supportive environment for entrepreneurs is essential to ensuring regional prosperity (Mempel-Sniezyk et al., 2020). Municipalities now have a duty to organise and facilitate problems relating to responsiveness to address policy limitations that are restricting access to help for enterprises, notably SMMEs. The results of the study demonstrated a strong, favourable, and statistically significant relationship between the municipality's ability to provide business support and the technique for requesting assistance there. There may be statistical significance across the variables given the positive relationship between the municipality's high degree of response to requests for business help and the simplicity of starting a firm.

*Local Economic Development*

Through dialogue, LED aims to use available resources more sustainably and effectively. According to Blakely and Leigh (2017), economic expansion establishes a minimum standard of living for everyone and steadily improves the standard of living. Recognising the requirement for a minimal standard of living in economic growth results not only in the

creation of jobs but also in those that pay living wages high enough to lift people and families out of poverty. The local government in South Africa, should see to it that LED schemes provide local enterprises more leverage. They should assist business owners from the initial stages up till commercialisation. The results of the study demonstrated a substantial relationship between entrepreneurship and LED. Entrepreneurship is also seen to be a method of creating new job possibilities and a catalyst for better economic conditions.

## **Recommendations and Conclusion**

### *Recommendations*

To manage entrepreneurial support in the NDM successfully, these recommendations are given in light of the study's findings. To form the results of this inquiry and profile a full defense of the management arrangements they create, it is necessary to take into account a thorough assessment of entrepreneurship support initiatives throughout local municipalities within NDM. To determine how particular rules and interpositions will affect various groups and cultures, analysis of the geographic and sociological settings of entrepreneurship support management is necessary. Precise dedication should be assumed when dealing with collections that have been factually disregarded. Create a full grasp of the many connections between towns and the expansion of small businesses, and then assist action by describing the value chains and stream processes. To improve the completeness, acceptability, and efficacy of policies, focus all entrepreneurship management efforts on the active public interaction with entrepreneurs. Given the expanding number of start-ups, particularly in the digital sector, protect and promote entrepreneurship since it offers South Africa's best opportunity for job development. The NDM may help small and micro enterprises grow and encourage entrepreneurship by improving the business climate, the ecosystem for entrepreneurship, access to finance, and skill development. Measures that focus on labour market outcomes and have the potential to influence how soon employment are produced must be taken into consideration by NDM. Focus on exports and sophistication are the main drivers of long-term economic growth. NDM has to promote export competitiveness and aggressively look for regional growth opportunities in order to benefit from local and global value chains for export growth. Exports with cutting-edge technology, in particular, are crucial for structural transformation because they enable the economy to shift from low- to high-productivity industries. In order to encourage investment in LEDs, municipalities must play a role in assuring the quality of infrastructure and services. Make sure that education is focused on entrepreneurship, especially at the university level.

### *Conclusion*

The literature review brought to light how entrepreneurship is typically viewed as the primary driver of economic growth even if it makes sense to perceive it as a tool for development. It is critical to pinpoint the precise forms of entrepreneurship that significantly advance the economy. As a result, some of the most competitive economies in the world recognised that enhancing the business climate is essential to raising productivity and ensuring long-term success. As a result, they concentrated on promoting entrepreneurship in order to increase possibilities, increase access to funding, and generate jobs. Entrepreneurship is one of the most important factors in the economic growth of any

country. The growth of small and medium-sized businesses is crucial to South Africa's strategy for economic prosperity, and public policy focuses a lot of emphasis on entrepreneurship. LED is seen to as an open strategy with the intention of empowering the general public. Self-reliance enables individuals to establish and maintain their local socioeconomic success. To lessen the severity of poverty, unemployment, and inequality, LED aims to promote local economic growth. Securing South Africa's economic competitiveness and global integration are more important than ever. The researcher took into consideration a number of theoretical frameworks for LED, including the theories of endogenous growth, location, empowerment, and economic basis.

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## LEGISLATIVE POLICY FOR CONSOLIDATING MINING AREAS TO PROMOTE SUSTAINABLE LAND USE PLANNING

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**Abstract** *Environmental concerns are just one of the many issues that are being brought on by the need to develop mineral and coal mining resources. Mining areas require ongoing planning that takes the environment into consideration. This study examines the current mining regulatory framework and the problem of harmonizing spatial planning for mining areas based on environmental sustainability, with a particular focus on Indonesian mining areas. This paper intends to answer the third research statement: First, how to conduct theoretical training on several legal principles of sustainable development from environmental protection and management perspectives. Second, what is the concept of environmental administrative and legal regulation in the field of supervision in realising the determination of mining areas based on environmental development? Third, what is the licensing model for spatial planning and environmental planning in monitoring environmental management that is environmentally sound? This research uses normative legal analysis with a statutory and conceptual approach. The results of this study indicate that with an integrated environmental permitting and spatial planning concept, establishing a mining business permit area is predicted to function as an effective prevention instrument against the emergence of environmental pollution and damage due to mining activities. The principle of environmental sustainability will be achieved by recommendations made with the existence of legal criteria relating to the determination of mining areas to become the authority of the Governors, Regents, and Mayors of the Ministry of Environment and Spatial Planning.*

**Keywords:** *Innovation, Environmental Sustainability; Mining Area; Spatial*

### **Introduction**

Using mineral and coal mining resources is an integral part and a primary need for development worldwide (H. S. Salim, 2006). With population growth and increased community development needs, the need for mineral and coal mining has increased (Nalule, 2019). Regardless of various views, mineral and coal mining resources is a *conditio sine qua non*. Mineral and coal mining are non-renewable natural resources,

meaning that excessively using them can affect future availability (Saleng, 2004). If used continuously, mineral and coal mining natural resources will undoubtedly impact the Environment and social impacts that will be detrimental to the surrounding community (Redi, 2014). Mining can change the natural landscape, damage and/or remove vegetation, produce tailings and waste aid, and drain water and surface areas (Hoessein et al., 2020). The ex-mining lands will form giant puddles and stretches of arid, acidic soil if not rehabilitated (Chandranegara, 2022; Suranta, 2012). One of the crucial issues in contemporary Indonesian mining activities concerns the correspondence between the development of mining activities vis a vis spatial planning policies, especially regarding the overlap between the direction of spatial planning policies and land use for mining, which allegedly ignores the principles of environmental sustainability. Mining activities cannot be separated from or separated from national spatial planning policies—this is as confirmed in Art 1 para (29) Mining Law of 2020: A Mining Area is an area that has Mineral and/or Coal potential and is not bound by government administrative boundaries which are part of the national spatial plan.

Mining activities depend on the mining location area, meaning that mineral and coal mining resources can only be produced in specific places that contain a wealth of underground natural resources (Chandranegara, 2016). In the end, activating the actualisation of potential locations for exploiting mineral and coal mining resources is also connected to various aspects such as economic, environmental and social conditions (Redi, 2017a). Thus, every impact from mining activities directly impacts national spatial planning, such as changes to spatial plans, social and ecological effects, the economy and the sustainability of the surrounding communities (Chandranegara, 2017). As a policy tool, the law has a crucial role in organising and managing the linkages between planning and implementing the mining jurisdiction concept through adjusting strategic and regulatory documents that ensure environmental sustainability inspired by regulatory standards and practices in the international world (Crossley, 2019). The Mining Law revitalises the compatibility between mining and spatial planning through the concept of a 'Mineral and Coal Management Plan' prepared by the Minister, taking into account several things: starting from the carrying capacity of natural resources and the Environment, regional spatial planning to the availability of facilities and infrastructure. These primary considerations have provided a strong guarantee for sustainable development that hopes for justice between generations in Indonesia (Redi, 2017a). At the same time, mining that involves the Environment will also be tied to the substance of sound environmental management (principles of good environmental governance) as regulated in the Environmental Law of 2009, which is currently in effect.

This study aims to answer three research questions: (1) what are the theoretical exercises regarding several legal principles of sustainable development from the perspective of environmental protection and management? (2) What is the concept of environmental administrative and legal regulation in the field of supervision in realising the determination of mining areas based on environmental development? (3) what is the licensing model for spatial planning and environmental planning in monitoring environmental management that is environmental?

The current paper followed the logical sequence of notions' appearance. This article begins with a reflective activity by tracing the true roots of sustainable development in mineral and coal mining activities. Section 2 then examines this essence being transplanted into



normative principles. In the next section, this article offers the development of the concept of environmental administration law to oversee environmental management in determining mining areas so that the goal of maintaining sustainable development is achieved. In Section 3, this article closes with the idea of an integrated licensing model that incorporates spatial planning and the Environment as the basis for environmentally sound environmental management. The urgency of several things offered in this article is to provide an academic contribution to the mining law sector and its suitability to spatial planning policies, which currently need more attention in various academic research. Practically speaking, increasing problems in the environmental sector on the one hand - and the other hand, the country's need to utilise natural resources for economic progress - must be resolved in a compromise manner without harming any party. So, appropriate and comprehensive policies are needed to optimise the mining sector's development and environmentally friendly spatial planning. It is hoped that this policy will provide consistency, clarity and coordination from the government to mining authorities in running their business.

### **Material and Methods**

It is a secondary data-based doctrinal legal research method. This approach emphasizes the text of the law rather than how it is actually applied. We create a thorough and descriptive analysis of legal rules found in primary sources (cases, statutes, or regulations) by employing this methodology. Gathering, organizing, and summarizing the law is the goal of this approach. It also offers commentary on the sources that were used, identifies and explains the underlying theme or system, and explains the connections between each source of guidance. It made use of the 1945 Indonesian Constitution, the Mining Acts of 2009 and 2020, the 2007 Spatial Act, and the 2009 Environmental Act, for example. It also employed a conceptual approach prior to qualitative data analysis. Creating a positive legal inventory served as the study's first and main research and evaluation task.

### **Legal Principles Of Sustainable Development From The Perspective Of Environmental Protection And Management**

At the very least, the existence of sustainable development principles—such as the notion of justice in one generation, the emphasis on early prevention, the principle of protecting biodiversity, and the regulation of internalization of environmental costs—in the management of natural resources and the environment at the Rio de Janeiro Earth Summit is a necessary point of reference for nations to safeguard these resources against the threat of pollution or damage (Bell et al., 2013; Bethan, 2008). Daud Silalahi asserts that the concepts of sustainable development will have an impact on conventional legal principles, which will need to change to reflect advances in science and technology and add new context to the legal facets of development (Silalahi, 1996). A process of adapting to specific needs is required because the story introduces new circumstances and values that will have an impact on current values in both the social and economic spheres.

After the 1972 Stockholm conference, national development in the context of efforts to protect the Environment through establishing national legal instruments showed significant progress (Hoessein et al., 2020; Mukhlis, 2010). The Environmental Law of 1982, which was later superseded by the Environmental Law of 1997, serves as an example of this. The awareness and life of the community regarding environmental management, which has undergone such development that improvements are needed to achieve sustainable

development goals that are environmentally friendly, is one of the considerations underlying or underpinning changes to environmental law. The Environmental Law of 1982, which was later superseded by the Environmental Law of 1997, serves as an example of this. The awareness and life of the community regarding environmental management, which has undergone such development that improvements are needed to achieve sustainable development goals that are environmentally friendly, is one of the factors supporting or underpinning changes to environmental law (A. G. Wibisana, 2017).

Sustainable development from an environmental perspective is a deliberate and planned effort that integrates the environment, including resources, into the development process to ensure capabilities, welfare, and quality of life for the present and future generations. This is in contrast to the Environmental Law of 1997, which adopted sustainable development within a normative framework by defining it in Article 1 paragraph (2). It also becomes a principle of implementation as stated in Article 3: An understanding of the environment within the context of the development of the Indonesian people as a whole and the development of the entire Indonesian people who believe in and are devoted to God Almighty is the goal of environmental management, which is based on state responsibility, sustainable principles, and the principle of benefits.

The national political factors come next. Indonesia underwent dramatic political upheaval in the 1990s. The New Order government, which ruled for several decades, faced social pressure and a growing environmental movement. Concern over the harm that unsustainable development is causing to the environment is expressed through public protests and environmental activist movements. Changes in legislation and policy in the environmental sector are encouraged by these political factors. Human rights concerns were a major factor in the legislation's change. The defense of human rights is intimately tied to environmental issues. The international community recognizes everyone's right to live in a hygienic and safe environment. During this time, the human rights movement in Indonesia also gained momentum. The idea of defending environmental human rights is in line with the creation of the Environmental Law of 2009. According to Bouchier and Hadiz, domestic developments were also crucial because they brought harsh criticism to the New Order government. According to Bouchier and Hadiz, economic advancement and greater access to education caused a significant and profound shift in society during the 1990s. (Bouchier & Hadiz, 2014).

The environment surrounding human rights law then underwent a significant shift from being sensitive-exclusive to participatory-inclusive due to a number of these factors. These adjustments also have to do with controlling and mitigating the effects of Indonesia's explosive economic growth. The exploitation of natural resources and the expansion of industry put more strain on the environment. This law reflects the need to make sure that sustainable development, environmental preservation, and economic growth go hand in hand.

For a number of reasons, the environmental laws from The Environmental Law of 1997 to The Environmental Law of 2009 were revised in tandem with the reformation and transition from the New Order to democracy. Development of Policies and Environmental Conditions: Adapting to the ever-more-complex environmental conditions and policy developments was the primary driver behind the revocation of the Environmental Law of 1997. To address more contemporary environmental challenges and issues, newer and more comprehensive laws are required. Put Environmental Protection First: The law was

formerly known as "Environmental Management," but its new name, "Environmental Protection and Management," reflects a stronger focus on protection. The 2009 Environmental Law places a strong emphasis on initiatives to safeguard and maintain the environment (D'Hondt, 2019). In terms of environmental management and protection, the Environmental Law of 2009 reinforces the duties and commitments of the state, society, and other relevant parties. The new law offers a stronger legal foundation for carrying out sustainability and environmental protection initiatives. Furthermore, it expands the purview of environmental regulation. This covers more extensive agreements about pollution prevention, ecosystem preservation, natural resource management, and the effects of economic activity on the environment. (Kurniawan et al., 2020). Harmonization with International Regulations: The 2009 Environmental Law seeks to bring Indonesian environmental laws up to date and in line with pertinent international standards. As a result, Indonesia is able to uphold its obligations under international agreements for environmental management and protection (Erwin, 2015).

Sustainable development concepts from an environmental standpoint. The goal of incorporating the environment into the development process to ensure the capacities, welfare, and standard of living of both the current and future generations is the essence of sustainable development with an environmental perspective. Though reality indicates that the level of pollution and environmental destruction resulting from the designation of mining areas will continue to occur and threaten people's lives as well as the environment itself, this principle serves as the philosophical foundation for national development (Putra, 2003). From a juridical perspective, the principle of sustainable development with an environmental view is a conscious and planned effort which integrates the Environment, including resources, in determining mining areas to ensure the capabilities, welfare and quality of life of present and future generations. Apart from that, environmental management is carried out with the principles of state responsibility, the principle of sustainability, and the principle of benefits aimed at realising sustainable development with an environmental perspective in the framework of the complete story of Indonesian people and the development of the entire Indonesian society who believe in and are devoted to God Almighty (Manafi et al., 2009).

In line with these provisions, Emil Salim describes development and the Environment "Those environmental elements are dissolved in development. Environmental elements are not seen as separate from development as sugar is separated from tea water. Still, the Environment is dissolved in sustainable development like sugar dissolves in sweet tea (E. Salim, 1986)." The application of sustainable development principles from an environmental perspective is thus related to environmental and development philosophy. In addition to giving the welfare and quality of life of the current and future generations top priority, it also takes into account the environment's ability to support life on Earth for both humans and other living things. Even though legal tools like The Environmental Law of 2009 have been implemented as a preventive and repressive effort to ensure the continuity of the environment from threats and disturbances carried out by the community or perpetrators—mining businesses in carrying out their economic activities—it is undeniable that the negative impact of mining activities, especially mining business permit areas, is the emergence of environmental pollution and damage (Arsyad & Rustiadi, 2008). As a result, The Environmental Law of 2009 is anticipated to serve as a legal tool to reduce ecological risks associated with development impacts that disregard environmental

sustainability. Alongside it, the state must make significant efforts to enforce the law against environmental business actors that harm and pollute the environment.

Themes for Maintaining Environmental Functions. Industrial businesses in the nation work to preserve sustainability and stop environmental pollution from mining operations from a theoretical and legal standpoint (Priyanta, 2015). Thus, in light of the dynamics of industrial companies' operations today, industrial companies should theoretically and idealistically continue to be committed to the legal principles of environmental conservation as the foundation for their economic activities, keeping in mind that the preservation of environmental functions is a legal tool that business actors in the nation cannot disregard (Purwanto, 2009). In other words, the legal principle of keeping environmental functions contains several fundamental aspects that can prevent pollution from national industrial waste. For this reason, it is realised that the activities of industrial companies can cause environmental pollution. Consequently, its destruction is considered a dangerous threat to society and the Environment's survival (Akib, 2012). Therefore, the actualisation of the principle of preserving the function of the Environment means preventing the Environment from being polluted or damaged due to the weakening of business actors' commitment to maintaining the part of the Environment when carrying out their economic activities (Keraf, 2010).

Principle of Compensation Due to Environmental Pollution. Another environmental law principle that can be utilised as a preventive measure in determining mining areas is the principle of compensation. These normative provisions are the realisation of a principle existing in environmental law called the polluter pays principle. Apart from being required to pay compensation, polluters and/or environmental destroyers as a result of mining activities can also be burdened by judges to take specific legal actions, for example, an order to install or repair a waste management unit so that the waste conforms to the specified environmental quality standards; restore environmental functions; eliminate or destroy the causes of environmental pollution and/or destruction. To protect environmental functions, dwangsom payments are imposed for each day that a court order to perform certain actions is not followed (Handayani & Rachmi, 2011). The Environmental Law of 2009's legal procedures for resolving cases involving environmental pollution can be used to apply this principle of compensation to industrial companies in the mining sector suspected of polluting or destroying the environment. These companies can be asked to fulfill their obligations to pay compensation either through litigation or outside of court, in a non-litigation setting. The environmental Law of 2009 perspective provides an overall elaboration of the legal principles of sustainable development. Based on this perspective, it can be concluded that these principles are all environmental legal principles that can be used, either theoretically or practically, to hold mining companies legally responsible for their failure to prevent the emergence of industrial waste pollution, which in turn causes environmental pollution. The principle of sustainable development with an ecological perspective and preserving environmental functions is fundamental in preventing environmental pollution (Hardjasoemantri, 1990). Even though the principle of compensation emphasises repressive legal action, it becomes a legal instrument for business actors to control the Environment from being polluted so that, in the end, the preservation of environmental functions within the framework of sustainable development can truly be enjoyed by current and future generations.

**Environmental administrative and legal regulations in the field of supervision in realizing the determination of mining areas based on environmental development**

It cannot be denied that there is an urgency for institutional existence in the supervision of environmental management. It can even be said that legislation's success in the environmental sector is also determined by "the existing administrative and institutional framework" (Kramcha, 2004). Environmental supervision institutions are a core part of the environmental management system and the central pillar of environmental administrative law in the environmental policy-making (Mallo et al., 2011). The environmental management oversight institution is equipped with the authority to make administrative regulations and enforce them administratively in addition to carrying out actual environmental management administrative activities (Farber, 1992). The substance of the provisions of Article 9 of The Environmental Law of 1997 reveals that national environmental management is carried out in an integrated manner by government agencies following their respective duties and responsibilities and is coordinated by the Minister.

Observing the provisions of Article 9 of The Environmental Law of 1997, the arrangement of the article is contradictory and adds to the meaning of the word integrated with each or coordination: Integration requires unification of authority (institutional), while coordination refers to a cooperative relationship regarding the implementation of sectoral authority (Mallo et al., 2011). The substance of the provisions of Article 11 of The Environmental Law of 1997 aligns the term integrated with coordination in national-level environmental management, which a Minister institutionally carries out. Likewise, the Environmental Law of 2009 also aligns integration and coordination. This can be traced to Article 63, paragraph (2) of The Environmental Law of 2009, which states, "Environmental information systems are carried out in an integrated and coordinated manner and must be published to the public." According to Article 1 Number 39 of The Environmental Law of 2009, the Minister in question is the Minister who carries out government affairs in the field of environmental protection and management. Based on the description of the duties and authorities of environmental management institutions in determining mining areas, the development of the concept in question relates to the Organizational Restructuring Environmental Ministry. As long as there is no restructuring into a Departmental Institution, then the formulation of the authority will not be able to run correctly. Therefore, to create a good and integrated environmental management oversight institution, it is essential to have the Minister of Environment and Spatial Planning lead the Department of Environment and Spatial Planning with full authority. Understanding the meaning of environmental management authority in an integrated manner requires integrated authority, meaning it is, on the one hand, (Daly, 2017).

Thus, the authority of the national environmental management oversight institution, especially in terms of determining mining areas, is in the hands of a Minister who, for the sake of integrated environmental management, has full authority to stipulate ecological policies and, at the same time has the authority to make administrative decisions regarding activities that may cause negative impacts on the Environment. The need to have institutions that have full power in environmental management, including those for controlling environmental pollution and damage, is based on the consideration that the number of government organs authorised in environmental management is perceived to be less conducive to efforts to control environmental pollution and damage. So, merging

environmental planning into the Ministry's organisational structure was initially expected to be the key to forming the Department of Environment and Spatial Planning.

In environmental management based on The Environmental Law of 2009, administrative environmental law enforcement can be carried out in preventive and repressive ways (Nurjaya, 2008). Preventive administrative environmental law enforcement is carried out through supervision, while repressive law enforcement is done through administrative sanctions (Erwin, 2015). Supervision and application of administrative sanctions aim to achieve public compliance with organisational environmental legal norms. The concept of environmental management supervision policy regarding the determination of mining areas in the context of The Environmental Law of 2009 needs to be regulated comprehensively, which includes self-monitoring, self-recording and self-reporting by reporting the results to the relevant agencies, and is open to the community; primary supervision by inspectors from the licensing agency; second supervision from a provincial or government agency (central) if the first agency fails to carry out its supervisory function. Another supervision is external supervision or public supervision. Thus, general supervision is as open and broad as possible to realise environmental management based on sustainable development, especially implementing an administrative objection mechanism if the permit-issuing agency ignores licensing procedures and public input (Brundtland, 1987). Of course, an appropriate punishment strategy (sanctioning strategy) is needed to make supervision effective, from applying the lightest administrative sanctions (warnings one, two and three) to revocation of permits. This sanctioning strategy is required to avoid imposing sanctions based on arbitrariness (A. G. Wibisana, 2017; M. R. A. G. Wibisana, 2017).

Supervision in the perspective of the provisions of Articles 22-24 of The Environmental Law of 1997, legally and normatively, does not reflect a comprehensive control concept, bearing in mind that the supervision carried out by the Environmental Ministry as stipulated in Article 22 does not apply to all types of environmental permits, especially in terms of determining mining areas. The supervision attached to the Minister of Environment is limited to permits for waste disposal into environmental media. This happens because the institutional status of the Environmental Ministry as a non-departmental State Ministry is an institutional obstacle in environmental monitoring. Supervision, as stipulated in Article 22, cannot be realised by the Environmental Ministry, including in the regions, because of the Environmental Ministry's organisational obstacles and also because an integrated institutional arrangement has yet to be issued.

### **Licensing Models For Spatial Planning And Environmental Management In Monitoring Environmental Management That Is Environmentally Sound**

In the context of monitoring environmental management based on the realization of sustainable development as an attempt to control environmental pollution and destruction resulting from the determination of mining areas, the degree of comprehensiveness of permit requirements reflects the functional meaning of environmental permits and spatial planning. Through the licensing requirements, environmental licensing instruments are essential in reducing environmental pollution and assessing a company's performance in environmental management. The environmental licensing requirements at Suparto Wijoyo's are divided to accommodate all essential protection components, which in this

case include the following requirements. ("reporting condition"), ("standard condition");, ("limit condition");, ("operating condition"), ("monitoring condition"); (Suparto, 2005).

As Indonesia develops its current environmental and spatial planning system toward an integrated environmental licensing system, the notion of licensing requirements is one of its components (Shelton, 2021). The "integrated environmental licensing system" has become popular as environmental administration law advances, especially in the field of environmental management supervision. In order to unify various environmental licensing forms into a single integrated environmental licensing formula, new environmental legislation that supports the "integrated environmental licensing system" must be revised and established. The Environmental Law of 2009's drafters were unaware of and did not follow global trends that undoubtedly impact the dynamics of ecological management arrangements. The issue of the increasing complexity of environmental and spatial planning permits persists even after the Environmental Law of 2009 was passed. The Environmental Law does not alter the environmental licensing scheme; it only upholds the current configuration. If you look closely, you can see that The Environmental Law of 2009 validates Indonesia's many environmental permits.

Concurrently, integration between "policies" and "institutions" is meant to be built within the core framework of integrated environmental management supervision in the context of sustainable development when determining mining areas. Sustainable development may be weakened by sectoral environmental management (Tijow, 1972). This is, of course, different from the views which reveal that integrated environmental management supervision reflects good, compelling and legitimate government action (*behoorlijk, effectief en legitiem bestuurshandelen*) (Redi, 2017b). In the context of environmental pollution control in the context of monitoring, integrated environmental management requires "integrality": policies, regulations, competencies and institutions in environmental pollution control so that environmental pollution control ensures good, clean and healthy sustainability can be achieved. It is carried out well and effectively and has validity (Sembiring et al., 2020). The crystallisation and internalisation of the concept of monitoring environmental management in an integrated manner is a basis for studying the chain of legal arrangements that are conducive to efforts to control environmental pollution in Indonesia.

In the Netherlands, for example, a comprehensive or integrated licensing arrangement can be proposed in relation to the environmental licensing system and spatial planning as a legal tool for preventing environmental pollution and destruction. The Netherlands' sector-specific environmental licensing laws have evolved into more integrated and thorough laws over time. *Wet Milieubeheer, Stb—1992 Number 551*, which went into effect on March 1, 1993, was then invited to realize this endeavor. A significant step toward combining different kinds of environmental permits into a single kind of "integrated environmental permit" is the legislation governing the Netherlands' environmental licensing system, which moves from sectoral licensing to integrated and comprehensive licensing. In the Netherlands, the implementation of integrated environmental permits and spatial planning is a deregulation and modernization process driven by the updating of "environmental legislation": *Wet Milieubeheer* has successfully streamlined environmental licensing while maintaining an easily implementable and enforced legal framework for environmental management (Wahid & SH, 2016). Control over the emergence of pollution and environmental damage is anchored in a single container for environmental permits in an

"integrated environmental licensing system" (Redi, 2016). It is determined that Indonesia must immediately have a comprehensive Environmental Management Law that governs an integrated environmental licensing system due to the legal systems' comparative similarities with the Netherlands regarding environmental permits, spatial planning, and realizing successful environmental management that is based on sustainable development."In order to prevent environmental pollution and destruction, the main elements of these regulations should regulate installations (inrichting, installation, establishment, or plant) that require permits."

Therefore, it is unquestionably necessary to carry out reforms in the sectoral environmental licensing sector towards an integrated environmental licensing system in order to realize environmental management supervision based on sustainable development as a means of maintaining the preservation of environmental functions that present and future generations can enjoy in the context of environmental and spatial planning licensing (Basri, 2013). The idea of integrated environmental licensing (environmental integrated licensing system) should be the focus of the decentralization and integration of environmental licensing (Silalahi, 1996). The concept of integrated environmental permits integrates the previously managed environmental and spatial permits. Specifically, dumping permits, B3 waste management permits, HO permits, liquid waste disposal permits, wastewater disposal to land permits, etc. An "outdated" HO permit may be substituted by the presence of an environmental (protection) permit (Marfungah et al., 2020).

Assume that the ability to use an environmental permit as a control tool will be granted. In that instance, it must also uphold its stance that a business license is the final authorization needed to engage in mining operations. In the Netherlands, different keys are subject to the equality of status principle. The activity in question cannot continue automatically if a permit is revoked because the license is no longer valid. We refer to this idea as "specialiteit beginsel." (Saleng, 2004). Furthermore, certain aspects of development pertaining to the creation of integrated environmental and spatial planning permits, such as accountability, transparency, and participation, must be thoroughly explained and closely linked to the application and issuance processes of permits (Bethan, 2008). Assume you adhere to the Netherlands' current environmental licensing reform. The Environmental Law of 2009, which was initially sectoral towards integration—integrated environmental permits, which denote that there is only one type of environmental permit—can then be improved using these techniques. It is anticipated that access will be able to serve as an efficient tool for preventing pollution and environmental damage with the existence of this integrated environmental licensing concept. Thus, the concept of integrated environmental licensing requires a reevaluation of environmental management organizations and agencies.

From a juridical and administrative perspective, the Minister of Environment and Spatial Planning, Governors, and Regents/Mayors have the authority to determine the legal criteria pertaining to the designation of mining areas in integrated environmental permits. The extent of the "geographical-ecological," "economic," or "administrative" conditions of each installation activity can be used to determine this authority. It is difficult to calculate installation activities and environmental management bureaucracy based on "economical," "administrative," and "geographical-ecological" factors. Establishing an integrated environmental licensing authority that is in line with the duty for regional autonomy and within the framework of implementing environmental management based on sustainable



development requires the dedication, caution, and maturity of government officials at the national and local levels.

### **Conclusion**

Based on the questions, "What are the theoretical exercises regarding several legal principles of sustainable development from the perspective of environmental protection and management?" Therefore, I think that preventing environmental pollution requires a fundamental understanding of environmental management law. Even though the compensation model places a strong emphasis on repressive legal action, in practice it becomes a tool used by business actors to keep the environment clean and ultimately ensure that current and future generations can genuinely enjoy the preservation of the environment's function within the framework of sustainable development (Sustainable Development). "What is the concept of environmental administrative, legal regulation in the field of supervision in realizing the determination of mining areas based on environmental development?" is the second question posed in this article. Therefore, rather than becoming stuck on conservative ideas, evaluate development that calls for change or action in a more advanced (progressive) direction. Because the law pertaining to the fundamental framework of national development presents two faces, the history of the concept of environmental administrative law, particularly in the area of supervision over the determination of mining areas from a legal and policy perspective, is included in the national legal development agenda in the environmental sector.

The law presents itself as a tool for national development, on the one hand. "What is the licensing model for spatial planning and environmental planning in monitoring environmental management that is environmental?" is the third query posed in this article. The principle of environmental sustainability will arise from the existence of legal criteria pertaining to the determination of mining areas under the jurisdiction of the Minister of Environment and Spatial Planning, Governors, and Regents/Mayors. This authority can be determined based on "geographical-ecological" measures, "economic conditions," or "administrative." It takes a commitment, accuracy and maturity of the ranks of government officials both at the central level and at the regional level to establish integrated environmental licensing authority, which is, of course, in line with the commitment to provincial autonomy and in the framework of realising environmental management based on sustainable development.

In order to monitor environmental management based on sustainable development, I advise environmental administration law, particularly in the mining industry. The environmental management policy's content, environmental management institutions, and community involvement are among the administrative normative principles for environmental management supervision that it must adhere to and fulfill.

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## CAN LOCAL GOVERNMENT FACILITATE REALISATION OF ZIMBABWE'S VISION 2030 ASPIRATIONS?

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*Abstract: It is now looking increasingly unlikely that Zimbabwe is going to meet its stated watershed goal of becoming an upper middle-income nation by 2030. Zimbabwe's Vision 2030 was adopted in 2018, amidst considerable excitement and fanciness. Official declarations backed up the plan's promise to reverse decades-long development stagnation and serve as a panacea for socio-economic improvement in the land-locked southern African country. Since then, whenever an opportunity to rally people behind its declared lofty objectives arises, the national government has not shied away from seizing it. However, it looks like the programme is behind track, and it might take some time to accomplish its objectives against the constraints of a timescale that is now seemingly turning out to be increasingly restrictive, limiting, and obstructive. The article argues that stagnated progress may be the outcome of local government's potential in the realisation of Vision 2030 not being fully exploited. In light of this, it reflects on potential actions that may possibly be taken to expedite the implementation and timeous realisation of Zimbabwe's Vision 2030 aspirations.*

*Keywords: Local government, national government, Zimbabwe, Transitional Stabilisation Program (TSP), National Development strategy 1 (NDS 1), National Development Strategy 2 (NDS 2), Vision 2030*

### **Introduction**

In the case of Zimbabwe, local government is that part of government that is on the ground and interacts with ordinary Zimbabweans on a daily basis and its function and administration affects the lives of ordinary Zimbabweans more than that of central government (Centre for Community Development in Zimbabwe 2009:4). The article engages on local government's propensity to play a transformative role in Zimbabwe's ambition to reach upper middle-class status by 2030. The main focus of the investigation is the issue of whether local government's vast potential has been fully unlocked and exploited to contribute to the achievement of that goal. The investigation is taking place in the context of allegations that national government's policy actions are not aligned to those of local government in many ways, including in the crucial areas of collaboration, cooperation, teamwork and coordination. It is not unusual for the two levels of government to present themselves as rivals and competitors even. Above it all, a persistent and recurring theme is that national government has a penchant for undermining local government. It is now essential, if not pragmatic, to raise this issue given that the clock is ticking and Zimbabwe's aspirational aim to become an upper middle-class society has less than seven years to be accomplished. Thus far, it would appear that progress is stymied, conscripted and hindered, triggering real trepidation among policy analysts that the ostensibly well-intentioned policy may fall well short of its objectives. Against this backdrop, it is hoped that the engagement of this question might inspire greater cooperation, coordination, consensus-building, and better alignment between the national and local governments, which would be ideal for achieving the objectives of Vision 2030, in the time frame left.

Among the values and objectives driving the realisation of Vision 2030 plan are enhanced governance, the rule of law, respect for human and property rights, reengagement with the West, the creation of an investor-friendly environment, increased investment, and a persistent fight against corruption (Bhoroma, 2022).

It is noteworthy that the Vision aims to achieve a per capita income of US\$4500 and sustain annual economic growth rates of +7% from 2018 to 2030 (Bhoroma, 2022), with excellent employment prospects and a high standard of living for its people. The Vision will be realised through the implementation of the Transitional Stabilisation Programme (2018-2020), and successive Five-Year Medium-Term Development Strategies also known as National Development Strategies (2021-2025) and (2026-2030), which are focusing on provision of essential public infrastructure and services delivery. On 5 October 2018, national government unveiled the Transitional Stabilisation Programme (TSP). It ran from October 2018 to December 2020. Stabilising the macroeconomic system and putting necessary institutional reforms into place were its primary goals. According to Mthuli Ncube, Zimbabwe's Minister of Finance and Economic Development, the TSP aimed, among other things, to put the economy back on track after years of perceived stagnation. Additionally, it was claimed to promote local production, exports, economic recovery, and transform the economy (Zimbabwe Treasury, 2018). Building on the TSP and acknowledging its inadequacies, the national government issued the National Development Strategy 1 (NDS1) on 16 November 2020. Targeted at "Towards a Prosperous and Empowered Upper Middle-Income Society by 2030," it runs from 2021 to 2025. In order to achieve "Vision 2030," the 5-Year Medium Term Plan stresses development of human capital, housing delivery, economic growth and stability, and stability of food and nutrition (Zimbabwe Treasury, 2018).

The Vision 2030, "Towards an Upper Middle-Income Country," entrenches values such as constitutionalism, rule of law, freedom of expression and association, responsiveness of public institutions, unity in diversity, social contract and responsible citizenry. The policy also aims to foster inclusive economic growth and address poverty resolutely, thereby transforming Zimbabwe into an industrialising, knowledge based upper middle-income country that provides a high quality of life to all its citizens by 2030 (Zimbabwe Treasury, 2018). Additional goals of Vision 2030 include increasing formal employment by 80%, gradually lowering the poverty rate, increasing the percentage of households with access to electricity from 52.2% in 2017 to over 72% by 2030, and increasing the percentage of rural households with electricity from 27.7% to 60% in the same time frame. Additionally, the initiative aims to guarantee that all households have access to improved sources of water (Zimbabwe Treasury, 2018).

Vision 2030 also aims to improve food security, knowledge adoption, awareness, affordable and accessible social services, infrastructure provision, and economic development. The policy adopts a pillar approach in order to enhance coordination and implementation of programmes and projects, central to the realization of targeted results that address the country's socio-economic challenges. Governance, inclusive growth, infrastructure and utilities, macroeconomic stability and financial reengagement, and social development are among the pillars (Zimbabwe Treasury, 2018). Given the foregoing, the main question that begs an answer is whether Zimbabwe's national government is proactively and fully tapping into the potential of local government to unlock its full potential for the realisation of Zimbabwe's Vision 2030?

**Table 1: Policies facilitating Zimbabwe’s Vision 2030 plan**

Derivation	Designation of policy	Period of implementation	Intended goal
GoZ (2018)	Transitional Stabilisation Programme (TSP)	2018-2020	Upper middle-income society by 2030
GoZ (2020)	National Development Strategy 1 (NDS1)	2021-2025	Upper middle-income society by 2030
GoZ (2025)	National Development Strategy 2 (NDS2)	2026-2030	Upper middle-income society by 2030

Note: GoZ- Government of Zimbabwe Source: Author, 2024

**Organisation, Structure and Methodology**

The article is organised as follows: after the background introduction, it delves briefly into the statement of the problem. Following this, it introduces the organisation of the system of government in Zimbabwe, the objective being to facilitate more insight into the area of study. Thereafter, it engages on the conceptual and theoretical framework for the article. Next, it engages the possibility of the national system of government leveraging local government roles and responsibilities in furthering its accomplishment of Zimbabwe’s Vision 2030 plan. The article uses document analysis to organise, analyse and make sense of the information relating to this under-researched area of study. After this, the article presents its concluding remarks.

*Statement of the Problem*

Seemingly, there is a growing concern that the measures put in place to facilitate realisation of the goal of Zimbabwe becoming an upper middle-class society by 2030 are not performing as well as it had been hoped. The performance across the spectrum is far from encouraging. This may be fueling the perception that the plan runs the risk, real and imagined, of missing its targets by some considerable margin. However, amid a ground swell of dissenting perceptions, national officials exhibit considerable optimism and whenever an opportunity presents itself, they also plead for more time for it to produce better results. It would seem that a large portion of the poor showing may be attributed to the officials’ not doing enough to fill in the missing puzzles relating to governance, especially on the issue of aligning the plan to the governmental system. Arguably, this was not the case at the time when the plan was conceived. In drawing the plan, national government which originated the document placed decentralisation at the center of realisation of Vision 2030 goals. The first 5-Year Medium Term Plan (also known as National Development Strategy 1 or NDS 1, in short) to some extent mention devolution and decentralisation as anchor of the plan. Chapter 11 of the NDS 1 addresses some issues that may be pertinent to the engagement of citizens through the grassroots structure of local-self government. Thus, it marginally engages how this may be accomplished through scantily discussed topics such as “Inclusive Governance and Socio-Economic Development”, “Strategies to Improve Inclusive Governance and Socio-Economic Development”, and “Programmes to Improve Inclusive Governance and Socio-Economic Development”. It seems that the spirit of co-operation, teamwork, collaboration, alliance and partnership exhibited in Chapter 11 of the NDS 1 has not lingered long enough to see through the goals of Vision 2030 accomplished. In the post-drafting period, the relationship between national government and local government has for much of its existence between

characterised by squabbles, acrimony and conflict over issues of power, autonomy and discretion, among others (see Table 2).

**Table 2: Examples of the dynamics of administrative conflicts**

Parties squabbling	Issues over which they are squabbling	Status of resolution
Mayors/Chairpersons Vs MLG	Allocation of authority	Long standing and not resolved
Mayors/Chairpersons Vs MLG	The status of local autonomy	Long standing and not resolved
National Vs Local Government	Control of local politics	Long standing and not resolved
Mayors/Chairpersons Vs Town Clerks/Chief Executive Officers (CEOs)	Delineation of roles and responsibilities	Long standing and not resolved
Local Vs national bureaucrats	The question of who is the boss	Long standing and not resolved
Councillors from divergent political formations	Control of policy-making processes	Long standing and not resolved
Councillors from identical political formations	Access to local resources/factionalism	Long standing and not resolved

Source: Author, 2024

Seemingly, a bone of contention is seemingly local government’s irritation at the unfettered discretion enjoyed by national government that has been exercised at times with a great measure of controversy by the minister of local government to whom local authorities are subordinate by law, policy and arrangement (see Table 3). The squabbles are seemingly more discernible in urban local authorities, nearly all of which are under opposition control (Chigwata, Marumahoko & Madhekeni, 2019).

**Table 3: Examples of the centre’s quest to dominate local policy**

Act	Section	What national government can do through the MLG
UC	80	Can dismiss a council and replace it with a Commission
UC	91	Enjoys unfettered right to access all council records
UC	116	Approve appointment of senior council staff
UC	309	Has absolute right to be furnished with certain reports
UC	313	Can give directions on matters of local policy
UC	314	Can reverse, suspend, and rescind local decisions
UC	315	Can make directives to local government
RDC	53	Approval required for certain resolutions
RDC	87	Can act on behalf of council in estate development
RDC	90	Approves by-laws of local government
RDC	94	Can make or adopt by-laws on behalf of councils
RDC	138	Enjoys the power to conduct financial inquiry
RDC	153	Can demand to be furnished with certain reports
RDC	154	Can initiate investigations into local affairs
RDC	155	Can give directions as he considers it appropriate
RDC	157	Can suspend and dismiss elected councilors
RDC	158	Can appoint a caretaker to act as a council

Note: UC-Urban Councils; RDC-Rural District Councils; MLG-Minister of Local Government Source: Author, 2024

## **The Structure and Geographical Hierarchy of the Governmental System in Zimbabwe**

Zimbabwe, a country of roughly 14 million people has 10 provinces of which eight are rural and two, Harare and Bulawayo, are metropolitan provinces. The country which was a former British colony for over 100 years has 92 local authorities of which 32 are urban councils and 60 are rural district councils. It is the duty and responsibility of urban local authorities to represent and manage the affairs of people in urban areas throughout Zimbabwe (section 274 (1) of the Constitution of Zimbabwe). In the same vein, rural local authorities represent and manage the affairs of people in rural areas throughout Zimbabwe (section 275 (1) of the Constitution of Zimbabwe). Both urban and rural local authorities comprise of officials who are elected every five years and they make the policy-making arm of local government. The administrative arm is made up of local bureaucrats appointed purportedly on merit mainly to implement the decisions made by the policy-making arm of local government (Marumahoko *et al.*, 2020). In the case of urban councils, it is pertinent to note that they are classified mainly based on size, area under their jurisdictions, responsibilities and sources of revenue, among others. In ascending order urban local authorities are organised as follows: (1) local boards, (2) town councils, (3) municipalities, and (4) city councils (Marumahoko, 2010). In between local government and national government are located eight rural provincial councils and two metropolitan councils for Harare, the capital and Bulawayo, the second biggest city in Zimbabwe. The eight provincial councils and two metropolitan councils correspond to Zimbabwe's 10 provinces.

A provincial or metropolitan council is responsible for the social and economic development of its province, including- (a), planning and implementing social and economic development activities in its province; (b), co-ordinating and implementing governmental programmes in its province, (c), planning and implementing measures for the conservation, improvement and management of natural resources in its province, (d), promoting tourism in its province, and developing facilities for that purpose, (e), monitoring and evaluating the use of resources in its province (Government of Zimbabwe, 2013). National government at the apex makes the third governmental system for Zimbabwe.

**Table 4: Structure and geographical hierarchy of the governmental system in Zimbabwe**

Organization	#	Name(s)
National Government	1	The Government of Zimbabwe
Provincial Councils	8	Mashonaland Central, Mashonaland East, Mashonaland West, Midlands, Matabeleland North, Matabeleland South, Manicaland, Masvingo
Metropolitan Councils	2	Harare, Bulawayo
City Councils	8	Harare, Bulawayo, Kadoma, Kwekwe, Gweru, Masvingo, Mutare, Victoria Falls
Municipalities	9	Bindura, Chitungwiza, Chegutu, Chinhoyi, Kariba, Redcliff, Gwanda, Beitbridge, Kariba
Town Councils	10	Rusape, Mvurwi, Karoi, Norton, Gokwe, Shurugwi, Zvishavane, Chiredzi, Chipinge, Plumtree
Local Boards	5	Epworth, Ruwa, Chirundu, Hwange, Lupane
Rural District Councils	60	Guruve, Zvimba, Zivagwe, Zaka, Vungu, Uzumba-Maramba-Pfungwe, Umzingwane, Unguza, Tsholotsho, Tongogara, Sanyati, Rushinga, Runde, Pfura, Nyanga, Nyaminyami, Nkayi, Ngezi, Mwenezi, Muzarabani, Mutoko, Mutasa, Mutare, Murewa, Mudzi, Mberengwa,



		Mhondoro, Mbire, Mazowe, Masvingo, Marondera, Manyame, Mudzi, Makonde, Kusile, Kadoma, Insiza, Hwedza, Hwange, Hurungwe, Gutu, Gwanda, Goromonzi, Gokwe South, Gokwe North, Chivi, Chiredzi, Chirumanzu, Chipinge, Chimanimani, Chikomba, Chegutu, Chaminuka, Bulilima, Buhera, Bubi, Binga, Bindura, Bikita, Beitbridge
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Source: Author, 2024

### **Conceptual and Theoretical Issues**

In this segment, the article begins by exploring briefly the definition of the word local government and the basic characteristics associated with it; the objective being to locate it in the context of the current engagement. This is followed by another brief discussion focusing on the theoretical aspects of local government. It returns to the theoretical framework it sets later on-precisely at the point when it begins to argue a case for national government to rigorously tap into the boundless potential of local government to facilitate prompt realisation of Zimbabwe’s Vision 2030 plan to become an upper middle-income society by 2030. According to Stones (1968) local government is part of a governmental system of a country that deals with problems of population within a certain territory or location. Similarly, Aijaz (2007) defines it as that part of the government of a country which deals mainly with issues related to a given population within a given territory. In the same vein, Ndreu (2016) defines it as a government body elected by the people that has administrative, legislative and executive functions on the territories under its jurisdiction. Ndreu (2016) identifies five basic characteristics of local government drawn from numerous studies done by various researchers. According to Ndreu (2016), the first characteristic is that, local government has constitutional or statutory status. This means that it is defined, recognised and functions on the basis of the laws of a particular country. The second characteristic is that it is a body that has the right to decide about its own local taxes on the territory it has jurisdiction. Thirdly, it is a body that is characterised by the right of local communities to participate in its decision making processes or management of local affairs. Fourth, is its capacity to act autonomously from central government bodies, within the limits set by law, through the decentralization process or the principle of local autonomy (Marumahoko & Fessha, 2011). The fifth characteristic is that it is a body that serves the common interest of the citizens (Ndreu 2016).

The article engages on four theories that are relevant to its discussion. These are (1), structural functional analysis, (2) the principle of subsidiarity, (3), Stigler’s two guiding principles for jurisdictional design and (4), Oates’s decentralization theorem. In addition, it also draws from (4) Zimbabwe’s constitution and (5), subsidiary legislation. The objective is to locate the article within a theoretical framework that, (1) supports the under-tapped potential of local government to contribute to attainment of Zimbabwe’s development and (2) facilitates the utility of local government in Zimbabwe’s quest to become an upper middle-income society by 2030 consistent with the country’s Vision 2030 plan (see Table 5).

**Table 5: Theories/philosophies relevant to the article**

#	Applicable theory	Selected proponent(s)
1	Structural functional analysis theory	Almond&Powell (1966;1988)
2	Subsidiarity principle	Pope Pius XI(1931); Marumahoko (2020c; 2023)

3	Two guiding principles for jurisdictional design	Stigler (1957)
4	Decentralization theorem	Oates (1972)
5	Constitution of Zimbabwe	Government of Zimbabwe (2013)
6	Urban Councils & Rural District Councils Act(s)	Government of Zimbabwe (1988;1995)

Source: Author, 2024

The structural-functional analysis model developed by Almond and Powell (1966, 1988) offers a coherent and integrated theory from which explanatory theories pertinent to every facet of a particular public administration system can be deduced. It is distinguished by three primary characteristics: (i) the focus on the entire system as the analytical unit; (ii) the proposition of certain functions as necessary for the upkeep of the entire system; and (iii) the functional interdependence of various structures within the entire system. Finding a social item's, structure's, or process's contribution to the system's persistence—that is, the part it plays in keeping the system within predetermined bounds—is the major goal of structural-functional analysis (Bill & Hardgrave, 1973; Marumahoko *et al.*, 2020). The subsidiarity principle states that local issues belong in the hands of local government. It also emphasizes that local government ought to concentrate on issues that are specific to the area, such waste management, roads, water and sanitation, and so on (Marumahoko, 2020b; Marumahoko, 2023). Furthermore, it emphasizes that as local government is in charge of matters pertaining to local regulation, taxation, and spending, it is the proper level of government to provide for local services (Shah & Shah, 2006). According to Sikander (2015), local government is portrayed as being uninvolved in matters of national significance, such as monetary and fiscal policies, security, defense, foreign policy, and macroeconomic policy. These matters fall under the purview of sovereign or national government.

Stigler's two guiding principles for jurisdictional design underscore that, (a) the closer a representative government is to the people, the better it functions and (b) that people should have the right to vote for the types and quantities of public services they desire (Stigler, 1957; Marumahoko, 2023). Oates's decentralization theorem (1972) underscores that, "each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision". In 2013, Zimbabwe adopted constitutional provisions that align with the principle of subsidiarity. The Preamble to Chapter 14 of Zimbabwe's Constitution underscores that there "*must be devolution of power and responsibilities to lower tiers of government in Zimbabwe*". Section 264 of the Constitution underscores that whenever appropriate, governmental powers and responsibilities *must be devolved* to subnational governmental systems which are "competent to carry out those responsibilities efficiently and effectively". According to Section 264 (2) (a) of Zimbabwe's Constitution, the goals of the transfer of governmental authority and duties to subnational governmental systems include: "to give powers of local governance to the people and enhance their participation in the exercise of the powers of the State and in making decisions affecting them". Another related objective is to "recognise the right of communities to manage their own affairs and to further their development (Section 264 (2) (d))". Section 274 (i) of the Constitution provides for urban local authorities as local governmental institutions that "represent and manage the affairs of people in urban areas throughout Zimbabwe".

Zimbabwe’s Constitution in section 275 (1) also recognizes rural local authorities as local government institutions that “represent and manage the affairs of people in rural areas”. In the same vein, section 276 (1) of the Constitution underscores that a “local authority has the right to govern, on its own initiative, the local affairs of the people within the area for which it has been established, and has all the powers necessary for it to do so”. The Rural District Councils Act (Chapter 29:13), the Urban Councils Act (Chapter 29:15) and the Regional Town and Country Planning Acts (Chapter 29:12), are the three main legislations defining the legislative powers and functions of rural and urban councils as local authorities that manage the local affairs in the areas under their jurisdictions (see Table 6).

**Table 6: Other legislations that define the powers and functions of local government**

Local authority it relates to	Legislation
RDCs&UCs	The Road Traffic Act (Chapter13:11)
RDCs&UCs	The Vehicle Registration and Licensing Act (Chapter 13:14)
RDCs&UCs	The Road Act (Chapter 13:18)
RDCs&UCs	The Shop Licenses Act (Chapter 14:17)
RDCs&UCs	The Public Health Act (Chapter 15:09)
RDCs	The Communal Lands Act (Chapter 20:04)
RDCs&UCs	The Environmental Management Act (Chapter 20:27)
RDCs&UCs	The Water Act (Chapter 20:24)
RDCs&UCs	The Education Act (Chapter 25:04)
RDC	The Traditional Leaders Act (Chapter 29:17)

Note: RDCs-Rural District Councils, UCs-Urban Councils Source: Author, 2024

**How Can Local Government Contribute to the Attainment of Vision 2030 Plan?**

In this section, the article motivates the case for worthy consideration of local government as an important contributor to the realization of Zimbabwe’s Vision 2030 plan, even as we saw earlier on that the relationship between national and subnational governmental units tends to be characterized by energy sapping squabbling over the issues of autonomy, decision-making, and the limits of ministerial encroachment on local government turf, among other issues. In arguing the case for local government contribution to realization of Vision 2030 plan, the article draws from three points that are aligned to earlier engaged theories of local government (see Table 7).

**Table 7: Three points aligned to the theories of LG**

#	Point	Relevance
1	The ability of local government to supply essential infrastructure services that support private economic output	Aligned to theories of LG
2	Their capacity to administer and provide a wide range of services as representatives of the national government	Aligned to theories of LG
3	Their contribution to socio-economic progress through participatory institutions and processes	Aligned to theories of LG

Note: LG-Local Government Source: Author, 2024

All these crucial local government contributory roles to national development tick on the boxes of the theories of local government engaged on earlier. Finally, local governments influence the entry and exit of local economic actors—both public and private, traditional

and modern, domestic and foreign—into their spheres of influence by their deeds and inactions (Olowu, 1988; Bennett, 1994; Olowu, 2009). This way, they are important partners who cannot be ignored in deciding whether or not Zimbabwe's Vision 2030 plan meets its target of facilitating for the land-locked southern African country to become an Upper Middle-Income Society by 2030.

### **Tapping into the Powers of LG to Benefit Zimbabwe's Vision 2030 Plan**

Zimbabwe's aspirations to become an upper-middle class society by 2030 stand to benefit from local government's authority to provide basic economic infrastructure of human connectivity. In this conception, local government may be viewed as a provider of goods and services that individuals cannot provide individually for themselves. It is the solution to collective action problems, the medium through which citizens create public goods that benefit everyone. Local government's authority to provide basic economic infrastructure of human connectivity is defined in the country's constitution and more specifically declared in the Rural District Councils (RDC) Act-for rural councils and the Urban Councils (UC) Act-for urban councils (see Table 6). Roads, bridges, dams, water supply, and sanitation are examples of basic economic infrastructure of human connectivity assigned local government (Marumahoko, 2020a; Marumahoko, 2022). Zimbabwe's RDC Act in section 71(1) provides for wide ranging powers and functions of RDCs. In total the RDC Act bestows RDCs a total of 61 powers and functions; of which a number of them can be harnessed to facilitate Zimbabwe becoming an upper middle-income society by 2030. The powers and functions of rural local government are listed in the First Schedule to the RDC Act.

In the same vein, the Urban Councils (UCs) Act in section 198 (1) allocates UCs a total of 54 powers and functions that national government, working cooperatively with local government may tap to boost the chances of Zimbabwe meeting its ambitious objectives no later than 2030. Schedule 2 to the UC Act lists the powers and functions (Marumahoko, 2010; Marumahoko & Fessha, 2011; Marumahoko *et al.*, 2020). It is pertinent to note that some of powers and functions allocated RDCs and UCs speak to infrastructural services that facilitate robust economic development (see Table 8). The operation of these powers and functions to which national government may benefit is facilitated through by-laws, regulations, policies and policies made by local public administrations.

In providing basic economic infrastructure of human connectivity whose services may benefit citizens beyond its area of jurisdiction, local government can be said to be a solid basis for socio-economic development in general and a catalyst for accomplishment of Vision 2030 plan in particular. Its accessibility, proximity, and identity as an institution moulded in the wishes of the local people who give it its unique character in comparison to national government which is largely perceived of as being far-removed from ordinary people, increases the chances of its programmes being successfully implemented to the advantage of national development goals (Marumahoko, 2023). In addition to providing services themselves, local government can resort to many other options that boost implementation of local programmes that benefit Zimbabwe becoming an upper middle-income society by 2030.

Outsourcing is one option at the disposal of local government to realize improved service infrastructure development and provision, especially that with a bearing on the attainment of Zimbabwe's Vision 2030 plans. Outsourcing is when companies or other organizations

run services on behalf of the local government, and these contracts are usually awarded following a competitive tendering process (Sandford, 2019; Marumahoko & Nhede, 2021). Solid waste management, primary health care, water supply and sanitation provision are a few of the examples of services that local authorities may outsource to other organisations. Even when local authorities outsource responsibility, they are still legally responsible for the generation, development and distribution of these services. This is despite that contractually, the responsibility is now assigned to another organisation to provide it. Among the many benefits of contracting are the ability to hire for specific time periods to fulfill temporary requirements without committing to long-term expenses and the private sector's ability to specialize in some areas that local government would find costly or difficult to duplicate.

Where there is sufficient capacity, local government may insource provision of infrastructure for basic service delivery (Sandford, 2019; Marumahoko & Nhede, 2021). In this case, services previously outsourced return in-house. Insourcing entails local authorities opting to cancel or not renew contracts with private companies, for functions and processes such as solid waste management, water, sanitation, roads, public safety, transportation and health care. Another option of boosting service infrastructure provision is commercialisation. In essence, it refers to the practice of local government providing services at a charge in order to generate additional income. This can take various forms, such as establishing partnerships with commercial organizations or setting up independent, autonomous profit-making companies.

Yet another option that appears not to have been fully tapped to facilitate improved local or national development is Public-Public Partnership (PPPs) or Public-Private Partnership (PPP) or shared provision of local government services (Sandford, 2019; Marumahoko & Nhede, 2021). Essentially, PPPs whether it involves public sector organisations or involvement of a component of the private sector, unlock immense opportunities for contributing to realisation of Zimbabwe’s Vision 2030 plan. It facilitates the crucial sharing of resources, expertise, and knowledge between two or more entities to provide service more efficiently and effectively.

**Table 8: Examples of LG powers and functions**

Function(s)	Local authorities it relates to	Source
Roads	RDCs&UCs	Section 71&1 <sup>st</sup> Schedule to RDC Act (Chapter 29:13) Section 198&2 <sup>nd</sup> Schedule to UC Act (Chapter 29:15)
Bridges	RDCs&UCs	As in above
Dams	RDCs&UCs	As in above
Water	RDCs&UCs	As in above
Drains, sewers and sewerage works	RDCs&UCs	As in above
Controls over property	RDCs&UCs	As in above
Electricity	RDCs&UCs	As in above
Planning, construction and use of buildings	RDCs&UCs	As in above
Amenities and facilities	RDCs&UCs	As in above
Food, food premises, vehicles and markets	RDCs&UCs	As in above

Source: Author, 2024

### **Local Authorities as Agents of National Government**

It is often intimated that national governments are unlikely to be able to achieve sufficient policy differentiation on their own. Partly, this is a simple capacity issue. They would quickly be overwhelmed if they had to devise policies and assume the role of implementing them for each local government jurisdiction in Zimbabwe. Beyond capacity constraints, there are also informational constraints to consider. Policy makers in national ministries find it more challenging than those in local governments to properly understand the local context. They typically do not have any local connections, live in the capital, and are required by their jobs to deal with a wide range of regions rather than concentrating on one particular area. A point is often made that development policies cannot be implemented by national governments alone but that it may require that different levels of government are active in addressing issues that fall within their policy areas (Marumahoko & Nhede, 2021). Yet in Zimbabwe, development processes towards realisation of Vision 2030 plan are seemingly dominated by national government. On this issue, Zimbabwe's national and local governments have not exhibited a rich culture of working together.

This is despite that over the past decades they have worked together on issues to do with national calamities such as drought, crop failure, Covid-19 and HIV/AIDs. These are national disasters whose mitigation is funded from national government while implementation is made largely the responsibility of local government. Even then, collaboration may have been deemed convenient as the issues they coalesced around were considered issues of life and death and therefore beyond contestation. This may not be the case with the perceptions of the current processes leading to the realisation of Zimbabwe's Vision 2030 plan. Since the adoption of the current constitution in 2013, there has also been some form of collaboration between the two systems of government in the area of funding of devolution projects (roads, clinics, schools etc). Suffice to say the collaboration was not voluntary but constitutionally directed and sought to fulfil a constitutional provision which allocates 5% of nationally collected revenue to fund local development projects which in theory are traced back to local decision-making but in reality appear to be the result of national government dominating decisions on what projects the funds can be used on.

In the provision of these infrastructure development projects many of which address endemic poverty and are seemingly aligned to Zimbabwe's Vision 2030 plan, national government has tokenistically relied on local governments to implement them. With this mind-set, the full development potential of local government is far from unlocked and deployed to the benefit of realisation of Zimbabwe becoming an upper middle-income country by 2030. It may be important that there is acceptance that strong place-based and territorially differentiated policies by national governments are only a complement, not a substitute, for the role of local governments.

### **Contribution Through Local Government Participatory Institutions and Processes**

Even as its implementation is officially said to be tapping into widespread public consultation, there are lingering uncertainties that the processes preceding attainment of Zimbabwe's Vision 2030 plan are themselves rooted more in top-down central planning and bureaucracy. They are barely founded on bottom-up decision-making ethos which are consistent with the existence of local government as the system of government enjoying greater proximity to communities. Although it is claimed to trace its origins to participatory

processes, there is not much to support the claim that Zimbabwe's Vision 2030 plan is the outcome of citizens aspiring for an upper middle-income society by 2030. That does not, however, seem to diminish its utility and set purpose, either of which appear to be based on sound policy goals. Even then, national government may have to work tirelessly and closely with local government to build significant public support for the watershed development plan. It may help for national government to submit to local government participatory processes in order to accomplish this. By leveraging local mechanisms for mobilizing public support for the implementation of local policies, the national government might encourage popular support and solidarity for its Vision 2030 development plan. As an institution closely associated with community needs and aspirations, local government boasts of a number of institutions and processes for involving citizens in local decision-making processes, policy development, implementation, monitoring and evaluation, that the national government might find useful. Neighbourhood and village development committees, for example, are the first line of democratic local government institutions that people interact with when they need to express themselves about development issues in their communities. By tapping into these grassroots institutions designed mainly to foster participatory development, national government might enhance its chances of successful policy implementation.

The ward development committee (wadco) is another accessible institution through which ideas of citizens may be sought, consulted and cross fertilised before they are submitted to relevant council committees for further consideration. A councillor submits them to council committees in his/her capacity as elected ward representative and chair of the ward development committee. The decisions made at committee level take the form of recommendations and they are further submitted to council (a body to which all councillors sit for binding decisions). In the same way, local government leverages these bodies, national government may also tap into these institutions and processes to increase acceptability and implementation of national policies such as Zimbabwe's Vision 2030 plan. The foregoing seemingly draws from social contract theory to make an appealing case for national government to submit to local government participatory institutions and processes in the course of seeking to maximise delivery and accomplishment of Zimbabwe's Vision 2030 development plan. The fundamental tenet of the social contract theory is that consent from the governed should serve as the basis for government, a notion that dates back to the Age of Enlightenment (Stone, 2018; Marumahoko *et al.*, 2018; Marumahoko, 2021).

According to Etieyibo (2018), a completely rational person will only accept social interactions, morality, social and political behaviors, and institutional norms provided they align with their interests or sense of usefulness. In this instance, social contract theory not only clarifies the intricate relationship between citizens and governments, but it also piques our curiosity about the variables and interactions that could potentially support Zimbabwe's efforts to achieve upper middle-class status by 2030.

### **What does all of the above tell us?**

It seems that local government is purposefully or inadvertently sidelined in favor of insufficient perspective on national development. It is noted that as national government undertakes the audacious and strenuous task of nudging the country toward realisation of Vision 2030, the role of local government is scantily acknowledged, let alone appreciated.

It was not entirely clear why local government suddenly finds itself being marginalised this way, suffice to say that this development may serve to undermine, weaken and undercut the already perceived fragile status of local government as a worthy partner in national development. It is unclear how much local government can accomplish or how much of its potential has been consciously harnessed to support Zimbabwe in becoming an upper middle-income country by 2030. An ideal situation is for national and local governments to engage in complementary roles. Based on the research discussions, neither level can provide effective support for the realisation of Zimbabwe's Vision 2030 plan without the contribution of the other. The seeming lack of collaboration at the moment may need to give way to the realization that place-based policies as well as national policies that have an impact must be implemented through efficient multilevel governance. Place-based policies, whether directly or indirectly supported by the national government, are implemented in large part by local governments. Local authorities have a deep understanding of local conditions due to their narrow emphasis, and they frequently have strong connections with local players, including companies, NGOs, and powerful local and national policymakers. Depending on the specific policy issue at hand, local governments can work together to enact policies at various geographic sizes. As a result, local governments are frequently more qualified than national governments to target policies in the context of identifying pertinent stakeholders, and coordinating actions among them. The more localised a policy decision is, the more applicable these benefits become.

### **Conclusion**

Amidst central domination and a limited role for the local sphere of government, Zimbabwe's quest to become an upper middle income society by 2030 shows obvious signs of under-performance- raising the prospect that it may struggle to meet its goals. In the context of facilitating intergovernmental relations in socio-economic development, the article engaged on the question of how national government might tap into the institutions and processes of local government to substantially facilitate for Zimbabwe to realise its dream and aspiration of becoming an upper middle-income society by 2030. In its quest to underscore the utility of the often neglected local government institutions and processes in the realisation of Zimbabwe's Vision 2030 plan, the article focused on three issues of great significance that national government might benefit from as it implements policies meant to benefit the country's socio-economic progress. These are (i), local government's authority to provide basic infrastructural services that facilitate private economic production, (ii), its ability to serve as an agent of national government for the delivery and management of a wide variety of services, and (iii), its contribution to socio-economic progress through participatory institutions and processes. In presenting its case for robust local government participation in processes facilitating realisation of Zimbabwe as an upper middle-class society by 2030, the article consulted, (i), structural-functional analysis theory, (ii), subsidiarity principle, (iii), two guiding principles for jurisdictional design, and (iv), decentralisation theorem. It also tapped into Zimbabwe's Rural District Councils Act (Chapter 29:13), Urban Councils Act (Chapter 29:15) and the Constitution of 2013. All of the above provide for a strong local government role in socio-economic improvement, making local government a productive and indispensable intergovernmental partner to national government. It is crucial for the realisation of Zimbabwe's Vision 2030 development plan. The Government of Zimbabwe may do well to tap into the vast potential



of local government to speed up attainment of its much coveted goal of Zimbabwe becoming an upper middle-income-society by 2030. In all of this, a good starting point is, perhaps, acknowledging that local government matters for the simple reason that it forms the basic foundation of national government and all its developmental initiatives.

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## HUMAN CAPITAL THEORY – ONE WAY OF EXPLAINING HIGHER EDUCATION MASSIFICATION

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*Abstract: The spectacular increases in schooling figures in the first two decades after the Romanian Revolution of 1989 are often discussed from the perspective of "massification" of higher education. Causal explanations of the expansion of tertiary education as a social phenomenon have been advanced by academics belonging to different schools of thought. In this paper, I will refer to the explanations of the school of human capital, whose main exponent is Gary Becker and how the explanation is built around human capital and technology, two factors that augmentate each other from Becker's perspective. Because investments in education generate skills, and skills generate technological progress, then this progress creates a demand for specialized labor and increases the earnings of those who invest in their education. Therefore, increased earnings are strong incentives to invest in education.*

### **Problems and debates**

I will begin this section by discussing the general elements of human capital theory, given the theoretical pillars on which this view is based. Thus, I will try to review the theoretical perspectives that discuss this concept, developed in its early forms by Gary Becker. The starting point, therefore, will be Becker's publications, and I will later bring up related or complementary theories, whose utility is to complete the overview of the theory of human capital. To go into a more specific area of interest to this paper, I will try to highlight the close link between human capital and higher education, since the central element here, the individual, faces different choices when completing middle studies. Whether you go to college or seek a job after high school, all these decisions later bring the individual different benefits (both monetary and non-monetary) that human capital theory tries to measure in the form of long-term returns.

"Human capital is the set of skills that the workforce possesses" (Goldin, 2016). Starting from this definition, I intend to discuss in this section the main ideas and debates around the theory of human capital, given the close connection between it, the university environment and the labor market. Whether we are talking about general human capital, or one specific to certain tasks, the core of this theory is the choice the individual makes when balancing the costs and benefits of an action such as admission to college. More specifically, in this case, human capital (benefits) represent the skills and competences that an individual would learn during his studies, as well as gains obtained at a job for which he has prepared. On the other hand, the costs take the form of opportunities that the individual gives up at the expense of studies, so the gains that he would have obtained if, for example, the individual had chosen to engage and not to enroll in college (Ibid.). In this sense, strictly from an economic rational perspective, the most effective way to maximize the return as a student in higher education would be for the individual to engage during

their studies and thus obtain both income from work and transversal capacities from university courses.

Winner of the Nobel Prize in Economics in 1992, Gary Becker is the leading author of this paper, given the assumptions he makes about individuals' investment in education and the implications of schooling in individual development. Thus, „Human Capital” discusses individuals as rational, informed, and able to rank their preferences according to the costs and benefits that, for example, admission to college entails (Becker, 1993). In other words, the perspective of human capital theory has as its central point the idea that enrollment in college will bring for the individual, in the long run, more gains than an alternative variant (employment, for example). The reason is that the faculty will provide him with a package of skills and abilities designed to help the individual in as many situations as possible, thus a general human capital based on transversal skills. Therefore, for Becker, the return is associated with the insertion into the labor market after the completion of the studies (Ibid., p. 59). This is, in Walter McMahon's view, a “classic” version of human capital, the one in which only the income that the individual produces in the workplace is quantified. McMahon thus proposes another perspective, that of the “new human capital,” according to which non-monetary benefits, such as individual health or other long-term externalities, should also be quantified (McMahon, 2009). In terms of schooling, Becker defines the school as “an institution specialized in the production of training”, as opposed to a firm/company that provides training strictly for the production of goods (Becker, 1993). To be more specific, Becker distinguishes between a school of crafts (for example, a barber shop) that aims to train individuals for a single skill and a university that provides a broad and diverse set of skills to students. However, schools and firms are substitute sources of specific skills. More specifically, this complementarity has developed over time through the transition, for example, from apprenticeships in law firms to law schools, or from learned engineering at work to engineering schools (Rottenberg, 1962). The discussion here thus revolves around the interdependence between universities and employers in terms of the knowledge and skills that students accumulate. On the one hand, knowledge related to technical fields (such as constructions) will be developed rather in the workplace, education in this respect being complementary to practical knowledge. On the other hand, a doctor will need a lot of specialized theoretical effort before he can carry out his practical work, in this case the theoretical training will be complemented by the working skills, developed during the residency period. The same is true of researchers, for whom the few years of school are not so important, as the intense practical work done to master the “art” of both theoretical and empirical research (Becker, 1993).

Given this close link between the university environment and the labor market (i.e. the need for graduates to find a job in their field after completing their studies), human capital theory is an important factor in formulating economic models for the labor market. Because the literature makes this distinction between general human capital and that specific to certain firms or occupations, one of the perceptions held here is that an individual, both during his studies and at work, obtains transferable skills that can be harnessed in several occupations. Specifically, the idea that even specific skills have become increasingly portable, especially for university graduates, for whom at least 40% of the increase in income due to human capital is due to the specific skills that the individual has learned (Gathmann & Schönberg, 2007). Therefore, the idea of “rates of return” appears again in question, which Becker interprets as the amount of money to be collected

once the investment in human capital has been completed. In this regard, Becker argues, young people are more likely to accumulate human capital, change jobs, relocate and seize different economic, social or political opportunities. The reason here is not that young people are more interested in learning, accumulating new ideas, or not being so connected to a routine or family, but it is the idea that incentives are much stronger for those who can yield for as long as possible (Becker, 1993).

“A traditional view among economists is that educational achievements are largely autonomous. An alternative view, supported by evidence, is that educational achievements are adjusted to – and influenced by – the demands of the economic system” (Becker, 1993). Becker’s conclusion points out that modern economic systems stimulate investment in human capital. The main reason here is that, in the period after World War II, the demand for people educated in research and development of military technologies and services increased. Thus, while human capital represents the individual’s skills and knowledge, economic development is closely related to the progress of technology and scientific knowledge. Therefore, if investment in education generates new skills, and these new skills lead to technological progress, then there are strong incentives for individuals to invest in their own education, given that the specialized workforce is better remunerated (Ibid., 324). In a more simplified form, Melvin Reder says that human capital is a theory with a clear central idea, namely that individuals are “human agents of production” – like machines – with an increased productive capacity designed to use them in the labor market. Since material benefits occur after a considerable period of time, Reder sees the resources used in training a student as “investments” whose goal is to generate as much return as possible for as long as possible (Reder, 1967).

However, the idea that individuals enroll in the tertiary education system, complete their studies, and subsequently reap the fruits of their labor is not the only one that human capital theory discusses. More specifically, according to Becker, investment in human capital is also a major factor in the development of societies at the aggregate level, hence general economic growth (“while human capital is made up of knowledge and skills, and economic development depends on advances in technological and scientific knowledge, development probably depends on the accumulation of human capital”) (Becker, 1993). Paul Samuelson and William Nordhaus also highlight the importance of quality of work and human resources (skills, knowledge and work professionalism). According to them, any state can purchase modern technology, high-performance computers or sophisticated military equipment, but it is important that all of these can be used efficiently by a specialized and trained workforce, that is, by individuals who have invested in human capital (Samuelson & Nordhaus, 2010). Finally, in order to summarize the theoretical perspectives discussed in the previous paragraphs, I believe that we can look at human capital in higher education as investments aimed at producing more wealth and, in terms of accessibility, at the level of the public sector, reduce income inequalities as education builds up by massifying higher education.

### **Theoretical discussions, questions and hypotheses**

This section focuses on the discussion around the concept of human capital, as it is perceived in the literature and what are the main connections between human capital the economic environment (i.e., the labor market, specifically). I will thus discuss theoretical contributions that regard the accumulation of human capital as the engine of economic

development in a society, but also perspectives that target people as essential elements of well-being, but which cannot be treated as marketable properties, regardless of accumulated human capital. I will also turn my attention to the importance of institutions in a society, given that in order to invest in human capital, individuals need an institutional legal framework that is as efficient and accessible as possible. In order to decide whether or not to invest in their own education, individuals need as many sources of information as possible about the opportunities in the labor market after completing their studies. In this way, they can calculate, more or less formally, whether the investment of going to college is profitable and thus lose the income they would have generated if they had accessed the job market immediately after finishing high school.

For a significant period of history, income levels were low, life expectancy was high, and economic growth did not exist. Today, people live longer, richer and healthier lives as knowledge and research increase and spread. Moreover, the training and education of individuals, improvements in health, changes in demography and fertility have made our society what it is today, that is, a product of advances in human capital (Goldin, 2016). As the Oxford English Dictionary defines, human capital represents the skills that the workforce possesses and is thus regarded as a good or a resource. In this way, “human capital” encompasses the notion that there is an investment in people (such as education, health or specialist training) and also that all these investments will help increase the productivity of the individual (Ibid.). I have made this brief introduction, because the discussion of human capital has become a habit nowadays when it comes to the productivity of individuals, which has not always been the case. More specifically, economist Theodore Schultz points out that while humans are an important component of the welfare of nations, they are free beings and cannot be considered as a property or a tradable good (Schultz, 1961).

An important aspect that I will discuss extensively later in the paper and which I want to introduce even in this subchapter is the importance of institutions in a state, and therefore the ability of nations to support the accumulation of human capital in the most legal and efficient way possible. Investment in human capital directly depends on factors such as the degree of functioning of capital markets or the level of certainty in the economy or policy. In other words, when political power is held unequally and disproportionately, then the accumulation of human capital will be achieved below the optimal level because groups of individuals will not be able to access stable, credible, long-term commitments (Goldin, 2016). Therefore, if strong institutions are needed to generate economic progress, then “Why isn’t everyone developed?” (Easterlin, 1981). The answers here may be diverse, but I will stop for the moment at the one offered by Daron Acemoglu and James Robinson, according to which Europeans imposed “bad” institutions on the geographical areas with high population density that they colonized. Thus, Europeans have extracted as many resources as possible from rich areas, and in the poorest have developed institutions as inclusive as possible to allow European migration. In this way, institutional differences persisted and what the authors called “future reversal” occurred, whereby places with not to many resources, such as North America, subsequently became richer, while resourceful areas (such as the Caribbean) did not develop (Acemoglu et al., 2002).

Investing in human capital is truly an exercise in decision-making under conditions of uncertainty, and the character of individual perceptions and expectations must be important (Clotfelter & Rothschild, 1993). Thus, I will continue to discuss the behavior of students

in order to continue their studies or, on the contrary, their abandonment followed by their insertion into the labor market. Despite the fact that the decision to enroll in a college is not a purely financial one for the individual, a basic principle of human capital theory is that students rationally calculate the rates of gain they can record, and that they can be able to do so, given the investment made (Paulsen, 2001). To be more clear, studying individual university behavior assumes that: (1) students choose or not to enroll in a faculty; (2) students choose which faculty to go to (so a process of ranking preferences); (3) students choose whether or not to attend classes in the following year; (4) students choose in which field to specialize (Ibid., p.62). Even if students do not accurately calculate the long-term return (gains from completing their studies), they nevertheless compare the expected costs and benefits and ultimately choose for them the best possible alternative to the options available after finishing high school (Arai, 2013). Thus, Charles Manski calls the young people facing such a decision “adolescent economists” (Manski, 1993).

As we have discussed so far, the model of human capital theory has considerable explanatory power when it comes to predicting the effects of monetary changes on individual behavior. However, monetary costs and benefits can be very different between individuals due to differences in other aspects that are, this time, non-monetary and much more difficult to measure and estimate. I am referring here to factors such as access to information on post-secondary opportunities, differences in socio-economic status and background, opportunities in the labor market, but also discriminatory practices found in the labor market or higher education institutions (Paulsen, 2001). The financial components associated with the decision to pursue university studies lead to a series of generalizations about the effects of the monetary factor on the decision of individuals to invest in their own education. More specifically, an individual will enroll in a college if: (1) he will earn more money due to his university degree (Murphy & Welch, 1992); (2) will meet low tuition costs (tuition fees, books, accommodation costs) (Heller, 1997); (3) the value of the exchanges is high (St. John, 2000) and (4) would not have made much money if he had chosen to access the job market immediately after high school (Kane, 1995).

“Registration and success in higher education are clearly influenced by several factors: Previous schooling and academic achievement, the rigor and pattern of courses taken in secondary education, family and cultural attitudes, motivation, awareness of opportunities – not just the ability to pay. [...] For low-income students, eliminating financial barriers is critical, but there are many other things that begin much earlier, both in life and in the educational path” (Paulsen, 2001). In Gary Becker’s Human Capital market model, the increase in human capital demands results from the increase in students’ expectations of the “marginal” benefits of investing in higher education (Becker, 1993). In this case, “marginal” benefits mean the additional gains that the individual who invests in education accumulates after adding an additional unit to his investment, that is, in tertiary education (Paulsen, 2001). In other words, the more an individual will invest in human capital (enrolling in a college, completing it, enrolling in a master’s degree, etc.), the more rewarding he will be later, due to the investment made. Thus, in order for students to be able to anticipate the marginal benefits of their investment, they need a clear vision of the opportunities that higher education generates (Ibid., p. 83).

Last but not least, according to Paul Windolf, the theory of human capital assumes that there is a close relationship between the university environment and the labor market, as

mutually regulating systems, so that university expansion is stimulated by job opportunities. Moreover, another assumption of the theory of human capital would be that individuals guide their decisions according to the conditions in the economic environment of the labor market, thus, the number of registrations increases or decreases directly in proportion to the rates of gain that individuals expect in an economic cycle (Windolf, 1997). Thus, since human capital theory directly presupposes a market relationship between the demand for qualified personnel and the levels of enrollment in the tertiary sector, periods of economic growth are characterized by university expansion, while the economic recession entails a decline in the number of students. Therefore, according to this perspective, university expansion does not continue indefinitely, but is limited by the demand for specialized qualifications. (Ibid., p.9). I have introduced this last element in the discussion because, as I intended, the period of university expansion that I will analyze is the one after 1989, especially the years 2000-2010, when the most university registrations were registered in Romania (the transition period also coincides with the accession to the European Union).

### **Contributions and gaps**

In the following paragraphs, I intend to increase the frequency of mentioning statistical data and empirical research on the impact of human capital on labor market productivity. I will therefore discuss for the beginning what data are at the level of the Organisation for Economic Cooperation and Development (OECD) on the expected material benefits of individuals from the accumulation of human capital. Moreover, I will consider the correlation between having a university qualification and indices such as employment or unemployment rates, in order to highlight the contribution of the accumulation of human capital to future opportunities. Subsequently, I will also consider the non-material benefits that students can benefit from once they obtain a university degree, which the literature discusses with caution, given the increased difficulty of measuring factors such as civic spirit or happiness. I have thus come to identify, in my opinion, one of the biggest challenges facing the university environment today, namely to respond to today's economic challenges while preparing students for the challenges they will face in the future.

From the point of view of the relationship between human capital and the labor market, modern economies directly depend on the skilled workers that the university environment provides, workers who are also seeking benefits in the labor market (OECD, 2022). In this way, the benefits that individuals have due to the accumulation of human capital, along with increased educational opportunities, have led to the increase in the number of qualified individuals within the member countries of the Organization for Economic Cooperation and Development (OECD). The growing demand for qualifications makes it possible for markets to attract as many tertiary education graduates as possible and also to provide them with the best employment prospects. On the contrary, the prospects available to an individual who has accessed a lower level of education are much lower. At the OECD level, college graduates have twice the income of those with secondary, high school education and also have a much higher chance of finding a job (Ibid., p. 82). Moreover, the problem of unemployment risks deepening in the coming years, since many unskilled workers are operating sectors that will be automated in the near future (Arntz et al., 2016).



An estimated 14% of current jobs will disappear in the next 15-20 years, and another 32% are likely to change radically with the automation of individual tasks (OECD, 2019).

“Education systems must respond to today’s labor market challenges and prepare students for future labor markets” (OECD, 2022). I believe that this is one of the biggest challenges facing the university environment, to be able to provide students with information that will prepare them for the present and for the future. According to OECD indicators, individuals who earn a university degree are much more protected from the effects of an economic crisis than those who have not accessed the tertiary education sector. In particular, both during the financial crisis of 2008 and the recent COVID-19 pandemic, unemployment was much lower among the tertiary educated population compared to the less educated population (Ibid., p.63). Not only that, but the employability rate is higher as the level of university qualification is higher. More specifically, individuals who have obtained a doctoral degree have the highest employment rates, and those who have obtained a master’s degree have a higher level of employment than those with a bachelor’s degree or its equivalent. Also, on average, OECD countries have the highest employment rates among individuals who have obtained a degree in information and communication technology, and the lowest among graduates of arts, humanities, social sciences and journalism (Ibidem, p.62).

As we have discussed so far, the indicators of the efficiency (or profitability) of higher education schooling are a calculation of the value of the gains earned by the individual over the course of life, relative to the educational cost. In particular, for an investment in education to be economically justifiable, the return should be positive and should also be higher than that generated by alternatives (Psacharopoulos & Patrinos, 2018). However, the literature indicates that economic return is not the only one that should be taken into account in the discussion of profitability, as well as personal (or private) yield indices. This idea, transposed as early as 1973 by “there is no education whose purpose is only to earn a living; as much as it is to live a life (Du Bois, 1973)”, reflects the fact that there are other gains that higher education generates, leaving aside the pecuniary factor. Thus, Walter McMahon discusses “private non-commercial benefits of higher education,” which he says positively affects the quality of life of any graduate in various ways unrelated to earned money (McMahon, 2009).

The reason I bring this issue into question is that, no matter how important the economic part associated with investing in higher education is, not all students do this calculation when they decide to go to a college (Ibid., 120). More specifically, individuals acquire multiple skills and competencies over the years of study, which will not necessarily be reflected in material gains obtained after completion of studies. I will call them “transversal skills” and I refer here, first of all, to elements such as short-term benefits: improved health, low risks of obesity and depression, racial tolerance, low crime, and the dissemination of new technologies (McMahon, 2009). All this comes as a “contagion”, as a result of the academic interaction between the individual and other colleagues, teachers, but also by participating in various events that foster communication and networking with other parties involved in the learning process. All these elements, McMahon says, lead to medium-term benefits (increased longevity, reduction of social inequalities, development of civic spirit), but also long-term benefits (such as happiness, political stability, lowering poverty levels and developing social cohesion). Therefore, there is a direct correlation between short-term and medium-term and long-term benefits, given that the healthiest and most effective

behavior of individuals will ultimately lead to a more prosperous and happy society (Ibid., 129).

One view of the multitude of elements that are included in the concept of “human capital” is that we can divide this concept into two distinct components, depending on the skills acquired. Specifically, human capital can be divided into “educational capital,” i.e. those skills and competences that an individual acquires within the educational process and “biological capital,” i.e. those physical abilities that we have mentioned in the previous paragraph (health, happiness, etc.) (Popovici, 2011). Of interest, however, in this paper, is the “educational capital” with which the individual remains after the completion of studies, i.e. the ability of individuals to produce income through their work, through the knowledge acquired in the educational process. Even though he does not explicitly use the terms “human capital”, Adam Smith points out this concept by: “A man educated at the price of labor and a long time for any use which requires extraordinary dexterity and skill can be compared to an expensive machine. We must expect that the work which he learns to do, beyond the ordinary wages of ordinary labor, will replace the whole expense of his education with at least the ordinary profits of an equally valuable capital (Smith, 1976, p. 145).

### **Conclusions**

We thus observe that we have returned to the point from which we originally left, namely that, from the point of view of the theory of human capital, the individual is regarded as a machine which, the more resources (in this case educational) are allocated to him, his productivity is substantially increased. Whether we are talking about previously mentioned “transversal skills” or strictly technical working skills, it is expected that all of this will be improved as long as the individual invests in his own human capital. For this reason, the discussion about human capital is one of the theoretical pillars that have as purpose the explanation of the university expansion, thus the massification of the higher education systems.

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## STUDY OF THE IMPACT OF COMMUNITY POLICING IN CRIME PREVENTION IN NIGERIA

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*Abstract: This study examined assessment of the role of police community relations in crime prevention in federal capital territory, 2009-2020. Community and police relationship stand as a paradigm shift that seeks to focus on constructive engagement with people who are the end users of the police service and re-negotiate the contract between the people and the police thereby making the community co-producers of justice and a quality police service. The research is an assessment of police community relations in crime prevention in the FCT. The spate of insecurity in the FCT is really alarming. The study reviewed relevant theoretical framework and Empirical Review. Descriptive research design will be adopted in this study, the population of study are 2,271 staff. To determine the sample size, Taro Yamane formula was adopted and questionnaire were administered to respondents across all staff of Force Headquarters in Abuja, FCT Police Command. Non-probability sampling technique was used in this study and therefore, simple percentages were used in allocating questionnaire to the sampling units to reflect their population weights. Primary and secondary sources of data were used in this study. The rationale for this is to ensure that adequate data is generated for the study. Quantitative and qualitative methods of data analysis were adopted in this study. Quantitative analysis was done using descriptive and correlation analysis. Chi-square analysis is adequate for test of hypotheses because it is appropriate for the test of heterogeneous populations. Simple correlation coefficient is adequate to test hypothesis 1 because it establishes association between two variables. Proportional stratified random sampling is adequate because the sampling units are heterogeneous in character. Therefore, the role of police community relation in crime prevention in Federal Capital Territory cannot be overemphasized. In hypothesis one which is that: there is no significant relationship between police and community in crime prevention in the FCT, the respondents are of the view there is no relationship between the community and police in the FCT. Majority of the responded are optimistic that if the police continues to relate and keep boosting the confidence of the community, they will continuously get the assistance of the community in crime prevention. The Nigeria police are granted enormous powers by law and the constitution to take preventive measures against the commission of all crimes in Nigeria. In this sense, the law allows them to use such reasonable force as may be necessary for the prevention of crimes. In the exercise of this authority, they have in various ways malevolently violated the rights of members of the public with impunity. This practice has earned the Nigeria police different derogatory names, hatred and constant collision with the members of the public to whom they sworn an oath to protect. Government should direct effort at dealing with the cause of crime, that is, correction of the conditions that make crime a valuable alternative to law abiding behaviour. Government should also ensure jobs are made available for the teeming population of school leavers of all categories to forestall the probability of some of these joining criminal gangs.*

*Keywords: Federal capital territory (FCT), Police , Crime, Abaji , Gwagwalada, Community*

## **Introduction**

Community and police relationship is anchored on a systematic relationship between the police and the entire citizenry. Police roles and functions are not simply law enforcement but also include tackling a huge range of community problems. The transition from traditional policing to community policing is a global phenomenon and the Nigeria police cannot be an exception. Indeed, community and police relationship as a philosophy and practice is a veritable vehicle for police reforms (Okiro, 2007; Dirikx, & Bulck, 2020). The Nigeria police, in 2004 embraced community and police relationship as a pragmatic approach to police reforms and it was tagged community policing. The stage was indeed set for a clear departure from traditional policing, that was reactive and incident based, to a problem – solving oriented policing that is proactive with the community as the cornerstone of policing objectives (Abdullahi, 2015; Abegunde, & Adebayo, 2020; Ekong, 2023).. However, the police-community relationship has long been estranged, thereby making mutual supports very difficult to establish between the two social actors. That is, every effort to bring the police close to the public, and for community members to see the police as their friends, who require their assistance in policing the society that belongs to both of them, an end in futility. In essence, there must be a solution to this problem.

According to Siegel (2008, P. 343), “to remedy this situation while improving the quality of their services, police departments have experimented with new forms of law enforcement, referred to as community policing and problem-oriented policing”. From the same source, community policing is a style of policing that requires departments to reshape their forces into community change agents in order to work with citizens to reduce crime at the neighbourhood level. Problem-oriented policing, on the other hand, is a proactive form of policing; rather than responding to crime after it occurs, police identify and respond to potential problems before they occur (Siegel, 2008; Hills, 2018; Fagbadebo, 2020). The art of community policing and problem-oriented policing are complementary, and none of these approaches can succeed in policing the community without the assistance and co-operation of the public. This is so because the most noticeable aspect of crime-transactions usually occurs at the community level where victims and their offenders live together.

All these community policing agents are duly recognised in the 1999 Constitution of the Federal Republic of Nigeria (FRN, as amended) and the 2004 Police Reform/Police Act, where the importance of this policing mechanism is acknowledged as a powerful tool for solving crime-problem in the country.

Community and police relationship is a paradigm shift that seeks to focus on constructive engagement with people who are the end users of the police service and re – negotiate the contract between the people and the police thereby making the community co – producers of justice and a quality police service. The most recent attempt made by the Nigeria police force to improve its performance was the introduction of community and police relationship programme in 2004. This was part of the Force’s effort to change policing to a modern and professional policing capable of providing maximum security of lives and property in Nigeria. Community oriented policing is a proactive philosophy that promotes solving problems that are either criminal, affect the quality of life, or increase citizens fear of crime. It involves identifying, analysing and addressing community problems at their source. Police are organized to defend and preserve the interests of the dominant groups and classes in society.

According to Donald (2012), community oriented policing entails community partnership in creating a safe and secure environment for all. It is policing whereby the people take active part in their own affairs. With community and police relationship, the police is not seen as a stranger whose presence stands for danger and imminent hazard, but as partners in development. He further stressed that the unfriendly nature of the relationship between the police and members of the public has enjoyed a wide coverage among scholars. It was in reaction to this development that the concept of community oriented policing was introduced. This is particularly the case in Nigeria where the informal ethnic militia groups contested policing space with the Nigerian police in the early year of the forth republic which began in May 1999.

The police institution is a generic human service establishment saddled principally with the task of safeguarding internal security and safety in almost civil societies. In Nigeria, ethically, the police are officials of government and society, responsible for the prevention and control of crimes and disorders as well as the detection, apprehension and prosecution of perpetrators of crimes and violence in the country (Alemika, 2003; Chene, 2019; Friedman, 2022). As such, there is probably no other security control organization that has an intimate dealing with the large segment of the Nigerian populace as the police.

Essentially therefore, law enforcement or social control is the generally agreed responsibility of the Nigeria police. They must be available in case of need of almost any kind and demonstrate absolute commitment at all times to render the best possible service to the public. Conversely however, the reverse is arguably the case in Nigeria.

Thus, the prevailing belief is that the police is not likely to be effective in crime abatement, prevention and control or at least reduce the incidence of crime in the community at large. On account of these, the Nigeria community is unwilling to cooperate with the police. It is important to also unravel what constitutes a community.

A community is a small or large social unit (a group of people) who have something in common, such as norms, religion, values or identity. Often - but not always - communities share a sense of place that is situated in a given geographical area (e.g. a country, village, town, or neighborhood). Durable relations that extend beyond immediate genealogical ties also define a sense of community. People tend to define those social ties as important to their identity, practice, and roles in social institutions like family, home, work, government, society, or humanity, at large. Although communities are usually small relative to personal social ties (micro-level), "community" may also refer to large group affiliations (or macro-level), such as national communities, international communities and virtual communities. The category of people that fight crime within a community usually, are the youths who have constituted themselves to vigilante groups. Vigilante is a private individual who legally or illegally punishes an alleged law breaker, or participates in a group, which metes out extralegal punishment to an alleged lawbreaker (Reiss, 2017; Cheurprakobkit, & Puthongsiriporn, 2019).

Presently, Nigeria is suffering from a growing crime-problem, which is progressively threatening its sovereignty, security and development (Alemika, 2012; Innes, 2021; Miachi, 2022). Despite the constitutional powers granted the police to maintain general security, public safety and peace, the quality of security provided by them has nothing to be proud of. Their roles in many cases denigrate the law, endangering the citizens and blotting the institutional reputation of the police that they represent. This paper therefore

intend to showcase the impact of community policing on crime prevention in the federal capital territory with a focus on more crime prime zone of abaji and Gwagwalada

### Methodology

Descriptive survey design was adopted in this paper. This study is focus on part of the the Federal Capital Territory specifically Abaji and Gwagwlada area council.

#### Population of Study

The population of the study comprises all the staff of Police division from the studied area council ie Abaji Police division and Gwagwalada polica division as well as the raditional rulers in the two Area Councils and Civil society . The population is presented in Table 1.

**Table 1: Sample Frame showing Population of the Study**

Name of Organisation	Population
Abaji Police Division	75
Gwagwalada Police Division	40
Traditional Rulers in the two Area Councils	125
Civil society in the two Area Councils	160
Total	400

Source: Field Survey, June (2021)

Therefore, the population of study = 400 staff.

#### Sample Size

To determine the sample size, Taro Yamane (1967 )formula was adopted. According to Biereenu-Nnabugwu (2006), the formula is as follows:

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

Where n = actual sample size

N = the total population of the study (400)

$e^2$  = error limit/ level of significance  $(0.05)^2= 0.0025$

Substituting the values of the total population of the study and the significant level into formula, the actual sample size for the study becomes:

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

$$n = \frac{400}{1+400(0.0025)}$$

$$n = \frac{400}{401(0.0025)}$$

$$n = \frac{400}{1.00} = 400$$

Therefore, a total of four hundred copies of questionnaire will be administered to respondents across all staff of Force Headquarters in Abuja, FCT Police Command, which handle issues of crime in the FCT and other Federal criminal matters in Nigeria. Similarly, the population of all the staff in Abaji Police Division, Bwari Police Division were studied, respectively. Others are Kuje Police Division, Gwagwalada Police Division, Kwali Police Division, traditional rulers in the six Area Councils and Civil society in the six Area Councils under focus, with a view to eliciting their views on the activities of their organisations in police community relations in the study areas.

*Sampling Techniques*

Non-probability sampling technique will be use in this study. Non-probability sampling in this study involved the use of purposive or judgmental sampling technique. In this regard, Gwagwalada and Abaji were used. Therefore, simple percentages were used in allocating questionnaire to the sampling units to reflect their population weights as shown in Table 2.

**Table 2: Showing Allocation of Questionnaire to the Sampling Units**

Organisation	% of Questionnaire in relation to Sampling Units	Number of Questionnaire to be Distributed to the Sampling Frames
Abaji Police Division	$\frac{75}{400} \times \frac{100}{1} = 18.75 \%$	$\frac{18.75}{100} \times \frac{400}{1} = 75$
Gwagwalada Police Division	$\frac{40}{400} \times \frac{100}{1} = 10 \%$	$\frac{10}{100} \times \frac{400}{1} = 40$
Traditional Rulers in the two Area Councils	$\frac{125}{400} \times \frac{100}{1} = 31.25\%$	$\frac{31.25}{100} \times \frac{400}{1} = 125$
Civil society in the two Area Councils	$\frac{160}{400} \times \frac{100}{1} = 40 \%$	$\frac{40}{100} \times \frac{400}{1} = 160$
Total	100 %	400

Source: Field Survey, June (2021)

Non-probability sampling was equally adopted in this study. Using this technique, purposive sampling was adopted in the study, which involved a process of choosing respondents on the basis of some prearranged characteristics. Therefore, purposive sampling was designed to be used in interviewing eight (8) respondents from the post of DPO cadre upwards from each of the population units (Police Formations). These are the people the researcher assumed to have deep knowledge of the activities of police community relations in crime prevention.

*Methods of Data Collection*

Primary and secondary sources of data were used in this paper . The rationale for this is to ensure that adequate data is generated for the study.

*Primary Source of Data Collection*

Instruments of data collection adopted are questionnaire and interview.

Questionnaire: The study adopted structured questionnaire which involved the use of 5-Point Likert questionnaire. Likert scale is ordinal scale because it shows that the value of a particular scale is more or less in relation to the value of different scale. The questionnaire instrument was divided into five sections, ranging from sections A to E. Section A was used in collection of socio-economic data of the respondents, while sections B to E were used in the collection of data necessary for the examination of research objectives 1 to 4.

A total of four hundred questionnaire will be administered to the respondents who will be drawn from staff of the FCT Police Command and all police formations in the six Area Councils of AMAC, Bwari, Gwagwalada, Kuje, Kwali and Abaji respectively. The questionnaire will be administered on a face-to-face basis to determine their opinions and perceptions on police community relations on crime prevention in the study areas. One research assistant who is a university graduate was employed to assist in questionnaire administration in order to speed up the process.



Interview: In-depth interview will also be adopted in the study because it will allow only those versed in the issue under discussion to be interviewed. Eight senior staff will be interviewed from the FCT Police Command and Police Force Headquarters in the FCT, which control all their stations in the FCT. The in-depth interview instrument will be structured to ensure that all the respondents will be asked similar questions in order to avoid bias.

*Secondary Source of Data*

Secondary data were generated from journals, textbooks and internet materials on police community relation in crime prevention. Also, similar data were generated from past FCT Police Command and Police Force Headquarters documents on crime prevention for improved security of the people of FCT. Data were equally generated from official websites of NPF.

*Technique for Data Analysis*

Quantitative and qualitative methods of data analysis were adopted in this study. Quantitative analysis was done using descriptive and correlation analysis.

*Quantitative Analysis*

Simple percentages, absolute frequencies, chi-square and correlation analysis were used in quantitative analysis of data that were generated from the respondents. Simple percentages and absolute frequencies were used in the analysis of all data generated from questionnaire instrument. Majority opinions were accepted in all cases while analysis was done from ascending to descending order of opinions.

Chi-Square: Chi-square is a measure of discrepancy between observed and expected frequency. According to Bunyard (2010), formula for chi-square is as follows:

$$X^2 = \frac{\sum(O-E)^2}{E}$$

Where  $X^2$  = Chi-square

$\sum$  = summation (sigma)

O = observed frequency

E = expected frequency

Decision rule: Accept  $H_1$  if C.V. < T.V. .... (1)

Reject  $H_0$  if C.V. > T.V. ....(2)

Where C.V. = calculated value of Chi-square text ( $X^2$ )

T.V. = Table value/critical value.

Chi-square was used for the test of hypothesis 1-3.

Correlation coefficient: This is used to determine the relationship existing between two or more variables. Correlation coefficient could be simple correlation or multiple correlations. This study adopted simple correlation because it involves only relationship between X and Y. Correlation coefficient was used in texting hypothesis one. Otu, & Aro, (2013) gave the formula for correlation coefficient as follows:

$$r = \frac{\sum(\bar{X}-\bar{X})(\bar{Y}-\bar{Y})}{\sqrt{\sum(X-\bar{X})^2\sum(Y-\bar{Y})^2}}$$

Where X = independent variable

Y = dependent variable

$\bar{X}$  = mean of the independent variable

$\bar{Y}$  = mean of the dependent variable

$\Sigma$  = summation sign

*Qualitative Analysis*

Data generated from structured in-depth interview were analysed qualitatively using textual analytical method, while data from secondary source were analysed using trend analysis. Trend analysis requires analysis of past documents on the activities of FCT Police Command and her relation in crime prevention in FCT with a view to understanding the security situation in the study areas today and making predictions into the future.

**Result and Discussion**

This section shows the results of the retrieval of the questionnaire distributed and the outcome is shown in table 3.

**Table 3: Number of Questionnaire Retrieved**

S/N	Institution	Questionnaire Distributed	Questionnaire Retrieved	Questionnaire Not Retrieved
3	Abaji Police Division	75	75	-
	Gwagwalada Police Division	40	40	-
	Traditional Rulers in the two Area Councils	125	125	-
8	Civil society in the two Area Councils	160	156	4
	Total	400	396	4

Source: Field Survey, June, 2021

The Table explains that all thirteen (13) for Abaji Police Division also returned questionnaire distributed to the division and all the seven (7) shared to Gwagwalada were also retrieved.

All questionnaire distributed to Traditional Rulers in the two Area Councils, were retrieved. Civil society in the two Area Councils also returned all questionnaire distributed to them.

*Data Presentation and Analysis*

The part “A” which is the respondents’ personal data is represented in the table below.

**Table 4: Sex of Respondents**

Sex	No	Percentage
Male	279	71.2%
Female	113	28.8%
Total	392	100%

Field Survey, August, 2021

In the table above, 71.2% of the respondents are males, while the remaining 28.8% are females. It may be noted that the percentage of male respondents in the sample is higher than the female respondents.

**Table 5: Age of Respondents**

Range	No	Percentage
18-40	286	72.9%
41- 60	106	27%
61and above	0	0%
Total	392	100%

Field Survey, August, 2021

Table 6 shows those 18 to 40 years of age bracket are more because 72.9% responded as against 27% of 41 to 60 and 0% of 61 and above. The 27% of the respondents which were between the ages of 18-40 fall into the age bracket of the youths.

**Table 6: Educational Qualification of Respondents**

Qualification	No	Percentage
None	87	22.2%
FSLC/ SSCE	264	67.3%
ND/NCE/ HND/B.Sc	32	8.1%
M.Sc & Above	9	2.3%
Total	392	100%

Field Survey, August, 2021

Table 7 shows that the respondents with FSLC and SSCE qualifications are more because they represent 67.3% as against ND/NCE/HND/B.Sc that has 8.1% and those with no qualification with 22.2% and the lowest respondents in terms of percentage is M.Sc and above because they represent 2.3%. From the table, it is glaring that majority of the respondents who from the table before this above are youths have the FCLS/SSCE qualification.

**Table 7: Occupation of Respondents**

Occupation	No	Percentage
Farmer/Artisan	233	59.4%
Student	22	5.6%
Public Servant	59	15%
Politician	12	3%
Unemployed	66	16.8%
Total	392	100%

Field Survey, August, 2021

In table 8, the highest respondents' occupation is the Farmer/Artisan because they represent 59.4%, followed by Unemployed with 16.8%, then Public Servants with 15% and Politician with 3%. The Students has 5.6% which makes them the least in number.

Part "B" is the structured questionnaires. It shall be presented in the tables below. Item Response Analysis Key

- SA = Strongly Agree
- A = Agree
- NAND = Neither Agree Nor Disagree
- D = Disagree
- SD = Strongly Disagree

Hypothesis One

H<sub>0</sub>: There is no significant relationship between police and community in crime prevention in FCT

H<sub>1</sub>: There is significant relationship between police and community in crime prevention in FCT

Question 5: With the help of community, the police has prevented crime to an extent in the FCT

**Table 8: Community Assistance to the Police in Crime Prevention in the FCT**

Options	No of Respondents	Percentage
SA	200	51%
A	110	28%
NAND	30	7.6%
D	17	4.3%
SD	35	8.9%
Total	392	100%

Field Survey, August, 2021

From the above table, it clear that many people agreed that communities assist the police in crime prevention in Nigeria particularly in the FCT. Majority of the responded are optimistic that if the police continues to relate and keep boosting the confidence of the community, the will continuously get the assistance of the community in crime prevention. The table clearly shows that 51% of the respondents strongly agreed that the community helps the police a great deal in crime prevention. 28% agreed and 7.6% were indifferent because they responded neither agree nor disagree. 7.3% out rightly disagreed and 6.5% strongly disagreed that the community helps the police a great deal in crime prevention.

Question 6: The police-community relation is yielding a positive result in Nigeria particularly FCT

**Table 9: The Positivity of Police-Community Relations in Nigeria**

Options	No	Percentage
SA	290	74%
A	30	8%
NAND	2	0.05%
D	20	5.2%
SD	50	12.8%
Total	392	100%

Field Survey, August, 2021

From the table above, it is obvious that the police-community relations is yielding positive fruits in Nigeria. That is why 74% of my respondents strongly agreed that if the police can leverage on the already robust relationship they have with the community, they will have a great deal of positivities from the police-community relations in the area of crime prevention. 8% agreed that there should be stronger relationship between the police and the community, 0.05% was indifferent because the neither agreed nor disagreed but 5.2% disagreed and 12.8% strongly disagreed.

**Table 10: Strategies Put in place for Effective Community Policing in the FCT**

Options	No of Respondents	Percentage
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SA	200	51%
A	150	38.2%
NAND	20	5.1%
D	15	3.8%
SD	7	2.8%
Total	392	100%

Field Survey, August, 2021

From the above table, it is clear that the strategies put in place for police and community relation in crime prevention in FCT has been very successful. The table clearly shows that 51% of the respondents strongly agreed that the strategies put in place for police and community relation in crime prevention in FCT has been very successful. 38.2% agreed and 5.1% were indifferent because they responded neither agree nor disagree. 3.8% out rightly disagreed and 2.8% strongly disagreed that the strategies put in place for police and community relation in crime prevention in FCT has been very successful.

**Table 11: The Relationship Between Community and Police in the FCT**

Options	No of Respondents	Percentage
SA	15	3.8%
A	90	23%
NAND	10	2.6%
D	17	4.33%
SD	260	66.3%
Total	392	100%

Field Survey, August, 2021

The table above indicates that there is no relationship between the community and police in the FCT. No wonder, evaluating the reactions on the question, the researcher discovered that a whopping 66.3% of the respondents strongly disagreed with the assertion that there is a relationship between the community and the police in FCT. 23% agreed that there is a relationship while 2.6% is undecided, 4.33% disagreed and 3.8% strongly agreed that there is relationship between the community and police in the FCT.

**Table 12: The Proliferation of weapon and Challenge of Community Policing in the FCT**

Options	No of Respondents	Percentage
SA	22	5.6%
A	7	1.7%
NAND	18	4.6%
D	52	13.2%
SD	293	74.7%
Total	392	100%

Field Survey, August, 2021

The above table shows that a good number of the respondents are of the view that one of the challenges of community proliferation of weapon in the FCT because 74.7% of the respondents strongly disagreed with the assertion that one of the challenges of community proliferation of weapon in the FCT. 1.7% agreed that proliferation of arms is a major contributing factor to increase of crime and a challenge to community policing in the FCT,

while 4.6% was indifferent. 13.2% disagreed and 5.6% strongly agreed that there is proliferation of weapon in the FCT.

**Table 13: The Police and Community in Crime Prevention in the FCT**

Options	No	Percentage
SA	290	73.9%
A	63	16.0%
NAND	3	0.7%
D	11	2.8%
SD	25	6.3%
Total	392	100%

Field Survey, August, 2021

From the table above, it can be deduced that there is a strong synergy between the police and the community in crime prevention in the FCT. This is because judging from the responses of the respondents, 73.9% strongly agreed that there is a strong cooperation between the police and the community in crime prevention in the FCT, 16.0% agrees with that stand point, 0.7 were indifferent, 2.8% disagreed and 6.3% strongly disagreed.

**Table 14: The Police and Community in Crime Fighting in the FCT**

Options	No of Respondents	Percentage
SA	153	39%
A	157	40.4%
NAND	8	2%
D	10	2.5%
SD	64	16.3%
Total	392	100%

Field Survey, August, 2021

Table 14 addresses the issue of best ways to tackle security challenges. There is an overwhelming agreement among respondents that the best ways to tackle the challenges of community policing in the FCT is to review the security strategy within the territory. Respondents who strongly agreed accounted for one hundred and fifty-four (153) or thirty-nine percent (39%), while those who agreed stood at one hundred and fifty-seven (157) or forty point four percent (40.4%). Those who strongly disagreed stood at sixty-four (64) or sixteen point three percent (16.3%), those who disagreed recorded ten (10), representing two point five percent (2.5%), while those undecided stood at twenty-two (8) or two percent (2%). Therefore in conclusion from the above data analysis, the best ways to tackle the challenges of community policing in the FCT is to review the security strategy within the territory.

**Table 15: The Police and Community in Crime Fighting in the FCT**

Options	No of Respondents	Percentage
SA	34	8.7%
A	104	26.5%
NAND	2	0.6%
D	1	0.3%
SD	251	64%
Total	392	100%

Field Survey, August, 2021

On the view that the strategy to tackle the challenges of community policing in the FCT is to strengthen the local laws on civil and criminal cases to prosecute and provide stiffer penalty for criminals, respondents who strongly disagree are in the majority having recorded the highest numbers of two hundred and fifty-one (251) or sixty-four percent (64%), agree had one hundred and four (104) or twenty-six point five percent (26.5%). Those who disagree is one (1) or zero point three percent (0.3%), two (2) or zero point six percent (0.6%) went for neutral while thirty-four (34) respondents went strongly disagree. This indicates that the strategy to tackle the challenges of community policing in the FCT is not just to strengthen the local laws on civil and criminal cases to prosecute and provide stiffer penalty for criminals but disentivise crime and criminality in all ramifications.

### **Discussion of Findings**

In hypothesis one which is that: there is no significant relationship between police and community in crime prevention in the FCT, the respondents are of the view there is no relationship between the community and police in the FCT. Majority of the responded are optimistic that if the police continues to relate and keep boosting the confidence of the community, the will continuously get the assistance of the community in crime prevention. Corroborating with the assertion made by the respondents above Alemika (2003); He, et al., (2020) declares that community policing in Nigeria is a security strategy being adopted as an alternative or supplementary effort from the immediate community to buttress the efforts of police force in combating crime and criminal activities. As a matter of fact the police in Nigeria cannot sustain or maintain crime free communities without voluntary local efforts to complement theirs. It is also believed that the people residing in a particular community can easily identify those people perpetrating evils in their immediate milieu and will be easy for them in tracking them down. They have adequate knowledge of geographical settings of their areas. Community policing in the FCT takes different forms ranging from community development association (CDA). Peace and security committee, landlords and tenants security harmony in which certain able bodied men in the community are grouped to watch over the community rotationally, civilian joint task force (in the northern region) Vigilante service group etc. Alemika and Chukwuma (2012); Newburn (2023) further asserts that community policing in Nigeria has aided the Nigeria police and other security agencies in crime prevention in each areas as a result of the cordial relationship between the community people on security and security agencies which has aided the security agencies to cut down evil perpetrators/criminals in various societies. In spite of these conscious efforts it is still noticed that there is no harmonious working relationship between the police and the communities in the south west Nigeria.

From the second hypothesis, there are established strategies put in place for effective police and community relation in crime prevention in FCT. From the analysis above, it is obvious that the police-community relation is yielding positive fruits in the FCT because of the established strategies. That is why majority of the respondents strongly agreed that if the police can leverage on the already robust strategy and relationship they have with the community, they will have a great deal of positivities from the police-community relations in the area of crime prevention in the FCT.

Strengthening the points made above by the respondents, Iwarimie-Jaja (2006); Walklate (2021) asserts that for community policing to have an inroad in Nigeria particularly FCT, the Nigeria police force must have a complete paradigm shift from its traditional model of

policing to a more community oriented policing that stresses community partnership, decentralization of powers, and proactive policing. The policing model should be that of partnership with less emphasis on regulatory powers and sanctions with greater reliance upon compromise and cooperation that would serve the public better rather than the traditional model of policing. More importantly, the police must improve its public image so that they can earn public trust. This can only be achieved when they show a caring attitude towards the public rather than use of brutal force on them and demanding for money before services are delivered.

From the third hypothesis which states: There are challenges of the community and the police towards sustainable community policing in FCT, it is clear that many respondents strongly agree that the police and the community is not doing enough in the fight against crime in Nigeria particularly in FCT because of the myriad of challenges.

Agreeing with the proposition above, Onyeozili (2022); Wycott, & Skogan, (2019) argues that, firstly, the attitude of the Nigeria Police force and the opinion of the people about the police is one of the major threats to community policing in the FCT, the “*wetin u bring*” attitude of the police has caused lacuna between the stake holders involved in community policing. The second challenge of community is facilities/equipment. Adebayo & Ojo (2009) says, aside the bad attitude of police to public, there are indications that the Police lack sophisticated and modern equipment’s like ICT, armory to combat crimes as there are cases where police claimed that arm Robbers possessed sophisticated weapons than they and thereby led to police running/escape from crime scenes. Another challenge of community policing in the FCT is lack of proper training. The six months training avail to police cadet is relatively not enough to be trained as Police as Plato (in Platonian state) believed police should be exposed to gymnastic and music to enables them know appropriate pattern of behavior for various situations, on the contrary, there have been cases of Police brutality, accidental discharge, shooting of commuters who refuse to pay #50 bribe, all these resulted from inadequate training of the police officers in Nigeria.

Abdullahi (2015) asserts that one other challenge of community policing is infrastructural problem. In situations where the police ready to move to crime scene, there are problem of infrastructural deficiency like bad roads, bad layout, poor house numbering, bad road networks among others. One other challenge is God-fatherism. God-fatherism is the funding and abetting of vices and shielding ‘connected’ criminals from justice by government agents and highly placed officials entrusted with the power and authority to investigate and prosecute such vices. Many highly placed public officers in FCT are known to pervert the course of justice by the virtue of their closeness to the seat of power, often, police get sucked in, and this account for their complicity in several unresolved crimes across the country particularly FCT.

The fourth hypothesis states: The police and the community can overcome the obstacles of community policing in the FCT. Majority of the respondents strongly agreed with the assertion that one of the ways the police and the community can overcome the challenges and prevent crime in the FCT is have a strong link with the community.

In justifying the hypothesis four above, Qadri (2005); Reiner (2020) asserts that community policing as a profession, community policing agents must demonstrate to the society that the law which they are enforcing is contemporarily valid. The law enforcers must ensure that law was broken; or else, the enforcement attempts would be ineffective and undemocratic. For instance, if plying dual-carriage roads by motor cyclists in State capital



territories was generally prohibited in the Edicts (State laws in Nigeria), and later amended as non-prohibited act, law enforcement agents must be validated with such laws in order to be effective and knowledgeable about their profession. Akuul (2011); Onyeozili (2022) asserts that indeed, both the Nigeria police and community members should keep abreast of development and ever-changing trends in political reconstruction, social engineering and legal dynamics to enable them unite to achieve sustainable community policing in the country. This is not far from the stance of the International Code of Enforcement Ethics earlier cited in this paper: as a law enforcement officer, my fundamental duty is to serve mankind and property; to safeguard lives and property; to protect the innocent against deception; the weak against oppression or intimidation, and the peaceful against violence and disorder; and to respect constitutional rights of all the men to liberty, equity and justice.

#### Conclusions

The Nigeria police are granted enormous powers by law and the constitution to take preventive measures against the commission of all crimes in Nigeria. In this sense, the law allows them to use such reasonable force as may be necessary for the prevention of crimes. In the exercise of this authority, they have in various ways malevolently violated the rights of members of the public with impunity. This practice has earned the Nigeria police different derogatory names, hatred and constant collision with the members of the public to whom they sworn an oath to protect. So far, it can be inferred from the data gathered in this study that the relationship between the police and the public in Nigeria particularly FCT is not cordial. The police are more accountable to the government rather than to the members of the public whose interest they were statutorily established to protect. In the FCT, the public perception of the police is warped based on the misuse of powers vested in them. This misuse of powers which creates negative police image and police-public relations is manifested in police corruption and brutality which had been their regular hallmark.

From the foregoing, the findings of this study have led to the following recommendations: The public image of the police can be changed if and only if the police are reoriented towards adequate care and respect for human dignity, citizen's fundamental human rights and privileges. The police should work relentlessly towards redeeming their public image of underperforming, immodest brutality and use of predatory force and ineffective policing strategies. Nigeria as a nation cannot hope to become one of the best leading economies in the world, if it cannot develop and implement policies and programmes that will abate both the causes and effects of crime and general insecurity in the country. There is already a big gap between public expectation and police actual performance in crime prevention and control. The public view shows nothing but a loss of confidence in police ability to prevent crime in the country.

The government should be more prominent in the formal crime prevention activities. The underfunding of the Nigeria Police has reduced their state of preparedness and level of performance to prevent crime. The acute shortage of accommodation and welfare of the policemen made the coordination of their activities difficult and these have adversely affected their performance. The end-result is that the Nigeria Police Force is not adequately equipped for the statutory function of crime prevention. As a structured security institution, the police should be adequately equipped to enable them be combat ready to prevent and control crime.

The preservation of the safety of the citizenries and security of their properties are the primary reason for the existence of the police. There is thus, the utmost need for continuous and impactful training especially in the areas of security, intelligence and human relations for the policemen especially at the middle and lower echelon to be able to effectively discharge their onerous responsibility of crime prevention. Also, efforts are needed on the part of police management to be more proactive in developing, just and moral consensus to partner with the community at large in order to build an efficient and effective crime detection and prevention system in the country and thus change the negative image of the force in public mind.

However, as with all research studies, this study is not without its limitation. Data were collected on perceptual scale from participants. Future research should look at more objective data collecting techniques to ensure precision and avoidance of bias. Despite this limitation, the study has not only offered a good insight into the understanding of public perception of the police and crime prevention in the FCT, it has also provided very much penetration into the issue of public/police partnership and crime reduction in a reforming and developing nation like Nigeria.

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## EVALUATING THE IMPACT OF WORKING FROM HOME ON EMPLOYEE PRODUCTIVITY

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*Abstract: The outbreak of COVID-19 pandemic caught the world unawares. Many organisations closed the operations and employees had to work from home and as such were not ready for this sudden change of the working environment. The purpose of the study was to establish whether there was any significant relationship between factors impacting on working from home and employee productivity. This was a quantitative study wherein a questionnaire was administered to the respondents. The population was N=60 employees, due to a small population, the entire population (n=60) was utilised. All questionnaires administered to the entire population were returned and the return rate was 100%. The study produced the following results ( $r=.24, n=60, p\text{-value}=.00$ ); ( $r=.23, n=60, p\text{-value}=.00$ ); ( $r=.22, n=60, p=.00$ ) and ( $r=.32, n=60, p=.00$ ), respectively. The results indicated a statistically significant relationship between independent variables (dedicated workspace, tools of trade, self-discipline, work-life-balance) and a dependent variable (employee productivity). The Model summary R-Squared ( $R^2$ ) produced 68% and the Durbin-Watson statistic 1.92. The results contributed to the body of knowledge within the human resource development field.*

*Keywords: dedicated workspace, tools of trade, self-discipline, work life-balance, employee productivity*

### **Introduction**

The concept of working from home has been in existence for quite sometimes (Chung, 2018). However, many organisations based on their operations could not adopt the concept of working or introduce a hybrid working model (Wojcak & Barath, 2017). The hybrid model has worked for some organisations, especially those that their operations are spread across continents and counties. The outbreak of COVID 19 pandemic tested the agility of organisations and the ability to change course within a short space of time. Organisations had to adapt or close shop as almost all of them were forced to convert employees from being workplace-based to home-based employees (Mailand & Larsen, 2018). Employees had to convert dining and sleeping rooms to working spaces (Mailand & Larsen, 2018). However, employees had to adjust to the reality of working from home and to embrace challenges associated with working from home (Naor, Pinto, Hakakian & Jacobs, 2021). Organisations especially those that did not have a reliable technological infrastructure to communicate and keep in touch with employees found it difficult to cope with the sudden change (Ipsen, Van Veldhoven, Kirchner & Hansen, 2021). Many organisations struggled with collaboration, especially for those employees whose connectivity through laptops and cellphones when working from home (Mailand & Larsen, 2018). Managing and monitoring employees became a daunting task as employers were unable to keep track of the employees and that they were performing the work as expected (Mailand & Larsen, 2018).

### *Research purpose and objectives*

The study is intended to establish whether working from home affects employees' productivity in the workspace. To further provide recommendations on how working from home could be implemented to benefit the organisations.

### **Literature review**

#### *Working from home factors*

##### *Dedicated workspace*

Employers provide a working space for employees that is conducive and meeting all health-related standards for employees to feel at home and be productive (Wohlers, Hartner-Tiefenthaler & Hertel, 2019). However, the challenges with a sudden change wherein employees had to pack their working tools to work from home brought with it many challenges. Employees had to find working spaces in their homes something they were not prepared for (Wohlers & Hertel, 2016). It should be noted that homes are not built in such a way that they accommodate the concept of working from home (Kim & De Dear, 2013). Most homes do not have offices because homes are meant to be a family space not a workspace. Therefore, under the circumstances in which employers and employees found themselves in, rooms in the house had to be converted to working spaces (Kim & De Dear, 2013). Irrespective of makeshift offices in homes employees found it difficult to operate in their private spaces. Many employees felt isolated and missed the social aspect of working within the premises of the employer (Traqq, 2023). Employees suffered a lot in that, their spaces did not meet the requirements of a conducive working space, and health issue became a challenge.

##### *Tools of trade*

Tools of trade is what the employers provide to employees to perform functions they are employed for within the organisation. The tools of trade are linked to the operational requirements of the business (Cooper, 2020; Willcocks, 2020). Most employers provide employees with laptops, cell phones, data to name a few for ease communication. It is indeed true that for employees to perform their job effectively, they require tools of trade that are in good working conditions to assist them to contribute to the achievement of organisational strategic objectives (Cooper, 2020). Employers will provide not provide the tools of trade but also offices which are conducive to work at (Willcocks, 2020). It is therefore important as stated in Deshpande et al. (2016) that 'when selecting a technological system is to choose one that caters to most, if not all, of difficulties that a remote team is facing and can communicate effectively without any hiccups. This will allow all members of that team to participate in decision making (Cooper, 2020).

##### *Self-discipline*

Self-discipline is when a person is able to exercise independence and not be micro-managed by the supervisor. Working from home posed a lot of challenges with regards to the discipline of employees (Evans, Meyers, De Calseyde & Stavrova, 2022). This is even though working from home provides some form of flexibility (Traqq, 2023). It should, however, be noted that when employees are at home, they consider that time to be a family time and they need to attend to personal matters. Therefore, working from home requires a lot of discipline (Traqq, 2023). In instances wherein employees do not exercise self-

discipline, they are likely not to perform at the level expected by the organisation. Inzlicht and Friese (2021) highlight that on the other hand, employees who are able to exercise self-control and are able to discipline themselves have a better chance to be reliable to the organisation. Hence, it is important that organisations develop programmes that are intended to assist employees to exercise self-discipline.

The programmes will further assist employees to stay focused in their work and not be tempted by activities happening at home and the community. Boundaries should be set so that one is not impacted by such activities (Troll, Venz, Weitzenegger & Loschelder, 2022). Troll et al. (2022) further state that temptations to join family and community activities will make it difficult for an employee to stay focused and to maintain acceptable levels of productivity (Nguyen, 2021). Again, developing a work routine will assist the employee to stay on course all the time.

#### *Work-Life balance*

Jyothi and Jyothi (2012) described work-life balance as ‘achieving a balance between employees’ family or personal life and work lives. Employers acknowledges that they have a workforce that is drawn from society, and as such they have other interests that might not be necessary related to their work (Lopez-Igual & Rodríguez-Modrono, 2020). In the same breath organisations have been attempting to assist employees to have a balance life that accommodates both work and family or personal life. Of importance while organisations acknowledges that employees have other competing interest, employees are expected to perform at an expected level (Lopez-Igual et al., 2020). Jackson and Fransman, (2018) allude to that in instances wherein there is no balance of work-life and personal-life can even affect the health of an employee. This in turn will have an impact on the work of that employee. It is for these reasons that organisations should endeavour to understand employees outside of the workplace Jackson & Fransman, 2018).

In general family structures have changed when compared to a period when it was a taboo for a man or woman to raise children alone. However, in today’s world it is not frowned upon when children are raised by a single parent. Therefore, this requires a strong sense of consciousness and a whole lot of balancing acts between work and family lives (Chung & van der Lippe, 2020). In short employee wellbeing should be put at the fore front when organisations contemplate programmes that will assist employees to cope under this demanding world (Haapakangas, Hallman, Mathiassen & Jahncke, 2018). In so doing organisations will be avoiding challenges that employees are likely to face when not assisted. It should be remembered that work-life balance includes a whole person that is physical, emotional, and social (Chung & van der Lippe, 2020).

#### *Productivity*

Lin and Bao (2019) opine that productivity is the level at which an organisation produces a product or offers a service to the customers. Productivity can be measured in various ways depending on the type of business. Human capital plays a crucial role in producing for the organisation (Lin & Bao, 2019). Loss of productivity in an organisation can lead to results of non-delivery of orders or services to the customers. Therefore, it is important that organisations should create a platform wherein employees can thrive. This platform can include placing resources at the disposal of employees to perform their work (Penalver, Salanova, Martinez & Schaufeli, 2019). The creation of platforms for employees to excel

makes an organisation to hold employees accountable in instances where production is decreased or becomes low (Appel-Meulenbroek, Steps, Wenmaekers & Arentze, 2021). Furthermore, organisation can integrate technology with human capital to increase the rate of productivity. The integration and the foresight of some organisations in respect of bringing integrated systems assisted these organisations at the time of COVID-19, unlike those that were caught unawares (Awada, Lucas, Becerik-Gerber & Roll, 2021). Organisations that were ready at the outbreak of COVID-19 pandemic were agile enough, in that the pandemic did not affect their productivity like those organisations that were not ready (Awada et al., 2021). Productivity was directly impacted during this period, especially to organisation that relied on the physical presence of their employees to produce goods or services (Lin & Bao, 2019). Awada et al. (2021) further allude to the fact that those employers who could not provide reliable connection, employees had issues depending on where they were located in different places were in other places connectivity was an issue. Therefore, productivity was affected as managers were unable to disseminate instructions properly.

## Research Methodology And Design

### *Research approach*

The study employed a quantitative method. In this study a questionnaire was utilised to collect data and was analysed using MS Excel and further transferred to SPSS for more complex analyses. Rubin and Babbie (2016) posit that this type of research (quantitative) gives the researcher an opportunity to use a questionnaire and not to have an influence on how respondents fill in the questionnaire, which allows independence from the respondents' perspective.

### *Research participants*

The total number of people in a particular environment or elements that are occupying a particular space (Rubin & Babbie, 2016). The sample is drawn from the population. Sampling should represent characteristics of the population for the study to be valid. However, in this study the researcher utilised the entire population ( $N=60$ ), which comprised of Control Language Practitioners, Senior Language Practitioner and Language Practitioners covering all official languages in the Republic of South Africa. The entire population was utilised, as drawing a sample from the population would have led to a small sample, which would not have been a fair representation of the population. The questionnaire response rate was 100%.

**Table 1: Demographic profile of respondents**

Gender	%	Age group	%	Rank	%	Education	%
Female	63	18-30 years	17	Control Language Practitioner	18	Diploma	7
Male	37	31-40 years	30	Senior Language Practitioner	18	Degree	48
		41-50 years	33	Language Practitioner	64	Honours	30
		51-60 years	17			Masters	13
		61 years-above	3			Doctorate	2
Total	100	60	100	60	100	60	100

The questionnaire was administered to a group of Control, Senior and Language practitioners. The entire population was 60 respondents. Therefore, the researcher by virtue

of a small population took a decision to administer the questionnaire to the entire population. The reason of utilising the entire population is that a small population would lead to a very small sample. In ensuring that a questionnaire is easy to understand, it was first piloted to at least 5 respondents, the results of the pilot indicated to a simple and a clear questionnaire to complete.

*Research instrument*

The questionnaire was divided into six (6) sections as follows: section A: demographics; section B: dedicated workspace; section C: tools of trade; section D: self-discipline; section E: work-life balance and section F: productivity with statements or questions related to that relevant variable. A 5-point Likert scale (1=Strongly disagree; 2=Disagree; 3=Neutral; 4=Agree; and 5=Strongly agree) was utilised for all independent variables and a dependent variable. The reliability and validity of the questionnaire was tested using a Cronbach’s alpha. Statistical Package for Social Sciences version 22 was utilised. The instrument proved to meet both the reliability and validity of a recommended threshold of above 0.6 (Fornell & Larcker, 1981). Below (Table 2) present the validity and reliability of the instrument so utilised.

**Table 2: Cronbach Alpha coefficients**

Construct	Cronbach’s Alpha	N of items
Dedicated workspace	.728	6
Tools of trade	.766	7
Self-discipline	.812	6
Work-life-balance	.808	6
Productivity	.878	8

**Table 3: Summary of descriptive statistics**

Variable	N	Mean	Std. Dev
	Statistic	Statistic	Statistic
Dedicated workspace	60	3.16	.402
Tools of trade	60	3.03	.418
Self-discipline	60	3.09	.422
Work-life-balance	60	3.01	.398
Employee productivity	60	3.08	.416
Valid N (listwise)	60		

*Research procedure and ethical considerations*

This was survey research wherein a questionnaire was utilised. The questionnaire was used to establish whether there was any significant relationship between factors impacting on working from home and employee productivity. Collecting data utilising a questionnaire has more advantage than the drawbacks in that a questionnaire make data collection to be simple. The researcher while collecting data had no direct influence as the respondents complete a questionnaire independently away from the researcher. What the researcher does is collect or receive the questionnaires for analysis purposes and not to do any other thing beside analysing. Confidentiality on data collected through a questionnaire protected the confidentiality of correspondents as their private information even their names were not revealed or written on the questionnaire (Hennink, Hutter & Bailey, 2011).



The questionnaire was administered to a group of Control, Senior and Language practitioners. The entire population was 60 respondents. Therefore, the researcher by virtue of a small population took a decision to administer the questionnaire to the entire population. The reason utilising the entire population is that a small population would lead to a very small sample. In ensuring that a questionnaire is easy to understand, it was first piloted to at least 5 respondents, the results of the pilot indicated to a simple and a clear questionnaire to complete. The researcher delivered the questionnaire physically to the respondents and collected the questionnaires after ten (10) working days from a box provided, which was placed at all entrances of the section. The Researcher after collecting the data, it was captured using MS Excel wherein the data was validated to establish whether the data was captured as expected. This was done to eliminate errors when analysing the data.

After data was captured and validate on MS Excel, it was then transferred to Statistical Package for Social Sciences (SPSS) version 22. Complicated analyses were done from SPSS, while for simple statistics such as percentages MS Excel was used. In addition, respondents were given an option to withdraw from the study in instances wherein they felt that their privacy was being infringed (De Vos, Strydom, Schulze & Patel, 2011). The researcher emphasised that confidentiality of respondents will be kept private, and information was used for the purposes of the study (Rubin & Babbie, 2016).

#### *Statistical analysis*

Data as alluded to above was analysed using both the MS Excel and SPSS. Percentages were utilised to analyse the demographics, which comprised of the following: (gender, age group, level of education, rank of respondents). Further on the demographics means and standard deviations was generated using SPSS. Data such as establishing the relationship between independent (dedicate workspace, tools of trade, self-discipline, work-life balance) variables and a dependent variable (employee productivity) SPSS was further used. In addition, the significance value was tested at a 95% confidence level ( $p \leq 0.05$ ). Tables were used to present the data which indicated the strength of the independent (dedicate workspace, tools of trade, self-discipline, work-life balance) variables and a dependent variable (employee productivity). To measure how close the data was to the fitted regression line R-Squared was utilised (Dhakal, 2018).

#### **Results**

The demographic results in *Table 1* in respect of gender: female (63%), male (37%), In respect of the age group, the results indicated that 33% of the respondents are in the age category of 41-50, and the least age group were those in the age group of 61 years and above at 3%. The results with regards to the rank further indicated that most respondents were Language Practitioners at 64%, and the least respondents were Control Language Practitioners at 11%. In addition, level of education produced the following results, most respondents had undergraduate degrees at 48% and least respondents had diplomas. Below *Table 4* are the results generated testing the relationship between variables in view of the hypotheses:

**Table 4: Correlations between variables**

		Dedicated workspace	Tools of trade	Self-discipline	Work-life balance	Employee productivity
Dedicated workspace	Pearson Correlation	1	.249**	.327**	.255**	.242**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	60	60	60	60	60
Tools of trade	Pearson Correlation	.249**	1	.202**	.098	.236**
	Sig. (2-tailed)	.000		.000	.073	.000
	N	60	60	60	60	60
Self-discipline	Pearson Correlation	.327**	.202**	1	.492**	.227**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	60	60	60	60	60
Work-life balance	Pearson Correlation	.255**	.098	.492**	1	.326**
	Sig. (2-tailed)	.000	.073	.000		.000
	N	50	50	50	50	50
Employee productivity	Pearson Correlation	.242**	.236**	.227**	.326**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	60	60	60	60	60
**. Correlation is significant at the 0.01 level (2-tailed).						

**Table 5: Hypotheses on relationship between variables**

No	Hypotheses	Path Coefficients (P value)	Supported/not supported
(Ho1)	There is no significant relationship between dedicated workspace and employee productivity.	( $r = .242, P > 0.05$ )	Null hypothesis not supported
(Ho2)	There is no significant relationship between tools of trade and employee productivity.	( $r = .239, P > 0.05$ )	Null hypothesis not supported
(Ho3)	There is no significant relationship between self-discipline and employee productivity.	( $r = -.227, P > 0.05$ )	Null hypothesis not supported
(Ho4)	There is no significant relationship between work-life balance and employee productivity.	( $r = -.326, P > 0.05$ )	Null hypothesis not supported

**Table 6: Model summary**

Model	R	R-Squared	Adjusted R-Squared	Std. Error of the estimate	Durbin-Watson
1	.275 <sup>a</sup>	.068	.044	.34024	1.922

a. Predictors: (Constant), dedicated workspace, tools of trade, self-discipline, work-life balance

## Discussion

### Outline of results

The purpose of the study was to establish whether there were relationships between factors impacting on working from home and employee productivity in the Language Service Section, Parliament of RSA. The study had four hypotheses as highlighted in Table 4 and 5 that were tested using Pearson-product moment. The results produced the following

results: H<sub>0</sub>1: There is no significant relationship between dedicated workspace and employee productivity. The results generated was ( $r=.24$ ,  $n=60$ ,  $p\text{-value}=.00$ ), this demonstrated that there is a strong statistically significant relationship between dedicated workspace and employee productivity. Therefore, the null hypothesis was not supported in favour of the alternative hypothesis.

The findings of H<sub>0</sub>2, stating There is no significant relationship between tools of trade and employee productivity, produced the following results ( $r=.23$ ,  $n=60$ ,  $p\text{-value}=.00$ ), the results indicated that there is a positive relationship between tools of trade and employee productivity. The relationship was also significant. Meaning that the tools of trade does indeed affect productivity. Therefore, null hypothesis was not supported in favour of the alternative hypothesis.

The findings of H<sub>0</sub>3: There is no significant relationship between self-discipline and employee productivity. The results produced ( $r=.22$ ,  $n=60$ ,  $p=.00$ ), which indicated that there is a strong positive linear correlation between the variables, which is statistically significant. Therefore, null hypothesis was not supported in favour of the alternative hypothesis.

The results with regards to H<sub>0</sub>4: There is no significant relationship between work-life balance and employee productivity. The results produced ( $r=.32$ ,  $n=60$ ,  $p=.00$ ), which indicated that there is a strong positive linear correlation between the variables, which is statistically significant. Therefore, null hypothesis was not supported in favour of the alternative hypothesis. In addition, The R-Squared ( $R^2$ ) produced .68, which is equal to 68% and the Durbin-Watson statistic was 1.922, which is not less than 1 or greater than 3. This means that the model falls within the acceptable norm.

#### *Practical implications*

The study makes contribution to the body of knowledge within the human resource development field in as far as factors on working from home and employee productivity. The knowledge generated from the study will assist Language Services Section to improve support of employees while they are working from home. In addition, the study can be used to used side by side with other studies conducted in this area of working from home and factors impacting on employee productivity.

#### *Limitations and recommendations*

The study was conducted within the Language Services Section of Parliament of RSA. The study did not include Unit and Section Managers and Managers in other Units and Sections. The study focused only on the factors affecting employee productivity when working from home.

#### **Conclusion**

This study intended to establish whether there is a relationship between independent variables (dedicate workspace, tools of trade, self-discipline, work-life balance) and a dependent variable (employee productivity) within Language Services Section. The results indicated that the relationship between independent variables and a dependent variable was positive and statistically significant. Hence, null hypotheses were not supported. The results demonstrate that when one variable moves to a particular direction so is the other variable. The R-Square produce 68%.

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## ENGLISH FOR EMPLOYABILITY: A CASE STUDY FOR THE ROMANIAN LABOUR MARKET

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*Abstract: This article presents the importance of English as an employability skill on the Romanian labour market nowadays. The purpose of the research is to gather information about the necessity of knowing English for securing employment and to what extent English is used regularly by Romanian professionals at the workplace. The study provides information about the employees' current level of English proficiency, LSRW English skills used at the workplace, confidence in LSRW skills and area for improvement.*

*Keywords: English, employability, soft skill, language proficiency, LSRW*

### **Literature review**

Nowadays the labour market is extremely competitive, therefore job seekers need to possess as many soft skills as possible in order to maximize their chances for securing a good job. English language proficiency is undoubtedly an essential employability skill in today's professional world. Good communication skills in general are crucial for any job and English language knowledge in particular is key for the global labour market. Therefore, most non-speaking English countries across the globe have introduced English as a compulsory or elective subject in primary, secondary and tertiary education. The concept of 'employability skills', meaning a set of qualities and competencies necessary for employment, is extensively analysed by (McQuaid, 2005) and was used starting with 1990's in various official documents regarding employment in UK and Canada. In 2000's, the term is frequently used in educational and professional contexts, as a set of key skills to be developed during formal education in order to be prepare individuals for their professional activity. Employability skills are also referred to as transferrable skills, soft skills, work-readiness skills or foundation skills. Regardless of the terminology, these skills usually target communication, initiative and enterprise, learning, teamwork and leadership, planning and organising, problem-solving, self-management, technology. Even if the labour market is dynamic and certain soft skills are required for specific positions and others are more highly-valued depending on the occupational field, communication skills have preserved their place at the top of the list for a long time. The ability to communicate coherently and effectively is inherent to all jobs in general, and when employment has a global component, English is imperative, being the lingua franca of the present.

Professional communication is carried out in English either partially or completely, therefore a certain minimal level of English proficiency is necessary. There are numerous studies focusing on the importance of English for employment in many countries, highlighting once again the constant interest of researchers, linguists and education experts in this topic, only in the last decade, a selected few are mentioned hereon. (Pooja, 2013) speaks about the widening gap between the English language skills required by employers and the actual skills acquired by Indian graduates, caused by multiple factors from low quality teachers to non-innovative teaching techniques or the inability to build real English competencies to meet the evolving needs of the professional world. (Clement & Murugavel, 2015) point out the special connection between the Indian labour market and the English language due to the fact that India was under British rule for a long time, but also because of the current globalisation of the labour market; their research focuses on the effectiveness of English language courses offered to engineering college students. (Singh, 2019) underlines the necessity of building English skills in ESL Indian Classroom especially for university graduates. (Sankar & Rajan, 2016) refer to governmental responsibility in providing good English educational programs, especially at university level, and the increasing need for refining English language skills, also mentioning specialized vocabulary in the technical field. Similarly, (Thomas et al., 2016) analyse the labour market in Bahrain and find that English is valued by Bahrain employers and polytechnic graduates are expected not only to communicate in English generically, but also to be able to use it confidently in their area of expertise. (Ting, 2017) brings Malaysian employers' perspective, stating that there appears to be a correlation between unemployment and lack of English proficiency; average English skills are considered acceptable by recruiters, as long as the candidates' communication skills are good, but more advanced English level is mandatory for customer service and marketing positions. (Uppe et al., 2019) looks into the Indian labour market, especially into job interviews conducted in English, and finds that good knowledge of English is linked to faster career growth; in addition, the article presents the problems faced by language learners and teachers in the teaching/learning ESL and underlines the importance of each of the four English language skills in professional activity.

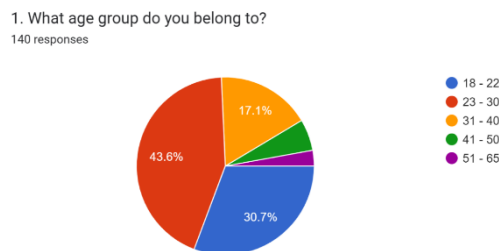
The studies mentioned above reveal two things: firstly, English is an important employability skill on the global labour market in many Asian countries and secondly, there is enormous responsibility on the English teaching community in colleges and universities to ensure that these skills are acquired through good English for Special Purposes programs tailored to meet the needs of today's employers. However, these studies are mostly conducted in Asian countries and do not contain information about the current situation of English as an employability skill in Europe and other regions. For a broader global perspective, EF English Proficiency Index (2022) offers recent and statistically accurate data on how proficient in English is the non-native English-speaking population of the world. Europe is the only one which scores very high on the proficiency band (with a score of 558), Asia comes second with moderate proficiency (with a score of 500), followed closely by Latin America (with a score of 495) and Africa (with a score of 490) and last comes Middle East with very low proficiency (with a score of 445). To narrow down the information for the purpose of this research, EF EPI 2022 indicates that Romania is in the category of high proficiency countries (position 17 in the 111 countries ranking),

while Bucharest the capital city is placed in the leading group of very high proficiency capitals (position 12 in the 111).

### Applicative Research

The main aim of this research is to analyse to what extent English proficiency is necessary for employment on the Romanian labour market in 2023. For this purpose, a survey containing 15 questions has been disseminated among Romanian university students enrolled in undergraduate and graduate programs who were employed (part-time or full-time), but also to Romanian professionals through employment platforms such as LinkedIn; a number of 140 responses have been gathered over a period of 3 months. Even though this study was mainly targeting university students and young professionals, due to the openness of the distribution channels, a small percentage of the respondents belong to other age categories. This applicative research has the following specific objectives: to determine whether English is a pre-requisite for employment on the Romanian labour market; to determine whether English is used regularly at the workplace in Romania and to what extent; to identify which of the four skills (LSRW) are more frequently used by Romanian employees; to identify which of the four skills (LSRW) are more developed among Romanian employees and which ones need further improvement. The survey consists of 15 questions: an introductory section meant to provide information about the respondents' age, professional status, field of activity (Q 1, 2, 3), another section about the respondents' English period of study, English language certification and level of proficiency (Q 4, 5, 6), leading towards another set focusing on English in the professional environment as a pre-requisite for the job and frequency of English usage at the workplace (Q 7, 8, 9), prevalence of LSRW skills in usage (Q 10, 11), as well as speakers confidence about these skills (Q 12, 13), information about exchanges occurring with native and non-native English speakers (Q 14) and the final question targets individual perception about linguistic areas that need improvement (Q 15). As you can see in Figure 1, over 74% of the respondents are young professionals under 30 years of age, 17% are between 30 and 40, and less than 10% are over 40.

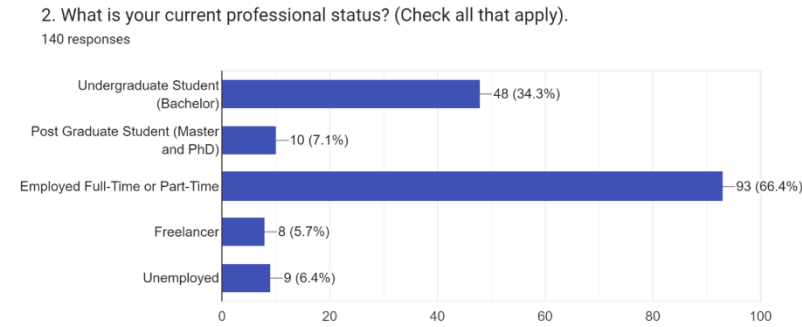
Figure 1. Respondents' age



In relation to the professional status, which can be observed in Figure 2, out of 140 respondents, 58 were university students (41.4%), 26 of which were also employed either part time or full time (18.5%), 67 respondents were employees but not students (47.8%), 8 respondents were freelancers (5.7%) and 9 respondents were unemployed (6.4 %) at the moment of survey completion.



**Figure 2. Respondents' professional status**



The respondents belong to various fields of activity, as can be seen in Figure 3, making the research relevant for the Romanian labor market. The top three are law and law enforcement (25%), public services and administration (18.6%), accounting, banking, finance and management (11.4%). Other fields of activity with more than 5% are: human resources (8.6%), engineering, manufacturing automotive (6.4%), retail and sales (5%), marketing and public relations (5%).

**Figure 3. Respondents' field of activity**

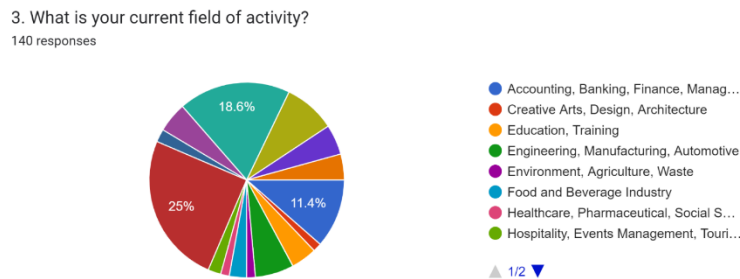
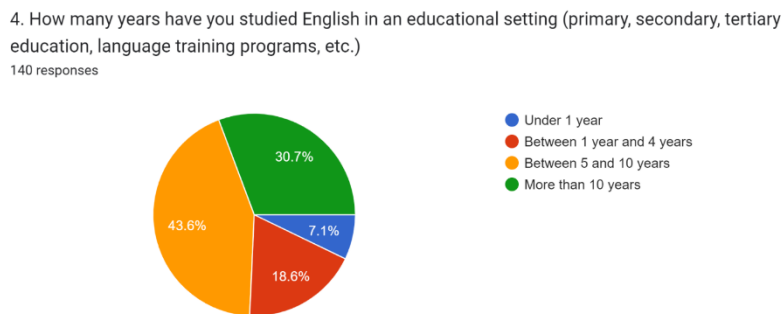


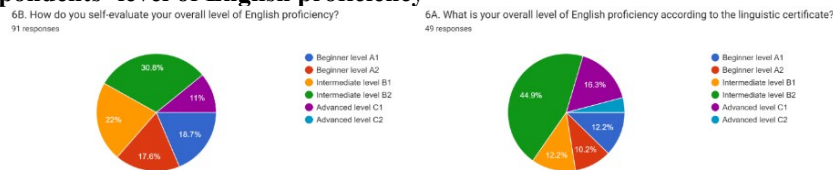
Figure 4 illustrates that over 73% of the respondents have studied English in school for a considerable amount of time, 43% for more than 5 years and 30% for over a decade. Slightly over 7% of the respondents have less than 1 year of training in the English language, indicating that they are a minority.

**Figure 4. Respondents' period of English studies**



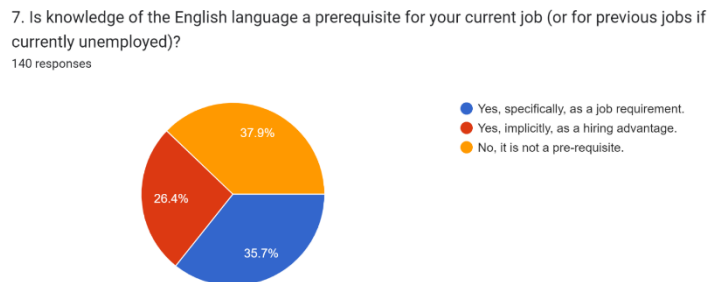
Even though most of the respondents have studied English for a long time, only 35% of them are holders of a certificate of linguistic competence in the English language according to their answers to Question 5 regarding the attainment of a national or international certification. The respondents' level of proficiency in English according to the certificate obtained and according to the respondent's self-evaluation is illustrated in Figure 5. The respondents from both groups indicated level B2 upper-intermediate as predominant (according to the Common European Framework of Reference for languages), which reflects good knowledge of the language, ability to understand complex texts with general and specialized vocabulary, capacity to produce texts on various subjects, to explain or describe things coherently, as well as to interact with a certain degree of fluency and spontaneity.

**Figure 5. Respondents' level of English proficiency**



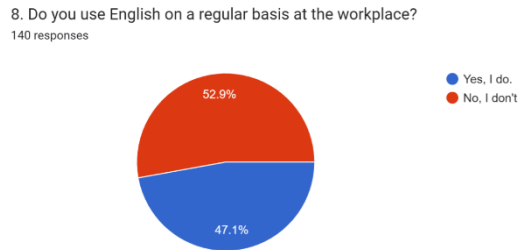
In addition to the 45% of certified respondents with B2 upper intermediate level, come 20% more, especially respondents with over 10 years of study, who managed to obtain an advanced linguistic level (16% - advanced C1 and 4% - proficient C2 equivalent to native speaker). This adds up to a significant 65% of certified respondents who have very good or excellent command of the English language. Not necessarily relevant, but worth mentioning, the self-evaluated respondents were more modest and only 42% of them think they have reached levels B2 and C1, and over 35% still believe they are beginners at levels A1 and A2. As far as the importance of the English language for employability as a pre-requisite for the job, Figure 6 shows that for more than 35% of the respondents English was a job requirement specifically, while 38% did not need to know English for the job, however, the scales tips in favor of 26% of the respondents who know the language. As a conclusion, the survey shows that English is relevant for more than 62% of the Romanian labor market, either as a pre-requisite for certain position or as a hiring advantage.

**Figure 6. English as a prerequisite for the job**



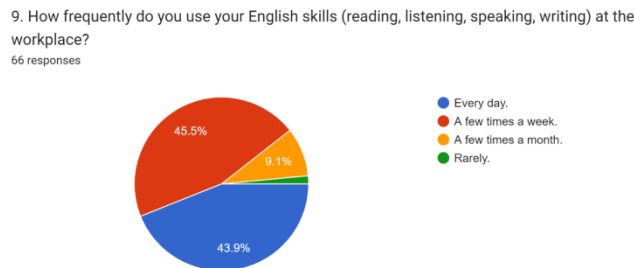
Even if English is important for getting the desired positions, it is surprising that not as many respondents use it as much as it was anticipated. Figure 7 shows that more than 52% of the respondents do not use English at the workplace on a regular basis.

**Figure 7. English usage at the workplace**



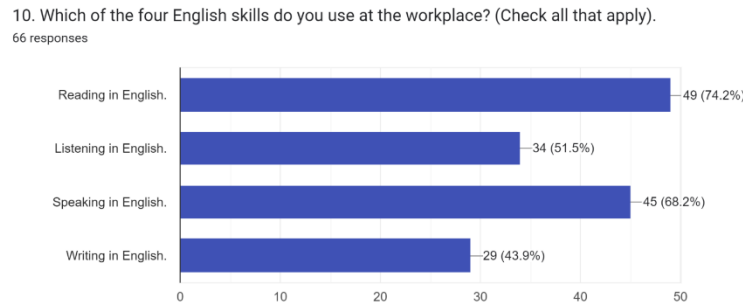
However, those who need English use it daily (44%) or several times a week (45%) and only 10% of the respondents need English a few times a month or less, as can be seen in Figure 8 below. This indicates that there are many positions on the Romanian labor market for which English is an essential skill without which professionals would not be able to perform daily tasks and assignments, and this is true not only for one field of activity, but for all the fields listed in Figure 3.

**Figure 8. LSRW English skills frequency of use at the workplace**



The research continues to further analyse if the respondents use all four skills (LSRW) in English equally or if there is more prevalence of one over the others. As it can be observed below in Figure 9, according to the 140 respondents, who were allowed to select two options, all four skills are used, but reading in English is the predominant activity (over 74%) and speaking in English comes on a close second place (almost 70%), these two are practiced with more frequency than listening (51%) and writing (nearly 44%) in English.

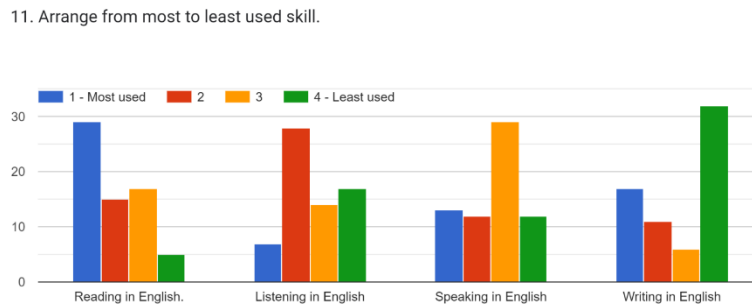
**Figure 9. Prevalence of LSRW English skills at the workplace**



This indicates that exposure to texts written in English is predominant at the workplace; it can be through emails, agreements, internal provisions, manuals, reports, articles,

notifications, regulations, etc. Reading is an input skill and therefore an intermediate level in terms of grammar and vocabulary is enough for general comprehension of the written material. However, speaking is an output skill and needs a more advanced level of English, and more practice, therefore it needs specialized language classroom activities in order for the student to reach satisfactory performance level. Speaking in English at work usually occurs in face-to-face conversations, meetings, presentations, phone conversations, teleconferences, negotiations, etc. The top of the skills made by respondents to this study from most to least used skill, that are to be taken note of in Figure 10, puts reading first as the most frequently used skill at work, listening is placed second, speaking third and writing comes last according to a great majority of the respondents.

**Figure 10. Most to least used LSRW English skills**



When it comes to the respondents' confidence in performing the four skills (LSRW), reading is the favourite workplace activity in English for nearly 32% of the respondents, as can be seen in Figure 11. This choice is probably a combination of everyday practice, decreased level of difficulty associated with input skills and more flexibility for timeframe. Surprisingly, 30% consider speaking a skill they master better than listening (over 25%) and writing (12%). The reason behind this preference probably lies in the respondents decreased interest in perfect pronunciation and accuracy in English and more in rendering the message across as the main purpose of communication.

**Figure 11. Respondents' most confidence in LSRW English skills usage**

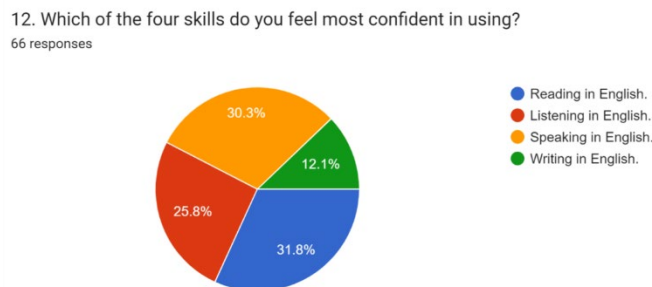
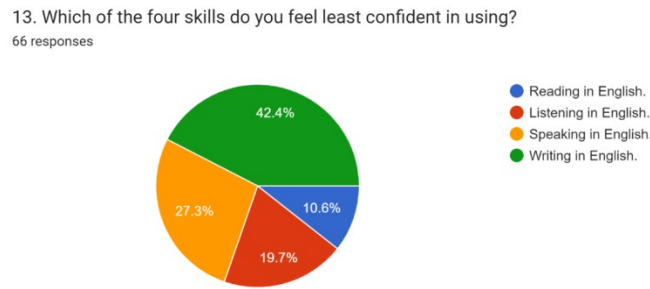


Figure 12 is illustrative for the reversed hierarchy, the respondents are less confident when using English in writing (42%) and speaking, nearly 28%. It is not surprising that respondents find these output skills more difficult; it has already been established by ELT research, that output skills (SW) develop after the input skills (RL) at a slower pace and inferior level of complexity.

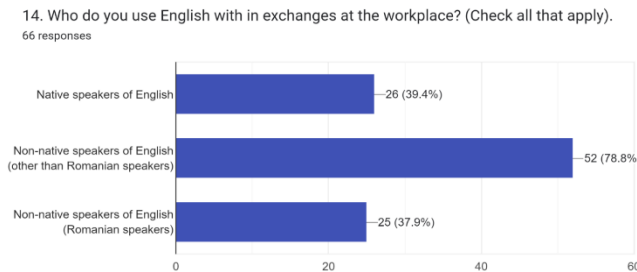
**Figure 12. Respondents' least confidence in LSRW English skills usage**



It takes time to build and enhance these output skills by constant practice at the workplace and to continue outside it as much as possible. Writing especially through its permanent characteristic puts additional pressure on professionals. Writing texts in English (reports, emails, memos, agreements) that contain grammar and spelling mistakes can reflect poorly on one's professional image, good command of the English language is part of one's skills and abilities on the job. By contrast, speaking is ephemeral, so even if the respondents' fluency is not great, pronunciation is not perfect and grammar and vocabulary may prove problematic, if the message gets across, professional image is unaffected, as long as communication is successful.

Question 14 aims to gather information about the respondents' exchanges at the workplace, being given the possibility to select one or all of the options. Figure 13 indicates that the respondents use English mostly with non-native speakers other than Romanians (almost 80%), confirming once again that English is the lingua franca of the present moment in various fields of activity.

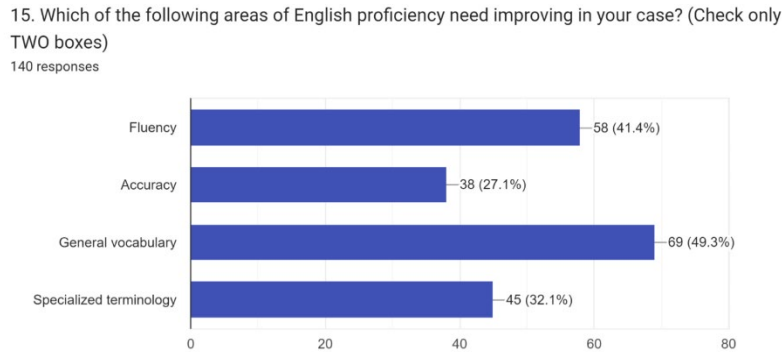
**Figure 13. Respondents' exchanges in English at the workplace**



Exchanges with native-speakers of English take place approximately as often as interaction in English with Romanian native-speakers. This means that there are sufficient contexts in which Romanian native speakers use English with other Romanian speakers. This type of interaction occurs especially in circumstances requiring collaboration as part of mixed nationality groups. This reinforces the idea that Romanian professionals are integrated into the global professional community. These two types of interaction with native speakers of English and other Romanian remain significant being selected by almost 40% of the respondents. Final Question 15 focuses on which areas of English proficiency need improvement according to the respondents. Even if they are not specialists in English language teaching and their personal perception of linguistic shortcomings may not accurately reflect their actual learning needs, their responses are at least subjectively indicative of their linguistic limitations. According to the responses, which can be seen in

Figure 14, nearly 50% of the subjects consider that their general vocabulary needs improvement and slightly over 40% see fluency as a vulnerable area, 32% feel that their specialized vocabulary is insufficiently developed and only 27% think that they show focus more on their accuracy in English.

**Figure 14. Respondents' linguistic areas of improvement in English**



The vulnerabilities of the Romanian professionals regarding LSRW development and areas for improvement, highlighted in this study, may be used as guidelines by English language teaching staff, especially at university level, when tailoring their English for special purposes language programs. Details about various strategies to be applied in developing LSRW are analysed by (Nistorescu, 2021) and (Nistorescu, 2022) on two modern Business English teaching coursebooks. The use of these specialized coursebooks in ELT would facilitate fast development of LSRW skills and language areas that Romanian professionals consider faulty. Thus, when entering the labour market, young professional would feel more confident about their skills and abilities in English.

## Conclusions

The research has provided the following valuable information about the importance of the English language at the workplace in Romania according to respondents belonging to various age categories, employed full-time, part-time or freelancers, operating in various fields of activity and having different levels of proficiency in the target language:

English is an important employability skill prior to employment either as a job requirement (35%) or as a hiring advantage (26%), in total 61% of respondents indicate that English is an essential soft skill for securing employment.

English is used frequently at the workplace, either daily (45.5%) or several times a week (43.9%), in total almost 90% of the respondents use English as a tool for communication on numerous occasions during their workdays.

As far as foundational skills are concerned, Romanian respondents indicate that all four (LSRW) skills are used in their professional activity, but reading in English followed by speaking in English are significantly more predominant in usage at the workplace than listening or writing in the same language.

In terms of respondents' confidence when using the four skills, reading is viewed as the easiest activity to be performed in English, whereas writing is considered the most difficult in the professional context; however, the responses are not conclusive about which skills between speaking or writing get second and third places in the ranking.

Exchanges with non-native speakers of English (other than Romanians) are twice as frequent as interaction with native speakers of English or with other Romanian speakers, highlighting once again that English is a global language for professional communication. English proficiency needs improvement specially in terms of general vocabulary and fluency, accuracy is ranked last, indicating that respondents are concerned mainly with getting the message across and not being 100% grammatically or phonetically correct. In conclusion, the applicative research on the importance of the English language as an employability skill for the Romanian labour market has shown that undoubtedly English is necessary both for obtaining a job and for performing one's professional activity after getting the desired position. English is frequently used on the job with Romanian respondents being more confident in reading in English but less in writing. Therefore, English remains a skill that needs continuous improvement for the Romanian professional, who has an intermediate or post-intermediate level of proficiency on average, and for whom increasing fluency and specialized terminology is a language enhancement goal.

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## **GEPOLITICAL EQUITY IN NIGERIA IN PRESIDENT BUHARI'S GOVERNMENT**

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*Abstract: This study was conducted in response to perceived ethnic rivalries in Nigeria. The government of President Muhammadu Buhari is bedeviled with ethnic strife and disgruntled voices against federalism due to the perceived superiority of one ethnic group over another in a plural federal state like Nigeria. Against this backdrop, the study evaluates perceptions of equity among indigenous peoples in southern Nigeria. The peoples of the south-east and south-south dominated the call for restructuring due to the skewed arrangement of the nation. This paper's theoretical framework is based on the foundation of John Lock's social contract, especially his treatise on the extent and end of civil government. The sample size was 1352 using a quantitative and qualitative survey. Data were collected quantitatively and qualitatively. The instruments of data collection consisted of a structured questionnaire and an unstructured interview. The data were analysed quantitatively and qualitatively. It was found that 992 participants, which represented more than three-quarters of the sample, disagreed that ethnic groups are treated fairly; 735 also held that unfair treatment is a recipe for disunity. The Chi Square estimate,  $\chi^2$  81.5;  $p < 0.005$ , tested for ethnic treatment and national unity, was significant, and treatment determines national unity. The study also indicates that indigenous peoples expressed concerns about a failed state that undermined the current federal state. The study therefore recommends that the National Assembly's legislative role be strengthened in making federal appointments to strategic positions. This could possibly alleviate mistrust about treatment by the federal government.*

*Keywords: Ethnic Distrust, Federalism, Multi-Ethnic, Geopolitical Zones, National Unity, Federal Appointment*

### **Introduction**

Nigeria is a multiethnic country that was formed through amalgamation in 1914. Prior to this period, Nigeria was a bipolar entity that comprised southern and northern protectorates. The protectorate area operated as an autonomous entity with a government under independent self-rule. Historically, the entities of the protectorates were autonomous and comprised symmetrical ethnic groups and peoples of similar language and culture. This was the period of precolonial government, which placed the rule of the king as supreme and recognised divine rights of authority (Akinboye, 2015). Nearly all ethnic groups in Nigeria were organised and operated by a central government from the north, cutting through the west and east of the country (Ake, 2001; Anthony & Eyo, 2017). Interestingly, civilization and modernisation in Europe altered the political structure of traditional organisation in Nigeria. Colonialism forced African nations like Nigeria into slavery and



exploitation by colonial rulers. This arrangement was an ambush against the collective interests of native people in Nigeria. It was a foreign culture that imposed and impressed itself against all odds for the benefit of the colonial masters. Unfortunately, traditional Nigeria was overthrown to suit colonial tastes.

The once independent kingdoms and village governments across the north, west, and east were altered, and their structures collapsed under colonialism and imperialism (Ake, 1995). In spite of this, protectorates were created, covering the north and south. Indeed, ethnic groups in the east and west were merged with those in the south. Therefore, by 1914, the protectorates were merged and called “Nigeria”, a name coined by colonial Lord Lugard. Yet, it was the forced marriage of strange fellows brought together as a couple (Asolo, 2002). People of the ethnic groups were forced to accept a merger, which today is called Nigeria (Ake, 2001). Imperatively, colonial rule was governed by a constitution, which imposed universal government on the peoples of different ethnic groups. Formalisation was the creation of the Nigerian state by the Clifford Constitution, the Richard Constitution, the MacPherson Constitution, and the Littleton Constitution, which spanned the periods of 1922, 1946, 1951, and 1954, respectively (Suleiman, 2018). Nigeria has existed through the colonial era and post-colonial life. Notably, the Nigerian state is a fusion of groups bridled in suspicion of the social contract. This is reinforced by evidence of numerous conflicts and wars that bedeviled the state from colonial existence to the present (Ibrahim & Nurudeen, 2022).

The social contract in Nigeria is ambiguous and coated in distrust. Evidence of preexistence and postexistence identified a major gap that spuriously adduced the faults. Nigeria has witnessed several inter-ethnic conflicts and civil wars that challenge the veracity of unity and the fairness of the social contract upon which Nigerian states exist. Studies have shown that major conflicts in the Nigerian state were triggered by a lack of ethnic trust and an anxiety about ethnic superiority, which pitted one group against another (Fadakinte, 2013; Falaiye & Okeregbe, 2016). Scholars have observed that Nigeria is established on the weak foundation of colonial arrangements, which instantly trigger primordial sentiment and conflict (Ake, 2001; Fadakinte, 2013; Falaiye & Okeregbe, 2016). The argument for scholars pointed to skewed access to a central resource, which placed some groups at an advantage over others (Nweke, 2017a, 2019). Resultingly, according to this perception, Nigeria is a deliberate arrangement—to plunder some groups and increase opportunities for others.

Literature revealed that the amalgamation of the protectorates was an obliteration of equity and balanced growth, which had been witnessed by ethnic groups in the pre-era (Nweke, 2019; Onanuga, 2014). Some prominent writers, the pro-western modernization contingent, contend that colonialism was a precursor for African growth and that modernization of African development was necessary to facilitate the pace of economic growth and social transformation (Organisation for Economic Co-operation and Development (OECD), 2009; Rawls, 1996). The foregoing scholars, however, submitted that African problems and conflicts were associated with the continent's multiethnic nature and a lack of ethnic assimilation and robust, equitable distribution of resources, which oftentimes push the ethnic minority to an absolute disadvantage. Evidently, competition for resources triggers ethnic conflict and the survival of the fittest, which pit one group against another. In this vein, Nigeria could be considered the epitome of ethnic survival. Here, the post-colonial era and post-independence life are marked by a resurgence of

ethical competition, which significantly threatened the unity of the Nigerian state. The post-independence era is bedeviled by the civil war of 1967, which is labeled ethnic rivalry and ethnic genocide (Onanuga, 2014). The post-civil war did not abate ethnic suspicion despite a declaration of peace that embraced multiethnic relations and peaceful coexistence. The aftermath of the war was several inter-ethnic clashes across the north and south, the maiming of lives, the destruction of properties, religious wars, kidnapping, agitation for resource control, and coups d'état. All these conflicts and social pathologies occurred in the face of ethnic suspicion and the subsisting social contract of a united Nigeria.

The 1999 Constitution, as amended, offered some leeway for peaceful coexistence. The document provided a redistribution of Nigeria into six geopolitical zones for rapid development and distinctly ensured the classification of resources for each zone (Eze, Okpala & Ogbodo, 2014). It also made provision for subjective resource control, which grants local states certain percentage derivative gains from resources in their domain locations. Unfortunately, the suspicion around ethnic competition strangled the good intentions, and Nigeria is consistently strained by forces of ethnic suspicion and Armageddon, which threaten its very survival. The scenario smacks of the postulation of John Lock in his treatise on civil government.

Evidence in the government of President Muhammadu Buhari exacerbates tensions of ethnic suspicion due to the skewed distribution of federal resources (Falana, 2018). The government triggers a resurgence of ethnic uprisings across the south-east and south-south geopolitical zones. The south-west is not left out in the agitation over restructuring and the Yoruba nation. The fundamental demand by southern ethnic groups, however, hinged on resource control and restructuring for devolution of power, which grants equitable access and fairness for ethnic groups. The agitation for the southern peoples of Nigeria is a reflection of renegotiated civil government, and it is profound in John Lock's thesis. This paper is designed to evaluate Lock's proposition about the extent and end of civil government using the case of Nigeria. Lock offered his Social Contract Theory as a prerequisite for government and the redistribution of benefits to the governed. The governor is mandated by law to govern people who gave up their freedom and resources to the government for protection and equitable gains. The governor is also predicated on the principle of good governance for the people; however, he is bound by tyranny and restrained from conspiratorial acts and/or being complicit in any activity that may hamper the existence of the governed. The drift to tyranny triggers the legitimate doctrine of necessity to renegotiate the contract of government, or otherwise, left unabated, may lead to the decline and death of the state (Freeman, 2007a). Against this backdrop, the paper specifically.

### **Explore the perception of equity in Nigerian federalism using a case study of southern geopolitical zones.**

#### *Appraise equality in Nigerian federalism.*

The objectives above contrast with John Lock's social contract. The original thesis of Lock holds that the social contract is the evolution of government founded on the needs of man in the state of nature. This ideology, according to Lock, is peaceful and progressive; it requires a supreme law that governs men in the distribution of public goods and imposes

checks and balances (Gaba, 2007). Government is a tool of control, and at the same time, it is a safe haven upon which the state assumes the power of distribution and redistribution to accommodate the needs of men. The state of nature requires the subjugation of individual pride, self-esteem, and group or collective interest to state supremacy. The state in turn assumes overriding status to govern, protect, punish, and impose restraints of measurable standards on the civil men (Gaus, 2016). However, the disposition of tyranny by the state marks the deliberate extent and end of the civil government (Hosein, 2013). This is the foundational knowledge offered by Lock that justifies the abolition of a tyrannical government. In Lock's view, "tyranny" is any government that constrains and imposes unbearable hardship on a partnership's consent to the contract. The agitation of southern Nigeria and the people thereof resonates with the theoretical precepts of John Lock. On the one hand, there is palpable tension hinged around ethnic exploitation and the disproportionate underrepresentation of some ethnic groups in Buhari's government. Similarly, there is a conspicuous overrepresentation of northern ethnic groups in the government, which opens space for suspicion and the deliberate exclusion of ethnic groups from the south.

*John Locke's social contract: A recalibration of ethnic debate in Nigeria*

Locke wrote his influential political ideology in his "Two Treatises on Government". One of his ideological treatises focuses on reconstructing the hypothesis of Robert Filmer and his patriarchy, which assumed that political power was a product of religious power. This is also known as the "Divine Right of Kings," a term popular in 17th-century England. Locke's second treatise is described as an "essay concerning the true original extent and end of civil government". Locke posited that for mankind to be in their natural condition, they must be in a state of being free to conduct their lives as they deem fit without any form of external interference (Lefkowitz, 2003). This statement does not give room for lawlessness; it connotes a state of high moral standards where people are not forced to behave in a functional stupidity based on the dictate of the government. In addition, Locke opines that the state of nature is both pre-moral and pre-political. For civil government, Locke argues that property has a significant role to play. A functional state of nature is associated with a united society and a mix of property and labour where the moral upbringing of children is voluntary and collectively cared for by every member of the society (Lister, 2011).

A political society occurs in a situation where individuals, each of whom is a representative of their respective homes, come together in the State of Nature in unison by providing the executive arm of government with the authority to chastise violators of the "Law of Nature". By making a compact to leave the state of nature and form society, they make "one body politics under one government" (Lister, 2011), thereby leading to being submissive to the desires of government. The state of nature therefore is a transition in society that gives up man's power of privacy to the government. With explicit consent, individuals join such a transition, whether it is just beginning or has already been created by others. Laws, judges to interpret those laws, and the executive power required to put those laws into effect are the three things that individuals get when transitioning to a political society or governance by consent that they lacked in the State of Nature. Mankind gives over their ability to defend themselves and punish those who violate the Law of Nature to the government they willingly establish. Locke posited the circumstances in

which the agreement with government is destroyed and men are justified in resisting the authority, based on the idea that the goal of men coming together to form a commonwealth is the preservation of wealth and general well-being, liberty, and the preservation of their lives (Vallier, 2016).

John Locke's conception of the social contract was fundamentally different from Hobbes', but it was nonetheless predicated on the assumption that people in a state of nature would voluntarily band together to form a state. Locke's opinion indicates that individuals in a state of nature are morally bound by the Law of Nature to avert harming the possessions or lives of each other. Locke felt that without a government to protect individuals from those attempting to harm or oppress others, the citizens would not feel secure in their rights and would be paranoid (Gaus & Courtland, 2011). According to Locke, people would only consent to establishing a state if it would, in part, operate as a "neutral judge" and defend the property, lives, and liberties of its citizens (Gaus & Courtland, 2011). In contrast to Locke, who in his *Second Treatise of Government* fought for unalienable liberty within the law, Hobbes merely advocated for nearly absolute control (Gaus, 2016). According to Locke, the government's moral authority stems from the citizens' delegation of their absolute right of violence to the government, reserving the inalienable right of self-defense or "self-preservation," and property will be taxed to meet the needs of society. Instead of every individual serving as his own juror, judge, and executioner, as a principle of the state of nature, government at times uses force to implement laws and to accomplish its goals (Celeste, 2019).

Hobbes' description of the "natural state" as a situation where the rights to life and property were recognized and safeguarded by natural law, with the drawbacks of the position resulting from uncertainty in the execution of those rights, did not faze Locke. Hence, he argued that the social contract's requirement to submit to civil authority was dependent upon the safeguarding of both privately owned property and individuals (Celeste, 2019). In sovereign states, those in executive positions who disregarded these rules might be rightfully removed from office (Hosein, 2013). This position aligns with John Locke's fundamental notion, which justifies changing civil government. In situations where the sovereign's authority indicates common interest, becomes despotic, and there is suspicion of skewing benefits in access to scarce resources, Locke's central claim is that parties to social contracts retain an unalienable right to safeguard their own interests. Nigeria is made up of several ethnic groups that are divided into geopolitical zones. A reconfiguration of John Locke's civil government postulate and the inalienable right to constitutional restructuring, however, have been steadfastly maintained by innuendo throughout the length and breadth of the southern geopolitical zones. Having established the root of agitation among southern Nigerian ethnic groups, the researchers were propelled to draw upon empirical studies of the main problem. In this case, the researcher designed a methodological approach for data collection.

### **Methodology**

This study was conducted using a survey design. The survey was classified into descriptive, quantitative, and qualitative methods. In the quantitative survey, a large sample was applied, and in the qualitative survey, the sample size was small and captured via oral conversations (which were audio recorded). The population studied consisted of residents who were indigenes and permanent residents in some states in the south-south and south-

east geopolitical zones. These zones are peculiarly rampant in the agitation for restructuring, which canvasses for resource control and the devolution of federal power. The sample size was 1320, and the size was purposefully determined using survey techniques. The method was the application of accidental sampling, which built up samples for participants who consented to the study. This method was applied in the geopolitical zones that cut across Anambra state, Abia state, and Imo state in the case of the south-east, and Rivers state, Bayelsa state, and Delta state in the case of the south-south. Similarly, 642 and 678 participants were from the south-east and south-south, respectively. On the qualitative level, 32 key informant discussants participated. The sampling procedure consisted of a purposeful and accidental method. A purposeful technique was applied to designate the major states of the southern geopolitical zones, which vehemently engaged in the campaign for the devolution of federal power and resource control. Accidental sampling was applied to derive the sample size, which targeted consenting participants. The method of data collection was quantitatively and qualitatively determined. In the quantitative method, quantitative data were derived using numerical codes to label the identities of responses. Using qualitative methods, the text of the conversation was generated from face-to-face interviews. Instruments for data collection consisted of structured questionnaires and unstructured interviews. A questionnaire was targeted at the residents as a unit of analysis, while interviews were conducted among organised groups, which consisted of the OHANESE socio political organisation, MASSOP/IPOB revolutionary group, the PANDEF socio-political organisation, House of Assembly members, and judges in state high courts. The data were analysed using quantitative and qualitative methods. The former applied descriptive and inferential statistics, while the latter applied thematic analysis using ethnographic techniques. The reliability of the instrument was determined using a pilot survey in a test-retest study, otherwise known as a test of consistency. Validity was determined using the content validity of the instrument. Ethical consideration sought the consent of participants and applied anonymity to respondents.

## **Results and Discussion**

### *Contract of Equity and Equality*

The view of the respondents based on the contract of equity and equality is discussed for the justification of the provisions of the Nigerian constitution in this chapter. Chapter One of the 1999 Constitution, as amended, mandates that Nigeria acknowledge all people and ethnic groups as equal and without discrimination when it comes to accessing the country's natural resources, including land and minerals. This constitutional clause ensures that all citizens have a sense of justice and equality regardless of their race, ethnicity, or language. The course of events in Nigeria has shown the contrary. There is now growing concern about the suitability of ethnic equity and rivalry.

**Table 1: Contract of Federal Equity and Equality**

Question items	South-East		South- South		Total	
	Freq=	Percent=	Freq=	Percent=	Freq=	Percent=
	642	100%	678	100%	1320	100%
Nigeria is a heritage that belongs to all citizens						
Agreed	259	40.3	279	41.2	538	40.8

Partially agreed	86	13.4	89	13.1	175	13.3
Disagreed	297	46.3	310	45.7	607	46.0
Nigeria benefits of all ethnic groups						
Disagreed	264	41.1	279	41.2	543	41.1
Partially agreed	86	13.4	86	12.7	172	13.0
Strongly agreed	292	45.5	313	46.2	605	45.8
Ethnic in Nigeria is fairly treated						
Disagreed	484	75.4	508	74.9	992	75.2
Partially agreed	104	16.2	107	15.8	211	16.0
Disagreed	54	8.4	63	9.3	117	8.9
Ethnic group has fair share and representation in federal government						
Disagreed	509	79.3	534	78.8	1043	79.0
Partially agreed	41	6.4	39	5.8	80	6.1
Agreed	92	14.3	105	15.5	197	14.9
Ethnic group has fair representation in the military hierarchy						
Disagreed	416	64.8	440	64.9	856	64.8
Partially agreed	152	23.7	154	22.7	306	23.2
Agreed	74	11.5	84	12.4	158	12.0
Ethnic group has fair representation in top federal civil service						
Disagreed	422	65.7	440	64.9	862	65.3
Partially agreed	130	20.2	133	19.6	263	19.9
Agreed	90	14.0	105	15.5	195	14.8
Representation of your ethnic in federal police is fair						
Disagreed	395	61.5	425	62.7	820	62.1
Partially agreed	229	35.7	232	34.2	461	34.9
Agreed	19	2.8	21	3.1	39	3.0
There is fair representation of your ethnic group in paramilitary hierarchy						
Disagreed	366	57.0	388	57.2	754	57.1
Partially agreed	240	37.4	248	36.6	488	37.0
Agreed	36	5.6	42	6.2	78	5.9
There is fair share of your ethnic in government since 1999						
Disagreed	334	52.0	353	52.1	687	52.0
Partially agreed	254	39.6	262	38.6	516	39.1
Agreed	54	8.9	63	9.3	117	8.9
The 1999 constitution promotes equality among ethnic groups						
Disagreed	410	63.9	416	61.4	826	62.6
Partially agreed	214	33.3	241	35.5	455	34.5
Agreed	18	2.8	21	3.1	39	3.0

Source: Researchers' Field Survey, 2021

**Table 2: Perception of Equity and Equality**

Variables	South-East		South- South		Total	
	Freq= 642	Percent =100%	Freq= 678	Percent =100%	Fre=1320	Percent =100%

Fourth republic enhance balanced growth in geopolitical zones						
Disagreed	437	68.1	461	68.0	898	68.0
Partially agreed	169	26.3	175	25.8	344	26.1
Agreed	36	5.6	42	6.2	78	5.9
National government beneficial to ethnic groups						
Disagreed	410	63.9	435	64.2	845	64.0
Partially agreed	139	21.7	149	22.0	288	21.8
Agreed	93	14.5	94	13.9	187	14.2
Your geopolitical zone experienced economic growth in the last 20 years						
Disagreed	377	58.7	401	59.1	778	58.9
Partially agreed	221	34.4	230	33.9	451	34.2
Agreed	44	6.9	47	6.9	91	6.9
Your ethnic group is marginalized						
Disagreed	182	28.3	197	29.1	379	28.7
Partially agreed	117	18.3	123	18.1	240	18.2
Agreed	343	53.4	358	52.8	701	53.1
Marginalization triggered conflict						
Agreed	276	43.0	282	41.6	558	42.3
Partially agreed	172	26.8	183	27.0	355	26.9
Disagreed	194	30.2	213	31.4	407	30.8
There is self attachment to unity of Nigeria						
Disagreed	354	55.1	381	56.2	735	55.7
Partially agreed	205	31.9	209	30.8	414	31.4
Agreed	83	12.9	88	13.0	171	13.0

Source: Researchers' Field Survey, 2021

Respondents were asked to indicate whether they were of Nigerian descent. When asked this, 46.0%, 40.8%, and 13.3% responded that they agreed, disagreed, and partially agreed, respectively. According to the respondents, Nigeria's tradition is all-encompassing and should benefit everyone without exclusion or prejudice. Respondents expressed this belief in part; some thought that their cultural heritage was hampered. Moreover, respondents from the south-south and south-east, respectively, stated that Nigerian heritage is for everyone, with 45.7% and 46.3% agreeing. From the south-south and south-east, 41.2% and 40.3%, respectively, voiced conflicting opinions about how such a heritage had diminished allegiance. When asked whether Nigeria is constitutionally intended to benefit all residents, 45.8% responded that it is. The remaining 41.1% and 13.0% disagreed and somewhat agreed, respectively. 46 and 45.5%, respectively, of those from the south-south and south-east concurred. In two instances, 41% of respondents disagreed. Concurrent perception and voicing of feelings revealed a pattern of discontent. This was developed in response to critical opinion surveys regarding a legacy that satisfies expectations and provides equal benefits for all. Moreover, 75.2% of respondents believed that ethnic groups were not treated equally. 8.9% and 16.0% of respondents agreed or partially agreed that all ethnic groups receive equitable treatment from the federal government. Evidently, 74.9%

and 75.4% of respondents from the south-south and south-east, respectively, expressed concern about how ethnic communities were treated.

Examining how ethnic groups from the southeast and south-south are treated in the items given. Here, 79.0% of respondents said that ethnic groups' representation in the federal government was unfair. This inquiry confirmed that everyone was satisfied with their positions and benefits. On the other hand, just 78.8% of respondents from the south-south and 79.3% from the southeast said Nigeria was fairly represented. Moreover, 64.8% disagreed that ethnic minorities received fair representation in military hierarchy; this opinion was shared by 64.9% of people in the south and 64.8% of people in the east. The federal police hierarchy (62.1%), the federal civil service (65.3%), and the federal paramilitary service (57.1%) were all evaluated as having ethnically skewed quotas. Concern was voiced about federal appointments, including the civil service, police, and paramilitary, by 64.9% and 65.7%, 62.7% and 61.5%, 57.2% and 57.0%, and accordingly from the south-south and southeast.

The advantages of ethnic groupings, particularly the fourth republic, were brought up with the respondents. In light of this, 39.1% fairly agreed and 52.0% disagreed that benefits were distributed equally and fairly for ethnic groups. Throughout the last twenty years of democratic administration, advantages were not equitably divided, according to 52% of those in the south-south and south-east. Ethnic equity was a theme that emerged in the interview notes. In line with this, a participant held: .... To be frank, Nigeria is not equal for all. There are differences. There is a high level of ethnic inequality in Nigeria. Minorities are suppressed, intimidated, and marginalized. The inequality is a carryover from the pre-independence period to present-day Nigeria. It is getting worse in present-day Nigeria (IDIs/member of House of Rep/south-south/2021).

This construct was further commented on: Nigeria is built for ethnics in the north. Appointments in the military, police, and national oil company are dominated by northerners, especially the major ethnic groups from the north. Equity has been compromised. This inequity is constitutionally supported. The constitution is a contradiction. Chapter 2 of the constitution gave much power to the center, where revenue accrues. It has a suspicious constitution (IDIs/member of House of Rep/south-east/2021). Discussants were unanimous and attributed inequity in the Nigeria state. However, a scanty case of interviewee expressed otherwise: To be frank, Nigeria is not equal... there are differences, but there is only one Nigeria. Ministerial appointments are constitutional and the right of every state. Apart from ministerial appointments, other appointments are based on trust. It won't be right to appoint someone you cannot trust. The positions are properly shared.... except that appointees are greedy and seek personal interest (IDIs/member of House of Rep/south-east/2021).

The main point of the quote above was the emphasis on trust, which may be why the federal government distributes federal appointments to key sectors. The goal and predominance of trust that should result in a unified Nigeria are governed by the Nigerian constitution. Yet, when these are lost or absent, the federating units quickly develop a dissatisfaction instinct. This violates both the letter and the spirit of Nigeria's constitution.

The 1999 constitution as modified and the ability to advance equity among ethnic groups were questions that were put to the respondents. 63 percent of respondents disagreed that the current constitution should be applied to create equality for geopolitical zones, particularly in the case of southern Nigeria. Similarly, 64 and 61.4% of respondents from



the south-east and south-south disagreed that the 1999 constitution could advance equality, respectively. In Table 2, 68.0% of respondents disagreed that the constitution of the fourth republic promoted balanced growth among geopolitical zones. In this situation, 64.0% and 58.9% of the respondents were discouraged that the Nigerian state had restricted advantages for specific ethnic groups in certain geographical zones, which had a negative impact on economic growth over the previous 20 years. In this instance, balanced growth was covered by respondents' opinions in the south-south and south-east, respectively.

As a result, 55.7% of respondents explicitly lacked faith in Nigeria's unity; 42.3% believed that the current state of Nigeria is a formula for violence; and 53.1% expressed suspicion of marginalization. In the south-south and south-east, respectively, 52 and 53.4% of respondents expressed concerns about marginalization; 41.6% and 43.0% thought that their geopolitical zone's marginalization could lead to major conflict; and 56.2% and 55.1% of respondents in those regions expressed doubt about Nigeria's ability to remain united. Participants in this survey were openly dissatisfied with the way their geopolitical zones were currently distributing profits and benefits in an equitable and equal manner. This significantly sparked intense emotions and a strong desire to destroy the unity of the Nigerian government. An interviewee who had served in the High Court of Nigeria for more than 38 years made the following observation regarding the topic of the discussion surrounding the equality of the Nigerian state: There is no equity in Nigeria. The Nigerian government is tilted to favour the north. This is the truth about the apparatus of the state in Nigeria. There is no equity. The pre-independence system was founded on regional equity. Amenities were fairly distributed before independence and the Civil War. After the war, people in the eastern zone were marginalized and the thought of victory was prominent in the minds of other zones, especially the north, which believed that the east had been conquered. (IDIs/High Court Judge/South-East/2021).

Similarly, a member of the Federal House of Representatives who represented a seat in one of the south-south states during the interview added: It is overwhelmingly clear that the North is suppressing all other ethnic nationalities. It is evident in political appointments, infrastructural development, and the revenue sharing formula. Before independence, there was a regional government that controlled resources in their domain and made remittances to the center by way of taxation. My zone is oil-producing, but the federal government only gives a small amount to the oil-producing states. There is noticeable inequality in all sectors of Nigeria. (IDIs/High Court Judge/South-East/2021).

Participants in this study clearly lacked faith in Nigeria's current political structure, particularly with regard to the declaration of equality and equity for all made in the 1999 constitution. Respondents' prevailing beliefs and normative values are that Nigeria's unity only exists on paper (the constitution), with little apparent action to support it.

### Cross tabulation of Variables

The following bivariate tables illustrate the results of a test for the prediction of equity and equality on secession. When  $p < 0.05$  or  $p > 0.5\%$ , the null hypothesis was either rejected or accepted. According to statistics, the error margin must be less than 5% for  $H_0$  to be rejected and predictions to be accurate.

**Table 3: Treatment of Ethnic group\* loyalty intention to unity of Nigeria?**

	I believe in the unity of Nigeria?	Total
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		Disagreed	Moderately agreed	Strongly agreed	
Every ethnic group in Nigeria is fairly treated?	Disagreed	566	294	132	992
	Moderately agreed	130	81	0	211
	Strongly agreed	39	39	39	117
Total		735	414	171	1320

Two variables—the treatment of ethnicity and loyalty—were used to create the cross-tabulation analysis in Table 2. More than half (992) of the respondents did not think that ethnic groups were treated equitably, and more than half (735) did not feel that the treatment had sustained loyalty with the aim of unifying Nigeria as a whole.

**Table 4: Chi Square Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	81.508 <sup>a</sup>	4	.000
Likelihood Ratio	98.889	4	.000
Linear-by-Linear Association	13.560	1	.000
N of Valid Cases	1320		

The effect of ethnic group treatment on loyalty intention was investigated in Table 4. According to Pearson's chi square, .000 or  $\chi^2$  81.5;  $p < 0.005$ , the null hypothesis was disproved. The two-tail error value shows a strong correlation. It is said that treating ethnic groups unfairly causes a tendency toward division.

**Table 5: Correlation Symmetric Measures**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.101	.031	3.700	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.060	.028	2.171	.030 <sup>c</sup>
Number of Valid Cases		1320			

Table 5 cross-checked the validity of the assumptions in the chi square. The correlation values,  $r = 0.1$  and  $p < .000$ , indicated a relationship between variables. In addition to being substantial, the association also has a positive linear effect. Even though the correlation's value is small, it is still significant at  $p < .000$ .

### **Conclusion: Deconstruction of lock's postulation in the Nigeria federalism**

The central idea of Lock is the derivation of government that justifies equity for all and the contract of consent. The ideology portends that a government of tyranny is antithetical to collective agreement to give up the state of nature to the sovereign power of the state. Therefore, any such civil government should be terminated by revolution to be replaced by another that soothes universal equanimity (Hosein, 2013). Evidence from the above study shows that there is disjointed governance, which hampers the social contract upon which the people of southern Nigeria place a premium. There is an agitated disposition against the federal government, which conspicuously displays discrimination in the eyes of the people. Yet the constitution of the Federal Republic of Nigeria stipulates equity and the spirit of an indissoluble entity that binds citizens together. The constitution places the social contract of the state above personal or ethnic interests. But state sovereignty in the current arrangement is suspicious in the eyes of southern geopolitical zones. The government of

President Muhammadu Buhari is largely labeled nepotistic and ethnocentric, which places one ethnic group above the others. The tide strengthens the call for restructuring and devolution of power. The call gravitates toward impregnable agitations, protests, arm struggles, and boycotts (Falan, 2018). The evidence in the current study is significant enough for a rethink. This study indicates that the Nigerian federal system lacks equity and equality among ethnic groups. The study also indicates that the federalism practiced by President Muhammadu Buhari's government paints a picture of ethnocentrism in its federal appointments, which seriously affects the people from the southern and eastern geopolitical zones. In light of this, the study suggests that the National Assembly, being an independent arm of government, has a legislative role in federal appointments to critical positions. Consequently, the president's authority should be curtailed so that the National Assembly can choose who is to be appointed to positions in the national energy industries, paramilitary, military, and police. This could be potential strategy for advancing equitable and just practices within the federal system of Nigeria.

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## PRIVATIZATION AND COMMERCIALIZATION POLICY IN THE TELECOMMUNICATION INDUSTRY IN NIGERIA

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*Abstract: This study focused on the privatization and commercialization policy in the telecommunication industry in Nigeria, within the period 2012-2020. The objective of the study was to evaluate the impact of the privatization and telecommunication industry on the nation's economy. The paper utilized the secondary source of data and desk analysis in discussing the paper. The paper highlighted some challenges facing the Nigerian telecommunication industry in its new era which amongst others include, inadequate power supply, and transmission infrastructural challenges. In a cross examination of the policy under review, the paper discovered amongst others that, privatization and commercialization in Nigerian telecommunication industry have affected the economy positively. Also, the paper revealed that the deregulation of the telecommunication industry has provided a huge boost in the growth of the industry. In terms of employment opportunities, the study revealed that, the privatization and commercialization of the telecommunication has improved the employment rate in Nigeria. The paper therefore concluded that privatization and commercialization of the telecommunication industry has opened up new frontiers for communication and expanded the economic base of the economy. The paper recommended amongst others that the government should continue to create a conducive environment for the telecommunication industry to flourish.*

*Keywords: Privatization, Commercialization, Policy, Telecommunication, Nigeria*

### Introduction

Public enterprise management and reform became prominent in the political economic agenda worldwide in the 1980s due to the abysmal performances of Public Enterprises (PE) across countries. This escalated the review of the rationale of public enterprises and its economic prospects to the point of significant doubts about the continued validity or recommendation for reform (Ogolo, 2011). The former PE embraces the facilitation of more effective operations and delivery of the desired goods and services, increased autonomy (through joint stock company) on the one hand, and greater accountability to principal shareholders, (the government and other stakeholders), on the other (Akinhade, 2004). The need to balance these roles makes public enterprise reforms inevitable as well as to justify the rationale for establishing them. The major policy instruments of public enterprise reforms across countries have been privatization and commercialization (Ogolo, 2011). The privatization programmes especially in third world have provoked more problems than solutions, considering the sorry state of the public enterprises (Ayodele, 2000). Against the backdrop of the inefficiency of public economic realities from the late

1970s, prompted nations to embrace the privatization and commercialization options (Ogolo, 2011).

Historically, privatization became the more dominant economic reform trend (especially within USA and UK) during the 1980s, characterized as part of the “global wave of neo-liberal policies” of “Reaganomics” and “Thatcheronomics” (Ogolo, 2011). Though previous governments tried Limited denationalization which focused on the restoration of nationalized enterprise to their previous owners with limited success, the privatization programme involved totally new owners and, in some cases, the state enterprises that were privatized were never public sector initiatives (Obadan, 2000). And the privatization initiative was championed through the introduction of Structural Adjustment Programme (SAP) by the World Bank and International Monetary Fund (Oji, Nwachukwe and Eme, 2014). In an evaluative narrative, structural adjustment program did kick start not until 1986 in Nigeria when the International Monetary Fund (IMF) insisted that one of the conditions the foreign loans requested by the then Shagari’s Administration can be granted was to divest ownership in the management and control of some public enterprises (Chukwuma, et al, 2016; Adeyemo & Adeleke, 2008). This debate resonated to Buhari/Idiagbon and General Babangida government that finally announced an intention to divest its holdings in certain key sectors of the economy and subsequently promulgated the Privatization and Commercialization Act No. 25 of 1988. Against this backdrop, privatization has hitherto been described by some authors as neo-liberal policies and idea packaged and sold by the western metropolis through their agencies such as World Bank and International Monetary Fund (IMF) (Gberevbie, et al. 2015).

Public enterprises are corporations wholly or partially owned, funded, controlled, and managed by the government and are usually established to render specific services to the general public at subsidized rates (Omoredede & Ekpu 2018). Public enterprise in Nigeria tends to be characterized by incessant corruption, inefficiencies, and ineffectiveness due to bureaucratic lapses which is also responsible for many government failures. The low performances of public enterprises in addition to technological shortcomings of many public enterprises appear to have made many studies to suggest that privatization or divesting inefficient public enterprises could save costs and generate more revenue to the government. Moreover, several other studies have noted that privatization and deregulation of public enterprises especially in relation to the telecommunication industry would help to overcome the misuse of monopoly power, defective capital structure, mismanagement, corruption, and nepotism (Chukwuma et al, 2016; Abdullahi, 2014; Dappa, & Omi, 2014). Nwoye (2011), specifically argued that privatization and commercialization of public enterprise will not only facilitate the provision of capital and technology to strategic areas where the private sector either shy away from or lacked the capacity to invest, it will also increase capital formation, encourage foreign direct investment, production of essential goods at lower costs, create employment and generally contribute to the economic development of the country. According to Chukwuma et al (2016) and Obadan (2000), several other evidences has revealed that because many of the public enterprises in virtually all tiers of government in Nigeria were either equipped with low or second-grade machinery, the performance of these public enterprises has remained very dismal with no options but to privatized them, Hence, against the aforementioned narrative, this paper evaluated the policy of privatization and commercialization in the telecommunication industry in Nigeria.

### *Statement of Problem*

The ultimate goal of any credible and legitimate government is to ensure sustained improvement in the standard of living of the citizenry. To achieve this, the government usually evolves development plans that will facilitate effective mobilization, optimal allocation, and efficient management of national resources. Thus, Public Enterprises (PEs) otherwise called State Owned Enterprises (SOEs) were established basically in Nigeria like other economies to propel this developmental plan. The Nigeria Telecommunication Limited (NITEL) was established in 1985 to help the nation in the development of the telecommunication sector with the responsibility of providing a means of communication which was fundamentally the landline. Telecommunications industry in Nigeria was underdeveloped until the deregulation of the sector in 1992 and the formulation of a regulatory body known as the Nigerian Communications Commission (NCC). With the evolution of the telecommunication industry and the entrance of the Global System of Mobile Communication (GSM) in 2001 there have been exponential growth in the number of subscribers from about a million to over a hundred million subscribers. This responsibility was taken over by the various GSM network providers. The first of which was ECONET (known as Airtel today) was formally launched on the 6th of August, 2001 and Mobile Telephone Networks (MTN) followed suit almost immediately. However, despite the success of privatization and commercialization of the telecommunication industry in Nigeria, there still abound challenges in the industry. Hence leading to the question; What is the level of success of privatization policy in the telecommunication industry in Nigeria? And what are the challenges faced in the telecommunication industry in Nigeria? What are the recommendations to the challenges faced in the telecommunication industry in Nigeria? This study therefore evaluated privatization and commercialization policy in the telecommunication industry in Nigeria.

### *Objective of the Study*

The broad objective of this study was to evaluate the policy of privatization in the Nigerian telecommunication industry. The specific objectives were to:

examine the nature of privatization and commercialization policy in Nigeria.

examine the level of success of the privatization and commercialization policy in the Nigerian telecommunication industry.

examine the challenges faced in the telecommunication industry in Nigeria.

Make recommendations to the challenges faced in the telecommunication industry in Nigeria.

### **Methodology**

This paper used the secondary source of data gathering with its explanatory research design style. The secondary data source included journal articles, newspapers, magazines, government gazettes amongst others in analyzing salient matters as regards privatization and commercialization policy in Nigeria.

### *Theoretical Framework*

The paper adopted the liberalization theory. Liberalization theory posits that minimal regulation and an outright removal of government control promote greater market efficiency and effectiveness and economic development (Chukwuma et al, 2016). The

neoliberal theory claimed that government has no business regulating the economy not to talk of owning business itself. The theory believed that government is effective when its scope is not too widened, and this is done by leaving the regulation of economic activities into a market force. In this way, the government will dispense sound social spending, and eliminate the budgetary deficit and open economies to foreign trade and investment and allow limitless repatriation of profits, so that they can encourage foreign direct investment. Omoleke & Adesopo (2005) noted that this ideology of liberalism or neoliberal thought come as a result of change or new discourse in ideologies concerning the fundamental role of the state and the relative merits of the private and public sector. The simple assumption is that as the state cannot be as efficient as a private entity in the production of the same output.

According to Omoleke and Bisiriyu (2005), liberalism came in the mid-20th century as a result of the campaign against state-chartered monopoly by the dominant business groups in America. In response to this new form of monopoly in the mid-20th century, a moment arose to fight over what it considered big business strangulation of free competition championed by new generation capitalist whose source wealth is through financial manipulation. Key to this ideology of liberalism, particularly its new form is the heavy reliance on market forces, which its advocate claims to be the most efficient mechanism for allocation of scarce resources. This ideology of liberalism was transported to the 3rd world through the United Nations agencies especially the IMF and World Bank (Chukwuma et al, 2016). Hence from 1960s onward the third world's subjected to social shocks to force them to engage in what is called defensive adaptation. It was for this reasons that the IMF led the 3rd world through so-called industrial take off in the 1960s, import substitution of 1970s and structural adjustment programs in 1980s. Washington consensus imposed the IMF conditional ties for debt forgiveness among which are fiscal austerity, privatization, and market liberalization. Those countries that refuse to accept this conditioning were placed under extreme stress and in most cases overthrown. Those that accepted it were forced to swallow the bitter pills of liberalization, privatization withdrawal from social services. Whether the particular form of privatization program is ill-suited to the economic problems of a particular country was not considered. The above was one of the major drivers for privatization and commercialization of public enterprises in Nigeria (Chukwuma et al, 2016).

According to Nwoye (2011) Nigeria and other African countries were strongly adjusted by the world lending agencies particularly IMF and world bank to divest their public enterprises as one of the conditions for economic assistance with intensified and push for economic liberalization Nigeria and other African leaders were told that privatization as an economic reform would help cut public sector inefficiency, and waste, provide greater scope to private sector, attract more investment, bring new technologies and have relived the economy. Thus, many countries including Nigeria embarked on the privatization and commercialization of their public enterprises. It is against this background that the Ibrahim Babangida administration (1985-1993) proposed the Structural Adjustment Programme (SAP) as a kind of reform which would affect the goals, administration, and management of the public sectors enterprises for purposes of efficiency (Chukwuma et al, 2016). One of the main objectives of SAP was to pursue deregulation and privatization leading to removal of subsidies, reduction in wage, expenses and retrenchment in the public sector ostensibly to reduce state spending. Odukoya (2007) was of the view that the reason for



privatization was agitation for reform of public finance involving the overhaul of public enterprises to satisfy international obligations and aspirations and that realization that private sector investment and the opening up of the political space were preconditions for market economies growth and development.

Despite this, according to Chukwuma et al, (2016), many theories believe that economic liberalization through the introduction of SAP was packaged by western countries to Nigeria during the economic downturn, global economic recession, and the collapse of the oil market to make the country remain under the colony of the western countries. The world leading international bodies particularly IMF and World Bank told Nigeria that economic reform through the implementation of the goals of SAP condition the country because it is heavily dependent on foreign loans and aids. Equally important, in Nigeria, privatization has failed in most sectors because it works and entrenches the interest of the elite class (Chukwuma et al, 2016). The state through some selective privates' class defined the control over the means of production, this why the resultant social forces of production have not been able to support any socio-political transformation that would engineer collective mass action of an active society.

### **Conceptual Review**

#### *Privatization and Commercialization Policy*

The concept "privatization" entails the sale, wholly or practically, of SOEs to private interest while the "commercialization" in essence implies reorganization of SOEs to enable them change economic government subvention (Olukoshi, 1985 cited in Onuoha et al, 2017). By privatization, Davis (1988) perceives it as a policy of widespread or partial sale of public-owned asset to interested investors whether local or foreign. In respect of "commercialization" Davies (1988) in Onuoha et al, (2017) opines that, commercialization does not involve a transfer of ownership of public assets through sale to the private sector. In this case, the government still owns the enterprise, but these enterprises are now to run as commercial concerns and their operations would be based strictly on market forces. Profit and price paid for service rendered would be determined by the market force and not by welfare consideration.

Thus, while a twin-policy of "privatization" and "commercialization" would have the effect of relieving government, the consequence of one, according to Davies differs markedly from the other. Commercialization can be defended "if the quality of goods and services produced by these commercialized establishments can justify the cost on the public". Ubeku (1986) further argued that privatization involves the systematic and programmed withdrawal of government from those activities which private person and/or undertaking can perform more efficiently than government agencies or enterprises.

The whole argument in favor of privatization and commercialization are bound up in the economic efficiency debate. According to Etieybo (2011) privatization and commercialization emerged because the private sector is conceived around a system of benefits of rights and rewards, and unlike the public sector it places greater importance on profit maximization. The privatization and commercialization argument carries three fundamental positions. The first takes the view that privatization is a viable policy; the second takes the opposite view – that privatization and commercialization is not a viable policy; while the third takes the view that privatization is neither viable nor unviable (Etieybo (2011). Arguments in favour of privatization and commercialization of public

enterprises rest on the fact that it is an instrument of efficient resource allocation and management. Privatization and commercialization are, therefore, expected to reduce poverty by improving the economic indices of a country. In general, privatization and commercialization are expected, overtime, to lead to less corruption and red tape, and strengthen the role of the private sector in the economy, thus guaranteeing employment, improved quality of life, and lead to higher capacity utilization (eg lower prices, make more choices available, and ensure faster delivery of goods and services (Shirley & Walsh, 2000).

Critics of privatization and commercialization see the process as capable of leading to a negative effect on the distribution of wealth (Onuoha et al, 2017). This implies that privatization and commercialization can engender social inequalities. The second claim advanced against privatization and commercialization focus on the fact that it is capable of causing a reduction both in income levels and access to basic social goods and services. Still, a third point is that privatization and commercialization would lead to an increase in prices of goods and services (Onuoha et al, 2017). There is also the argument that privatization and commercialization would lead to loss of employment. The most fundamental arguments against privatization and commercialization relate to the aspect of power relationships between the developed (and their multinational allies) and developing countries (Onuoha et al, 2017). Most arguments label privatization as a neo-colonial agenda meant to exploit developing countries, while others see it as a neo-liberal view of development imposed by large co-operations or multinationals foreign capitalist's countries and agencies such as the IMF and the World Bank.

### *Telecommunication*

Communication is a concept that is predicated on the transmission of verbal and non-verbal messages from one particular location or individual to the other. In every communication be it corporate or informal, there must be a sender, a receiver, and the direction from which the communication is channeled (Obasa, 2018). To enhance proper communication there must not be any form of distortion interfering with the message. Thus, the clarity of message is very paramount.

Telecommunication on the other hand simply implies the act of communicating at a distance. It is derived from the Greek term tele, meaning far-off. When viewed from a broader end, it involves ways of communicating through letter writing, newspapers, telephone, et cetera. For clearer understanding, it is better to associate it with electronic communication such as telephone, radio, and television, and data communication (including telegraph) (Obasa, 2018). Ever before the advent of the Internet and other data networks, telecommunications were limited to application of the telegraph and telephone through which individuals and corporate organisations communicate at a distance by voice (and earlier by encoded electronic signals). This telephone service was provided by the Public Switched Telephone Network (PSTN) (Okonkwo and Obidike, 2016).

It is quite necessary to say that the telecommunications industry contain multiple service providers, such as telephone companies, cable system operators, Internet service providers, wireless carriers, and satellite operators (Obasa, 2018). It also involves software-based applications with a communication emphasis and intermediate layers of software incorporated into end-to-end communication services, suppliers of telecommunications

equipment and software products sold directly to consumers and also to service providers, as well as the telecommunications service providers (Okonkwo & Obidike, 2016).

#### *The Nature of Privatization Policy in Nigeria*

Privatization enterprises: manifests in different forms and this includes private sale of shares; public offering of shares; sale of government assets; reorganization/fragmentation into component parts; new private investment in state owned enterprises; management/employee buy-out and leases and management contracts; and deferred Public Offer (Ojo and Fajemisin, 2010).

The privatization programme of the government was implemented in phases. Idornigie (2012) identifies three stages of privatization programme in Nigeria as follows:

Phase I: known as the first round covers the period from 1988 – 1993; includes commercial and merchant banks, and cement plants privatization.

Phase II: the second stage is referred to as the period of inertia and it covers 1994 – 1999; it includes hotels and motor vehicle assembly plants privatization.

Phase III: This stage covers 1999 – to date and it includes the privatization of National Electric Power Authority (NEPA), Nigeria Telecommunications (NITEL), National Fertilizer Company Nigeria Limited (NAFCON), Nigeria Airways, and Petroleum Refineries (Osemene, 2010). The reasons adduced for the privatization of these public enterprises according to National Council on Privatization (NCP, 2000) are as follows: to reduce the dominance of unproductive investments in the public sector in the light of dwindling oil revenue and mounting external debts.

help re-orientate Public Enterprises towards a new horizon of performance, improvement, viability, and overall efficiency.

ensures positive returns on public sector investments.

encourage the use of the capital market as a major source of funds for PEs rather than complete reliance on the treasury for funding; and

create a better window in the global economy and allow participation in international trade.

Ojo and Fajemisin (2010) observe that the overall objective of the policy is to improve the whole economy and welfare of members of society.

#### **Privatization Policy in the Nigerian Telecommunication Industry: Success or Failure?**

The deregulation of the Nigerian economy commenced in 1988 with the establishment of the Technical Committee on Privatization and Commercialization (TCPC), to implement and supervise the privatization program. However, in 1993, the 1988 Act setting up the TCPC which privatized 88 out of the 111 State-Owned Enterprises was repealed by the Federal Government with the enactment of the Bureau of Public Enterprises Act. In 1999 a new Act was promulgated that suspended and repealed 1993. With the 1999 Act, the Bureau of Public Enterprises was reformed. The National Council on Privatization (NCP) was also established to implement the program (Ugochukwu, et al. 2021).

Based on the decision of the government to make the economy private sector driven as a way of stirring economic growth and development in Nigeria, President Olusegun Obasanjo on his assumption in office as a civilian government on May 29, 1999, pursued this plan tenaciously and vigorously by deregulating and privatizing public enterprises that are economically less viable. In the course of deregulating some sectors, President

Olusegun Obasanjo at the emergent of privatization policy considered it imperative to deregulate the Nigerian Telecommunication sector. NITEL as a public enterprise organisation actually crystallised in 1985 from the moribund Department of Posts and Telecommunications (P&T), created to oversee the internal network, while the Nigerian External Telecommunication Limited (NET) was established to administer the external telecommunication services (Ugochukwu, et al., 2021).

Following the deregulation of telecommunication sector in 1999 private telephone operators had the opportunity of participating in the industry. By 2007, the total number of telephone lines in the country had increased from 450,000 to thirty-eight million and eight-five million by 2010. The reason for this great increase was due to licence issued to mobile operators by the government (Ijewere & Gbandi, 2012). It is important to say that the process of deregulation of NITEL commenced in 1980 with the commercialisation of the operations of the enterprise basically to promote efficiency and effectiveness in the sector. To enhance the speedy deregulation of NITEL, an Act was enacted in 1992 with the establishment of the National Communication Commission of Nigeria (NCCN). The NCCN began by splitting the functions of NITEL into two. The functions of carrying out exchange and trunks as well as international services were given exclusively to NITEL. Other functions were given to private investors to carry out. The implication of this is that NITEL's role as supervisor and regulator of telecommunication system was limited to mere operator (Ikechukwu, 2013).

**Table 1: NITEL before Privatization**

Number of Functional Lines before Privatization in 2002	Generated Income before privatization in 2002	Number of Employee	Debt Overhang before Privatization in 2002
553,471	53.41 billion	Over 100,000	20 billion

Source: Ekong, et al. (2020)

**Table 2: NITEL after Privatization**

Number of Functional Lines Seven years after privatization (2009)	Generated Income Seven years after privatization (2009)	Number of Employee	Debt Overhang Seven years after privatization (2009)
40,000	Figure not available	4,000	

Source: Ekong, et al. (2020)

**Table 3: Comparing NITEL performance before and after takeover by TRANSCORP.**

Connected lines before takeover in 2006	Connected lines after three years of takeover (2009)
400,000	Less than 100,000
Working lines before takeover in 2006	Working lines after three years of takeover
296,000	5000
Active exchange in networks before takeover in 2006	Active exchange in networks three years after takeover (2009)
249	Less than 60

Source: Ekong, et al. (2020)

A look at table 1 to 3 show a lack of growth from the privatization of NITEL and its Global Satellite Mobile Network (GSM) mobile subsidiary; M-Tel which fails to break even in the telecommunication industry in Nigeria. Thus, adjudging the privatization of NITEL as a failure in the telecommunication industry. Furthermore, it is essential to say that the deregulation exercise has led to the springing up of private telecom firms; the intension is

to provide services to users in the market which to a large extent has been successful. The GSM was introduced by President Olusegun Obasanjo in 2001 to promote Nigeria's information technology. In other words, the Nigeria's telecom sector began to experience a major revolution with the liberalisation of the industry in 2001 following the granting of license to global system for mobile telecommunication (GSM) providers (Ekong, Chukwu, & Chukwu, 2020). The introduction of GSM is considered as a replacement to Analogue System used by NITEL in almost two decades. The Federal Government of Nigeria gave licences to MTN Nigeria Communications, Globacom Limited, Airtel Nigeria (formerly Zain, Celtel), EMTS Limited (Etisalat) now 9mobile, Visafone Limited, Starcomms (Capcom), M-Tel (Nitel), Econet Wireless, Vodacom, Mega Engineering (Zoda Fones), Reltel and Multilinks Telkom. As of October 2020, Nigeria had over 203,162,561 mobile telecommunications subscribers (NCC, 2020).

**Table 4: The Market share of the main Telecommunication Operators (GSM) in Nigeria by October 2020**

	Airtel	9mobile	Glo	MTN
No. of Subscribers	54,766,947	12,377,612	52,934,089	83,083,913
Percentage (%)	26.96%	6.09%	26.06%	40.90%

Source: Nigeria Communication Commission (NCC), October 2020.

According to the Nigeria Communication Commission (NCC), (2020), the telecommunication operators earned N320billion in January 2020 and N323.2 billion were posted in February 2020 as the earned revenue by telecom operators in Nigeria. However, the telecommunication operators earning in March 2020 increased to N326.5 billion and N329.47 billion also was posted as the earnings in the month of April 2020. Around May 2020, the telecom earnings rose to N331.7 billion and equally advanced to N338.8 billion in June 2020. The total earnings of all the telecommunication operators in Nigeria amounted to approximately N1.97trillion revenue at the end of the first half of the year 2020 (NCC, 2020).

The telecommunication company's growth and substantial increase in teledensity, according to Ugochukwu, et al. (2021) was on the account of the COVID-19 pandemic and government's authorization of stay-at-home-lockdown order.

Apparently, the intensification in new lines acquisitions demonstrated the subscriber's choices for engaging on e-healthcare processing, e-learning education, online education and virtual classroom attendance for the students, workers, and government agencies that had increased the figure of the subscribers who relied on the attractiveness of data bundle alongside devices from Mobile Network Operators (MNOs) (Ekong, et al., 2020). While the cumulative increase in the telecommunication subscriptions confirmed the active lines verification and hence reflected in the data which substantially surged in network subscribers gaining distinctive access points to the Internet services to overcome the challenges of depending on a single network provider for gateway admittance (Matthew & Kazaure, 2020).

**Table 5: Percentage GDP Contribution to the Telecommunication Industry to the Nigeria Economy**

Year of Categorization	Percentage Contribution to Nigeria GDP
2012	7.7%

2013	7.4%
2014	7.6%
2015	8.5%
2016	9.13%
2017	8.66%
2018	9.85%
2019	10.6%
2020	12.45%

Source : Nigeria Communication Commission (NCC) (2020).

A close look at the growth and progress of the telecommunication industry after its deregulation shows a success and table 5 clearly revealed its contributions to the nation's GDP. Apart from its contribution to the Nigerian economy, the industry has also helped in reducing the unemployment rate in the country by employing over 25,000 Nigerians (Ugochukwu, et al., 2021).

### Challenges Fronting the Telecommunication Industry in Nigeria

In spite of the explosive growth since its debut in 2001 and consequentially generated a huge revenue for the licensed operators as well as the government in the form of tax and license fee, there has been a lot of hurdles the market has had to face over the years. Regardless of how revolutionary the industry has been, the integral hurdles that prevail are an abnormally high demand for service due to inefficiencies of previous years, fallible infrastructure base, inefficient power supply, tariff regulations, meeting consumer expectations, amongst others.

#### *Inadequate Power Supply*

The standing electric power supply is not able to satisfy the requirements of the mobile communications sector in Nigeria. In order to maintain a regular network, the operators have resorted to powering their Base Transmission Stations (BTS) with generators that have an automatic trigger whenever there is any form of power outage from the mains supply. As a result, diesel storage tanks are built at the sites and supply the generators periodically. Since self-generation electricity constitutes the highest cost of production, the GSM operators charge high tariffs to make up for the cost. The table below shows the annual cost of generating electricity by major telecommunication operations in Nigeria.

**Table 6: Annual Expenditure of Major Telecommunication Giants in Nigeria on Generators and Diesel**

Major Operators	Number of Base Station	Number of Generators	Annual Expenses on Diesel
MTN	3,100	6,200	N9.5 billion
Globacom	3,000	6,000	N8.4 billion
Airtel	3,000	6,000	N8.4 billion
9mobile	2,700	5,400	N7.5 billion

Ekong, Chukwu, & Chukwu (2020).

The four leading operators Airtel, GLO, MTN, and 9mobile jointly power over 22,000 base transceiver stations with about 23,600 generators (Ekong, et al, 2020). In addition, the operators also have to provide security for their equipment which has not stopped hooligans from stealing the generators or the diesel as these operators lose about two generators and over one million litres of diesel daily.

### *Transmission Infrastructure Challenges*

This particular challenge is ranked next to the power supply challenge as the most difficult challenge to the GSM companies in Nigeria. MTN Nigerian had to build phase 1 of the Y'hello Bahn transmission backbone which produced the biggest ratio of 4:1 backbone in the nation to address the challenge of no dependable terrestrial transmission links which covered a distance of 3,400 kilometres across Nigeria (Ekong, et al, 2020).

### *Inadequate Roads and Social Facilities*

The GSM operators sometimes have to shoulder the responsibility of constructing or fixing the roads that lead to their host communities before setting their masts in place. This is due to poor road networks and other social utilities such as pipe-borne water to several rural communities in the nation (Nkordeh et al, 2017). Consequentially, the GSM operators are normally given conditions to make available the same or are faced with the option of denial of access into such villages or communities. The resources required to achieve this always prevent the companies' expansion.

### *Destruction and Vandalism of Equipment*

Another leading challenge in the GSM market faced by the licensed operators in Nigeria is the often vandalism and destruction of several installed equipment like Automatic Voltage Regulators (AVR) (Ekong, et al, 2020), generator sets, diesel, air condition units among others by hooligans. Replacing these stolen or destroyed installations constitutes a serious deterrent to the operations of the GSM companies. Due to the vandalism of this equipment, one of the operators had to close down one of their bases in Lagos. Similarly, one of the operators reported that they could not access about 30 of their sites due to the insecurity in the country, especially in the Northern part.

## **Conclusion**

In conclusion, if privatization must of necessity bring forth the desired benefits, it has to be viewed not as an end itself, but as a means to get government interested in fostering a new division of labour between the public and private sectors in order to increase the efficiency and contribution to development of both sectors. Therefore, the success of privatization should be judged not in terms of the sale or contract itself or the price paid to government, or even the survival or expansion of the enterprise sold, but rather, on the basis of whether there are net benefits to the economy. On the aforementioned bases privatization of the telecommunication industry has not only opened up new frontiers in terms of communication, it has also contributed to the nation's GDP and also the reduction in the unemployment rate but not without some challenges as stated above.

### *Recommendations*

Government as a matter of policy formulation should continue to create a conducive environment for the telecommunication industry to flourish.

The Nigeria Communication Commission (NCC) as a regulatory body of the industry should endeavour to curtail the excesses in the industry for the benefit of the public.

Improved infrastructural facilities is also needed to aid the delivery of effective services to customers.

The Nigerian government in order to ease the financial burden on the telecommunication industry and also other sectors of the economy should provide adequate power supply.

Adequate security measures should be taken for the safety of lives and properties especially infrastructural facilities.

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## SECURITY CHALLENGES AND NATION BUILDING IN NIGERIA

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*Abstract: Africa's recent security issues have become a cog in the continent's nation-building machinery. Perhaps the biggest threats to security in Africa are violent extremism and terrorism; there are local groups operating throughout east, west, and southern Africa that have connections to international terrorism. Their actions incite regional conflicts and facilitate organized crime networks, further destabilizing an already precarious political environment that ought to be a tool for nation-building and the advancement of development across Africa, particularly in Nigeria. Security issues have included kidnapping, killings, and the destruction of government buildings, medical facilities, and schools. These issues have plunged the country into a persistent state of insecurity and impeded the process of nation-building. Therefore, this paper uses Nigeria as a case study to examine the threat of security challenges to the development of nation building in Africa. Qualitative techniques are used to gather secondary data for analysis. The results showed that a great deal of lives and property have been lost to insecurity, which has also hindered the effective execution of government policies and initiatives aimed at strengthening the country. As a result, this paper concludes that security challenges have a negative impact on nation building and makes recommendations for how to lessen security challenges in order to promote Nigerian nation building through good governance, corruption, synergy-security, transparent, and accountable leadership.*

*Keywords: Security, nation building, challenges, development*

### **Introduction**

For Africa to develop and succeed in nation-building, peace, safety, and security are essential and necessary conditions. Africa has recently seen unheard-of levels of instability and crisis, which have resulted in fatalities and property damage. The rate of violent crimes in the nation, including politically motivated killings, kidnappings, armed robberies, banditry, suicide bombings, religious killings, ethnic conflicts, and the "unknown gunman syndrome," is rising and has impeded the development of national building in Africa (Adegoke, 2010). The alarming security challenges which cut across the nooks and crannies of the country call for worry. The aforementioned situation has made national security threat to be a major issue for the government which has led to large allocation for national budget to security.

According to Mbachu (2019), in an attempt to characterize the nature of internal insecurity in Nigeria, there is a rise in incidents, militancy, insurgency, human trafficking, ritual killing, and corruption in both high and low places. He added that the nation's internal security agencies are obviously overwhelmed by the complexity of the current state of

insecurity and concluded that investigating the underlying causes of Nigeria's security problems and reconstruction efforts is the way out. Onifade, Imhompfi, and Urim (2013) link a population of resentful individuals who feel left out and have little to no access to the nation's shared past with the rise in political rivalry, intolerance of religion, and ethnic hatred. It is important to remember that Nigeria's multiethnic and multi-religious makeup presents security risks in the context of the nation's political system. Youth unemployment, corruption, a lack of effective governance, and the nation's lack of development have all been markers of the security challenge and nation-building (Oshio, 2009). Nigeria has a lot of natural and human resources, but the country is still developing, and the benefits are not evenly distributed. A persistent state of insecurity has been imposed on the continent, impeding the development of nation-building in Africa. Other security challenges include abduction and the destruction of government properties such as schools, health centres, and administrative buildings. Thus, the threat of security issues to the advancement of nation-building in Africa, and Nigeria specifically, was examined in this paper.

### **Review of Related Literature**

#### *Security*

The reason for the emergence of the leviathan (the sovereign, state or Government) according to Thomas Hobbes in his "social contract theory" is to maintain social order, as well as to ensure security of lives and property within the state. For this reason, the concept of security has been the priority of every modern society. The concept has attracted challenges in giving simple definition that will give all-inclusive understanding about its nature. Onyeyemi and Atao (2020:48) Opines that because of the pertinence of ensuring that, there is internal security to people which is the sole responsibility of government, it has been defined in so many ways by many scholars, security experts, security managers, government officials and security analysis depending in their perceptions. Naakiel and Ayokhai (2006:3) contend that comprehensive security is fundamental to attaining the essential peace and security that a country seeks. This implies that security must encompass all spheres of human strive that have the capacity to improve internal security within society. It also suggests that all indicators that offer total peace and security must be addressed by the government in order to avoid insecurity in society. According to Mbachu (2019), security is a condition in which there are fewer or included threats as well as tensions and no immediate dangers to the state's stability from non-state actors, other states, or internal and external threats. In this context, stability refers to the regularity, order, and pattern that defined the state's condition over a long period of time. According to the aforementioned perspectives on the notion, security encompasses more than just protecting people's lives and property; it also entails making sure that the government strictly upholds and protects people's security in all that they do. Broadly speaking, security refers to the overall state of harmony, stability, and order in a community. In particular, security has aims and a personal interpretation. According to Lipmann (1968), Wolfers (1979), and Imobighe (2013), safety precautions ensure lack of dangers to life, liberty, and property in the objective dimension. Subjectively speaking, security is the lack of fear of losing one's life, liberty, or possessions in relation to the state's ability to prevent danger or win the right to defend the health and safety of the populace (Aja, 2009:34–35). There are military and development aspects to security as well.

In relation to the military, it assesses the state's ability to use law enforcement to safeguard the nation and manage sporadic criminality within the system (Aja, 2019). From a development standpoint, there can be no "real" security unless people are gradually given more influence in politics, culture, the economy, education, and technology. Namana (1968) made the observation that security is development, and that security cannot exist without development. All things considered, security ensures that people, communities, organisations, geopolitical entities, and their means of subsistence are well-protected and preserved for the benefit of the general public (Mbachu and Umar, 2013:324; Nwolise, 2017:13:15). From the above conceptualizations, it can be understood that security is the live wire of any society. It is a mandatory task of any government that intends to continue to enjoy the support and legitimacy of the people. Paradoxically, security does not connote the absence of conflict; but rather the existence of an accepted mechanism for conflict resolution.

#### *National security*

National security is the need to maintain the state's existence by using diplomatic, political, economic, and power-projection strategies. The stability and tranquilly of a society are fundamental components of national security. According to Professor Al-Mashal, national security concerns should include a society's and its members' physical, social, and psychological well-being both within the country and in relation to broader regional and global systems. The full execution of the multiple social-economic and political liberties found in the 1999 amended Nigerian constitution would greatly aid the attainment of national security alongside nation-building (Oshio, 2009). The following actions are taken to protect national security: Rallying allies and isolating threats through diplomacy; Using economic might to force cooperation; Preserving a strong military; Protecting the country from internal threats by deploying secret police or counterintelligence services (Wikipedia 2013).

#### *Nation-Building*

In Western political science literature, nation-building is defined as the process by which people shift their allegiance and commitment from smaller tribes, villages, or petty principalities to the larger central political system. This has been criticized by at least one non-Western political scientist. Moving "commitments and loyalties from local or limited levels of ethnic groups to a more expansive political unit" is not what Elaigwu (1983) defines as nation-building. For example, he says that whether someone is Ibo, Yoruba, Hausa, or Tiv depends on who they are. It is not transferable. Declaring oneself to be an Ibo or Hausa does not mean anything. Elaigwu goes on to say that nation-building is a two-pronged endeavour. Nation-building is defined by the vertical dimension as the process by which the people gradually come to recognize the legitimacy and necessity of a national government and to identify (as a result of the growing number of local loyalty) with the federal government as a national symbol. As per the lateral dimension, nation-building entails acknowledging other citizens as legitimate fellow citizens of a "corporate" nation and accepting their rights to a portion of the same history, resources, values, and other characteristics of the State - all supported by a feeling of unity within the political community.

Elaigwu is correct when she emphasizes that an individual cannot transfer their identity, even with words to that effect. However, this author firmly believes that Elaigwu's "vertical dimension" of the nation-building problem can effectively replace state-building, while the "symmetrical dimension" can be applied to nation-building with little negative impact. In light of this, we describe nation-building as a means of fostering harmony and a feeling of inclusion among diverse groups within a state, entailing efforts to integrate the groups in order to construct a "nation" within the State.

#### *Elements that Promote Nation-Building*

The following conditions may very well be met in order to improve the nation-building process:

The people share common values, beliefs, and attitudes; ii. There is an efficient ruling class that can fend off hostile, detrimental factors and internal civil unrest while defending the country against outside powers.

People and organizations accepting decisions that they disagree with, putting up with opposing viewpoints, respecting the power of political institutions, being willing to make concessions, and finally coming to an agreement on standard operating procedures and courses of action. To put it another way, for a people to coexist as a nation, they must be willing to recognize the legitimacy of political associations, be open to making concessions, and finally decide on shared policies and practices. In other words, there must be a will among the people to live together as a nation;

Economic prosperity, which permits people to live satisfying lives and maintain good health;

Centripetal nationalism. Nationalism is a volatile force that can offer a particularly strong foundation for loyalty or disintegration. When the power is effectively directed towards state institutions, a singular political community of great importance is established.

#### *Conditions that Impede the Building of Nations*

Building a nation is almost unattainable if one or more of the previously listed components are absent. Additionally, the following impede the process:

Centrifugal nationalism: This happens when and if each ethnic group or nationality in a state applies the national self-government principle. Then, the authority of the federal government would be so diminished that it might be doubted whether the state even exists. This could be categorized as an internal factor of art.

An additional factor that hinders nation-building is external influence, especially in the designated third world. There are two possible ways in which this could appear: (a) external forces intervening to alter the conditions in which nation-building needs to take place; or (b) groups inside countries identifying with groups outside of them as a result of revolutionary trends in communication that have made the world smaller. An excellent illustration of this is the inclination of Nigeria's Islamic community to look to the Islamic world in general and the Islamic Middle East in particular; this is demonstrated by the attempt to have Nigeria admitted as an Organization of Islamic Conference member. (OIC). Internal divisions are exacerbated as a result.

### **Nigeria's National Security and Nation-Building Challenges**

We have achieved some notable achievements in our pursuit of nation-building and strong national security, such as maintaining national unity in the face of numerous obstacles. However, these obstacles still prevent us from realizing our greatest potential. Nigeria faces many obstacles in the areas of national security and nation-building, but the following are some of the main ones that are emphasized and covered:

The challenge from our history

Security challenge

The challenge of building institutions for democracy and development

Ethno-religious conflicts

Loss of socio-cultural and communal value

Porous border

Unemployment/ poverty

### *1. The Challenge of History*

Nigeria's historical development has presented certain difficulties for the country's national security and development. The country was split into the North and South by colonial rule, with distinct land tenure, local government, educational, security, and legal systems. Nigerian nationalists from various regions engaged in just as much internal conflict as they did with British colonialists during the decolonization struggle. Because of this historical legacy, regionalism has posed a significant obstacle to nation-building and has an effect on national security in the nation. This division has been a source of domestic tension and undermined our efforts at creating a common nationhood (Gambari, 2009]

### *2. Security Challenge*

Rising levels of insecurity are the norm in Nigeria; there are daily reports of kidnappings, banditry, robberies, murders, and wanton killings. Even more concerning is the fact that despite massive investments in the defence industry, the Nigerian government appears incapable of containing this threat, which has long threatened the country's security and impeded the process of nation-building. The Office of the National Security Adviser (ONSA), Major General Babagana Monguno (RTD), released the national security strategy in 2019. In it, it was made abundantly clear that security is essential to growth and advancement in a free society and that it ensures the stability of the state and the well-being of all its citizens. It also mentioned how Nigeria is currently dealing with more complicated security issues than it did in the past. Consequently, this necessitates the development of a strong, adaptable, and proactive national security infrastructure and framework that can respond quickly to these expanding threats (Tribune, January 21, 2022). Considered as the giant of Africa, Nigeria has been experiencing unprecedented levels of insecurity due to the actions of Fulani herdsman; Boko Haram; armed robberies, kidnappings, banditry; political, religious, and communal crises; murder; Niger Delta militants destroying oil facilities; kidnapping and trafficking of children; secessionist movements, etc. Nigeria is in an unquantifiable state of difficulty due to its national security issues. Despite having abundant natural and human resources, the people of this country are severely hungry, which is detrimental to them.

### *3. The challenge of Building Institutions for Democracy and Development*

One of the biggest obstacles to national security alongside nation building is the establishment of institutions. The effectiveness of the important national institutions determines whether a country can maintain economic growth without producing extreme

inequality or handle its political and social conflicts amicably without spiralling into war. In order to accomplish the national goals of democratic rule and long-term prosperity, Nigeria must establish and fortify the following institutions:

**Organizations dedicated to promoting public integrity:** Courts, the ICPC, and the EFCC are examples of organizations established to uphold standards and prevent the misuse of public office for personal benefit.

**Public service delivery institutions:** The primary body in charge of providing public services is the civil service. The civil service must fulfill its historical obligations to promote sound public policy, assist and oversee the private sector, and provide managerial guidance for the operation of public service enterprises. Politics must be kept out of the civil service's hands and it must remain impartial.

**The judiciary:** In any democratic environment, the court system is a crucial institution. The judiciary mediates conflicts between the government and its branches, as well as between citizens and representatives of the private sector. Due to the Supreme Court's high calibre of decision-making in recent years particularly in certain politically contentious cases the public has come to greatly trust and respect the court.

#### *4. Ethno -Religious Conflicts*

Conflicts between ethnic groups have always resulted from the emergence of novel and narrow-minded kinds of political perception and identity. Large-scale killings and acts of aggression among groups in Nigeria have frequently resulted from claims and presumptions over scarce resources, authority, land, chieftainship titles, and government authority in local areas, authority over markets, and other unimportant issues. These stem from mistrust between the nation's main religious institutions and different ethnic groups.

#### *5. Loss of Socio-cultural and Communal Value System*

According to Idris (2019), charming characteristics of African societies include collectivism, devotion to authority as well as community, honesty, truthfulness, dedication, acceptance, love for others, coexistence and mutual harmony, disgust of theft, a reverence for human life, and individual identification with one another. However, these values that kept society safe and secure have gradually been abandoned and replaced by the purely Western concept of "contemporary society and human civilization", which has put nation-building at risk due to its transplantation without adaptation.

#### *6. Porous Borders*

According to Idris (2019), a security expert, one significant factor that has increased Nigeria's security challenge where movements are largely untracked is the porous nature of our borders. Because of this and the inadequate security system, weapons from other nations are easily imported into Nigeria. Access to small arms and ammunition has made weapons easier for criminal gangs and militant organizations. Over 70% of the approximately 8 million illicit firearms in West Africa are thought to be in Nigeria (Auoh, 2018). The porosity of Nigeria borders has also made it possible for unwarranted influx of migrants from neighboring countries such as the Republic of Niger, Chad and Benin. These migrants, who are mostly young are more of the perpetrators of crimes and insurgency in the country.

#### *7. Unemployment/Poverty*

In Nigeria, unemployment and poverty have been found to be the main causes of insecurity. According to Aigbakhon (2008), poverty is characterized by a prolonged lack of well-being, which is deemed insufficient for a respectable standard of living. Unemployment

and poverty are similar to each other. They help one another out. Unemployment remains one of the nation's most persistent social issues in Nigeria. Nigerians, particularly the youth, are negatively drawn to crime due to the country's high rates of unemployment and poverty. Major contributors to the nation's insecurity are the government's persistent inability to address issues like unemployment, poverty, and an imbalance of wealth among nationalities.

### **Theoretical Framework**

The theoretical framework for this research study, which focuses on security challenges and nation building in Africa with a particular focus on Nigeria, is systems theory. This is in line with the modern emphasis on a scientific approach to the study of social sciences. Because systems theory presents and operates organizations as unified, purposeful systems made up of interconnected parts, it can be viewed as an integrative theory. When distinct organizational units collaborate and interact, they become more productive than if they had operated independently. This is emphasized by the management concept of synergy, which states that the whole is greater than its parts (Obikezie and Obi, 2004). The general systems theory is an embodiment of systemic approaches and it had its origin in the natural science, biology, social engineering and cybernet (Akpotor, 2011). Bertalanffy, a biologist, developed the application of general systems theory in 1920 (Obagbinoko and Egbaju, 2011). They went on to say that in his 1953 work "The Political System," political scientist David Easton was the first to develop and apply systems theory to the analysis of politics. He employed the theory of systems as a method to examine the information gathered in order to produce dependable and comprehensive understanding of social phenomena. Three components help to clarify the concept of systems theory. A system is made up of interrelated parts:

- i. Parts
- ii. The parts must be related to the whole
- iii. Each part makes certain contributions towards the survival of the whole.

For this reason, the system that Henry cited in Ezeai and Esiagu (2009) is seen as a unit in which all things are related to one another and function to achieve the goal of the whole. David Eastons stated unequivocally that a society's political system is the set of relationships that allow for the adoption and execution of authoritative decisions. According to his theory, the way a political system works is that it takes inputs from its surroundings, or the people, converts those inputs within the system, and then produces outputs, or decisions that have authority. Events that elicit reactions, demands, and supports such as approval or disapproval, which are decisions made by authority could be considered these inputs. Events that elicit reactions, demands, and support such as either acceptance or rejection of a decision could be considered these inputs, and government actions, programs, decisions, and parliamentary acts could be considered the outputs. These authoritative outputs typically have an impact on the environment, which in turn triggers feedback loops that alter the volume and intensity of environmental demands and supports. According to the principles of systems theory, nation-building requires stability, tranquilly, and security as prerequisites. Therefore, meeting these needs necessitates an all-encompassing approach with a collaborative effect, which is the cornerstone of systems theory. In actuality, component units must cooperate to lower national insecurity due to the critical importance of national security to state survival and nation-building. The entire



government must offer the required resources in order for the nation's security forces to operate effectively.

### **Conclusion and Recommendations**

The challenges Nigeria faces in maintaining national security and developing its nation have been made clear by this paper. According to the paper, security is essential on all fronts national, regional, and international. The research study has also demonstrated that the government bears the exclusive responsibility for ensuring the security of its people; in fact, any government's legitimacy is derived from this responsibility. The paper argued that because of our history of colonization, an atmosphere of needless and unhealthy rivalry has been created, especially among ethnic groups, while the nation still faces severe socioeconomic issues. In more recent times, religion has grown to be a contentious topic that divides people. The relationship between Muslims and Christians is marked by intense mistrust, anxiety, and fears, which has resulted in violence in the North. The numerous ethno-religious conflicts have resulted in property destruction, businesses closing and investors running away, as well as the deaths, injuries, and displacement of people. Communities have also been divided along ethno-religious lines, which have hampered Nigeria's efforts to develop its nation. The report further suggests that in order to prevent porous borders, there is an urgent need for good democratic processes, people-centered governance, transparent and accountable leadership, effective and efficient law enforcement institutions, and partnerships with neighbouring nations. Above all, the government needs a social contract with its citizens as a basis for demanding their loyalty and support.

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## INCOME DISPARITIES, POVERTY, AND REGIONAL CONVERGENCE IN EUROPE. A SPATIAL APPROACH

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*Abstract: Given that the studies conducted so far reveal a wide range of conflicting results concerning the potential transmission channels of income inequality, the following questions arise: Is there a  $\beta$ -convergence process at the European level that is influenced by financial and social inequalities? What is the relationship between economic growth and inequality in Romania and other emerging Eastern European countries, given that there is mixed evidence in the literature? Therefore, in carrying out this research, we aim to assess the specificity of the economic growth-income inequality nexus in 5 ex-communist CEE states over the period 2010-2019 using spatial econometric techniques. On one hand, the main results support the existence of a  $\beta$ -convergence process in Europe that is conditioned by absolute poverty phenomena. This argues for considering poverty as an additional channel that may hamper the economic performance of EU members. On the other hand, our findings reveal a predominantly negative relationship between variables that is determined by variations in the initial income level and the degree of poverty. Additionally, by conducting sub-national analyses, we observe that, in Romania, the growth-poverty-inequality triangle is influenced by severe socioeconomic disparities. From a policy perspective, economic growth can be a useful instrument in reducing regional poverty in Romania if it is supported by consistent increases in the population's revenues (i.e. the case of North-West and Centre regions), while a higher pace of income growth compared to the regional productivity growth rate tends to foster future rises in poverty.*

*Keywords: income distribution, economic growth, poverty, convergence, Europe, spatial econometrics*

### Introduction

While the theoretical foundations concerning the interdependence between income inequality and economic growth date back to the 50s with the launch of Kuznets' hypothesis (1955) that assumes a positive relationship between concepts, recent studies lean towards a significantly negative impact of inequality on growth (Breuning and Majeed, 2020; Marco et al., 2020; Lakner et al., 2022). Also, contemporary literature notes the importance of socioeconomic factors such as initial national income, financial development, education or poverty that can significantly influence this connection (Bourguignon, 2004; Bergstrom, 2020; Marrero and Servén 2022). Therefore, given that the initial level of development influences a country's potential in terms of income, and the equitable distribution among individuals is considered to have a positive influence on economic growth, several works have begun to return to the issue of convergence over time (Anselin, Le Gallo and Jayet, 2008; Pietrzykowski, 2019). If the least developed countries tend to follow the developed ones in terms of economic growth, then we can debate the emergence of a convergence process. In this regard, there have been optimistic theoretical models (i.e. neoclassical theories) as well as pessimistic ones (in general, endogenous growth theories) that tried to explain the implications of convergence. Furthermore, taking into account certain observed

deficiencies of linear regression models, various works have started to expand to other techniques belonging to spatial econometrics to verify the process of absolute and conditional convergence. In the same vein, some authors have argued that regions are interrelated by their proximity in space and the connections that globally emerge between different variables cannot be estimated using regular econometric tools (Panzer and Postiglione, 2020).

Thus, this paper aims, on one hand, to assess the  $\beta$ -convergence process at the European Union (EU) level in the last decades and the impact of absolute poverty on this phenomenon, and on the other hand, to analyse the specifics of the economic growth – inequality link in Romania and other emerging Central and Eastern European (CEE) countries, namely Bulgaria, Hungary, Poland and Croatia. Following the work of Fingleton and Lopez-Bazo (2006), and Kuc (2017), this research supports the inclusion of spatial effects in the econometric analysis because spatial heterogeneity allows us to correlate and understand the degree to which a unit (country) is similar to neighbouring units (countries). As regions have nearer or more remote neighbourhoods, this is assumed to have an impact on different regional characteristics, including income distribution and the level of economic development. From an empirical point of view, our preliminary results denote a negative relationship between growth and income inequality in the analysed economies, and a predominantly adverse influence of inequality on growth, except for Romania, which has lately registered an upward trend in both economic performance and income inequality. In addition, cumulating these results with the impact of poverty at the regional level, we note that the countries that experienced the highest degrees of inequality, namely Bulgaria and Romania, recorded severe levels of poverty, while countries with a lower degree of inequality (Poland, Croatia and Hungary) had moderate poverty degrees. Concerning economic growth, we observe that countries with lower levels of inequality and poverty have managed to secure higher GDP growth rates.

Therefore, the contribution of this research to the empirical literature consists in investigating the connection between the two concepts conditioned by the absolute dimension of poverty in 5 former communist states from East-Central Europe. Moreover, keeping in mind the fact that there is a diffuse association between economic growth and income inequality at the level of Romanian regions, which can be positively or negatively influenced by the degree of poverty, the present paper will also focus on studying these internally conditioned relationships.

### **Literature review**

Historically, the impact of income inequality on economic growth has been brought to attention by several authors, notably Lewis (1954), Kuznets (1955), and Kaldor (1956), their theories placing the phenomenon of income distribution at the centre of discussions that argue for a compromise between factors. The linkage between economic growth and inequality can be tackled from different perspectives: differences in income distribution can explain a certain degree of macroeconomic development, but the influence of growth on income distribution can materialize distinctly at the individual level. Kuznets' (1955) theory was developed based on this assumption, arguing that economies will face higher levels of inequality in the first stages of their development, but it will gradually diminish as a certain degree of economic development is achieved, leading also to poverty reduction (i.e. "Kuznets inverted U-shaped hypothesis").

In the past decades, new studies have focused on disentangling the inequality-growth nexus (Cingano et. al, 2014; Berg et. al, 2018). Cingano et. al (2014) highlighted that a rise in inequality harms economic growth by studying the case of the Organisation for Economic Co-operation and Development (OECD) members. Their analysis showed that inequality negatively influences human capital and hinders economic growth when controlling for the influence of initial national income, educational attainment and investment. Berg et. al (2018), using compiled data drawn from Solt's (2009) model, observed that lower income inequality is correlated with rapid and sustainable economic growth, and unequal societies tend to redistribute more, but this redistribution does not have a major impact on growth. Also, Grundler and Scheuermeyer (2018) used the GMM (Generalized Method of Moments) system developed by Arellano & Bond (1991) to examine the effect of unequal income distribution in countries at different phases of development. They illustrated a negative effect of inequality in poor and emerging countries attributed to poor public infrastructure and financial market imperfections, but did not find a significant impact in the developed ones.

Likewise, the national literature supports the idea that inequality has manifested a strong negative influence in the emerging states of Eastern Europe since the '90s, especially in Romania with the removal of the communist regime, considering that increasing inequality is due to the transition to capitalism, macroeconomic changes and the adopted stabilization policies (Anghel, 2017; Oancea, Tudorel and Pîrjol, 2017). The study conducted by Anghel (2017) aimed at testing Kuznets' hypothesis over the period 1989-2015, providing an overview of the inequality level in Romania. On the other hand, researchers such as Ravallion (2011) and Brueckner et. al (2015) discuss the role of socioeconomic drivers in explaining the connection between economic growth and inequality. This debate starts from a fundamental model that has focused on studying poverty in both developed and developing countries, namely Bourguignon's model (2004) known as the "Poverty Triangle". His theory states that inequality and growth influence each other, and they simultaneously influence poverty. This influence has been thoroughly analysed during the last decades, exploring the role of economic growth in combating poverty and inequality, arguing that the relationship between inequality and poverty can be positively or negatively associated depending on the level of economic development, investment in human capital and macroeconomic stability (Edward and Sumner, 2018; Leow and Tan, 2019).

Looking from another methodological perspective, Paas and Schlitte (2009) were the first to observe that the spatial structure of the national income level of European countries is marked by an East-West directionality with higher regional growth rates in the East, supporting the presence of  $\beta$ -convergence. In addition, Pietrzykowski (2019), and Panzera and Postiglione (2022) highlighted the existence of multiple interdependencies between European states, including a spatial dependence that implies that regions with similar values of GDP per capita tend to cluster in space (i.e. positive autocorrelation). In conclusion, these results emphasize the impact of spatial interactions, and the need to implement regional development policies to achieve a stable convergence process in the EU.

### **Methodology and data**

First, to answer the proposed research questions and to test the hypothesis of a negative connection between income inequality and economic growth that can be influenced by

variations in different socioeconomic factors, we considered a sample of 5 emerging countries from East-Central Europe, namely Romania, Bulgaria, Poland, Croatia and Hungary, whose macroeconomic evolution was observed between 2010 and 2019. We restricted this study to 2019 to avoid imbalances caused by the COVID-19 pandemic and Brexit. These countries were selected to investigate the pattern of this highly debated nexus in some of the ex-communist CEE countries by illustrating the overall evolution of these economies. Although they are currently at different stages of economic development, these states show similarities in terms of development trends and the process of European integration, as well as differences regarding their macroeconomic framework, arousing the interest for deeper research (Wan, 2002).

Second, the instruments used in this analysis aimed to evaluate countries' economic performance reflected by the GDP per capita expressed in PPPs, which is the most common method to compare living standards by reducing differences in price levels. The degree of inequality in income distribution will be illustrated by employing the Gini coefficient. To reflect the social dimension of our countries, we will calculate specific indicators highlighting the degree of absolute poverty, including the Headcount index and the poverty gap. These indicators capture the proportion of individuals living below the poverty line in the total population, but especially the rate at which the income of the poorest falls below this threshold, providing a broader perspective of poverty phenomena depth.

Our data was collected from various sources including the World Bank (<http://data.worldbank.org>; <https://pip.worldbank.org/poverty-calculator>), the European Commission (<https://ec.europa.eu/eurostat/data/database>), the National Institute of Statistics of Romania (<http://statistici.insse.ro:8077/tempo-online>), and the International Monetary Fund (<https://www.imf.org/en/Publications/WEO>) databases, given that they provide relevant quantitative data to our research. Moreover, given that the study of the growth-inequality link using spatial econometrics techniques is quite quantitatively limited in the literature, our contribution to this area involves the use of spatial tools such as cartograms and spatial panel analyses at the European level. The advantages of employing spatial econometrics methods include modelling the contingency and territorial interactions between sets of "neighbours" for various observations based on the spatial weighting matrix. The spatial effects captured are based on two major characteristics: dependence (autocorrelation) and spatial heterogeneity. The starting point of these analyses is represented by the Moran test (1950) which indicates the sign of the global spatial autocorrelation. In addition, the applicability of the above-mentioned instruments implies the visualization of the spatial distribution of the statistical units considered (especially through mapping) and the possibility of emphasizing atypical observations, i.e. statistical units with extreme values such as those observed in the case of Romanian regions (for example, the growth poles Bucharest and Cluj). Also, with the help of spatial analyses, potential clustering processes can be identified according to certain macroeconomic indicators as a result of the typology and specialization of the sampled economies.

## **Results And Discussion**

### *EU level*

First, since we assume a positive influence of equitable income distribution on economic growth, our objective is to investigate the specifics of the economic growth-inequality connection using different spatial econometric tools. In this regard, we conduct a brief

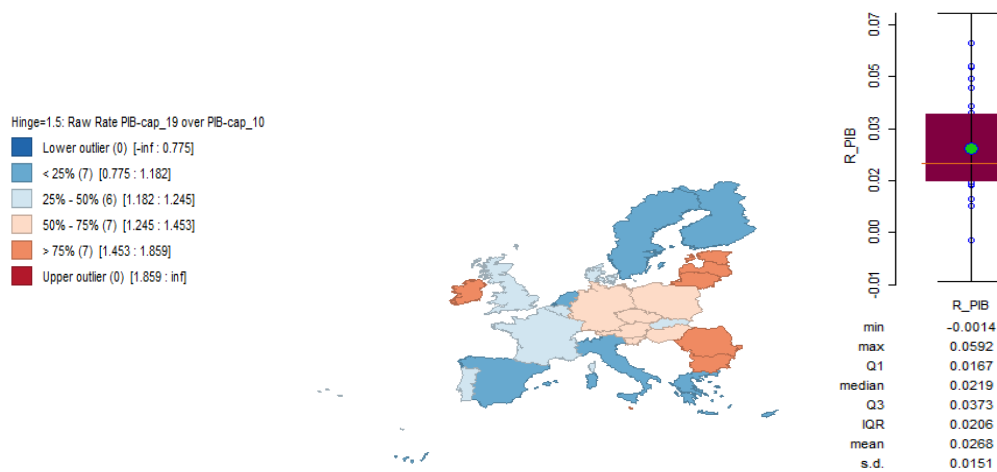
analysis concerning the convergence process of the GDP per capita at the EU level during 2010-2019 to verify the hypothesis of countries' clustering trend in the East-Central region, claimed by authors like Paas and Schlitte (2009), Pietrzykowski (2019), and Michálek and Výboštok (2019). We will also check the conditioning of this process by certain composite variables relevant to the studied sample, such as the poverty gap. Descriptive statistics are provided below in Table 1.

**Table 1. Main variables used in the convergence analysis**

Variable type	Variable name	Explanation	Mean	Standard deviation	Median	Min	Max
Factor	LPIB10	GDP per capita in 2010 (logs)	10.050	0.382	10.085	9.305	11.077
Dependent	RPIB	Average annual GDP growth rate	0.027	0.015	0.022	-0.001	0.059
Control variable	RGAP	Average annual growth rate of the poverty gap	0.004	0.248	-0.021	-0.693	0.693

Source: Own calculations in GeoDa 1.20.0.36

**Figure 2. GDP per capita growth rate in the EU**



Source: Own calculations in GeoDa 1.20.0.36

Figure 1 shows that Western and Northern countries with higher initial GDP levels recorded lower growth rates, while Eastern countries with lower income levels experienced higher growth rates. These phenomena mark the premises of the convergence theory, according to which space units with lower initial levels will have higher growth rates than the others, and vice-versa, if convergence occurs. From a descriptive point of view based on cartograms, the existence of a convergence process at the Union level is confirmed, reinforcing us to expect that spatial regressions will also support the presence of this process.

On one hand, by verifying the significance of initial income by comparing the calculated value with the significance threshold, we see that the probability of the variable LPIB10 is  $0.009 < 0.01$  (Table 2). Therefore, we claim the existence of a statistically significant relationship between the initial value of the GDP and the 10-year growth rate at the 1%

significance level. The regression coefficient is negative and ranges between (-1; 0), indicating that an economy with a lower level of income had a higher growth rate, confirming the occurrence of  $\beta$ -convergence at the EU level in terms of GDP per capita.

**Table 2. Results of the  $\beta$ -convergence analysis for R PIB**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CONSTANT	0.222	0.069	3.220	0.003***
LPIB10	-0.019	0.007	-2.834	0.009***

Source: Own calculations in GeoDa 1.20.0.36). \*\*\*, \*\*, \*, denotes significance at the 1%, 5%, and 10% level.

On the other hand, this preliminary analysis has been extended and conditioned by the poverty gap growth rate to capture its potential effect on economic productivity. The results obtained in Table 3 illustrate that the convergence process remains active in the presence of this control variable since the statistical probability calculated for the baseline level is less than 1%. Moreover, we may argue that, at the European level,  $\beta$ -convergence persists and is significantly and negatively conditioned by the poverty gap rate.

**Table 3. Results of the conditional  $\beta$ -convergence analysis**

Variable	CONSTANT Coef. (Prob.)	LPIB_10 Coef. (Prob.)	Control variable Coef. (Prob.)
RGAP	0.228*** (0.001)	-0.020*** (0.004)	-0.021** (0.042)

Source: Own calculations in GeoDa 1.20.0.36). \*\*\*, \*\*, \*, denotes significance at the 1%, 5%, and 10% level.

Starting from these findings and employing the research methodology approached, we will analyze the typology of the growth–inequality link in the selected emerging states from Eastern Europe, taking into account the additional implications of poverty at the regional level. In this regard, concerning the impact of the social dimension of inequality in the CEE group, we deepened this study by calculating and illustrating some absolute poverty indicators recorded in 2019 (Table 4).

**Table 4. Poverty Indicators in 2019**

Country	Headcount index (%)	Poverty gap (%)	Squared poverty gap
RO	2.16	0.76	0.58
BG	0.92	0.35	0.12
PL	0.06	0.03	0.0009
CR	0.26	0.16	0.03
HU	0.30	0.13	0.02

(Source: Own calculations based on <https://pip.worldbank.org/poverty-calculator?src=BGR>)

The Headcount index and the poverty gap are components of the Foster-Greer-Thorbecke poverty measurement technique developed by economists Foster, Greer, and Thorbecke (1984), and are derived by the following equation (Figure 2):

**Figure 2. Foster-Greer-Thorbecke measure**

$$P_{\alpha} = \frac{1}{N} \sum_{i=1}^H \left( \frac{Y_p - Y_i}{Y_p} \right)^{\alpha}$$

Source: <https://www.fao.org/3/am381e/am381e.pdf>



where  $N$  represents the population of a country,  $H$  is the number of individuals in the population, and  $Y_p$  and  $Y_i$  are the absolute poverty line and the income per capita, respectively. The higher the indicator, the deeper will be the poverty level. According to these indicators, we observe that in Romania and Bulgaria, the poverty degree is significant given the high proportion of the poor living below the threshold of USD 2.15/day set by the World Bank reflected by the Headcount index, and the ratio by which the average income of the poor falls below the poverty line captured by the poverty gap and the poverty deficit (i.e. squared poverty gap). For the other countries, the first two indicators show a lower degree of poverty compared to that recorded in Romania and Bulgaria, although similar values of the poverty gap in all countries, except for Poland, indicate a depth of this phenomenon at the national level, highlighting an average distance of about 28.60% from which the income of the poor depart from the poverty line.

Regarding the degree of income distribution in these states, the evolution of the Gini coefficient indicates that the inequality level is considerable, ranging between 28-40.80% (<https://ec.europa.eu/eurostat/databrowser/view/tessi190/default/table?lang=en>). We also note that the countries with the highest economic growth rates (Poland and Hungary) recorded lower income inequality compared to the others, while Bulgaria and Romania, which recorded lower but positive growth rates, occupied leading positions in terms of unequal income distribution. With a much lower initial income, Bulgaria has the lowest economic growth rate, but also the highest degree of inequality and poverty. Therefore, we expect the negative impact of income inequality and poverty to diminish the economic performance of these countries, confirming the hypothesis that there is a negative relationship between growth and inequality that is influenced by national income and poverty levels. However, despite a high degree of inequality and poverty, Romania has recorded a higher GDP growth rate than Croatia in the last period, a country where inequality and poverty were significantly lower, which makes us believe that under certain conditions, a positive linkage between concepts can also exist.

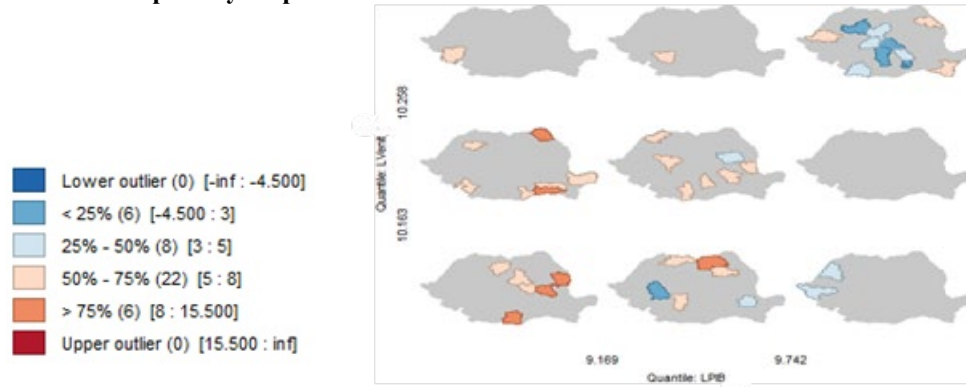
### **Romania's case**

The contradictory results obtained in Romania's case led us to conduct an in-depth analysis at the macroeconomic level, especially due to the possibility of a positive association between variables. Therefore, using the database of the National Institute of Statistics of Romania (INS), we collected data on its national and sub-national evolution concerning economic productivity, population income and absolute poverty degree.

Keeping in mind that in the majority of the sampled countries, high inequality corroborated with poverty manifests a negative impact on growth, we analyzed the potential conditioning of the association between economic growth (LPIB) and income distribution of the population (LVenit) by poverty at the regional level. Moreover, although we have seen that poverty has a considerable influence on the macroeconomic framework, it also tends to be significantly influenced by the interdependence between the two concepts, supporting the "Poverty Triangle" hypothesis (Figure 3). Thus, economic growth can be an instrument for combating poverty, but its effectiveness is influenced by income distribution. At the zonal level, the cartographic results indicate that poor economic performance along with low-income levels lead to a major increase in poverty (e.g. in Eastern and Southern regions). Likewise, an increment in household incomes unaccompanied by an increase in economic productivity conducts to a deepening of

absolute poverty. In contrast, even if the population records modest earnings, as GDP increases, the poverty level tends to decrease (from East and South to West and Northwest). If both local GDP and income levels gradually increase, poverty is reduced, being much more homogeneously distributed among individuals (e.g. in North-West and Centre regions).

**Figure 3. Conditional poverty map in 2019**



Source: Own calculations in GeoDa 1.14

## Conclusion

The comprehensive study of theoretical and empirical literature has given us the possibility to extend our perspective and better reflect the pattern of the growth-inequality nexus among EU members, with a special focus on CEE countries.

To answer the proposed research questions, we started our analysis by testing the existence of a  $\beta$ -convergence process at the EU level conditioned by the degree of absolute poverty. Then, we focused on evaluating the development trend of 5 CEE countries between 2010-2019 in terms of economic growth, income distribution, and poverty level. Methodologically, various indicators belonging to the structural dimensions of inequality were collected to explore the pattern of the relationship between economic growth and income inequality, such as the Headcount index, the poverty gap, and the poverty deficit. In a research area characterized by theoretical uncertainties and empirical contradictions, our results reflect a potential positive association between the main variables just in the particular case of Romania. Moreover, our analysis denotes a significant impact of sub-national disparities on this linkage. In this regard, by employing spatial econometrics techniques, we observe a considerable degree of inter-regional discrepancy in terms of economic growth and income distribution, with some areas being more economically developed, while others are significantly poorer. In the same vein, we show that poverty can positively or negatively influence this connection, depending on the specificity of the regional macroeconomic framework. In this regard, policymakers should pay more attention to the degree of absolute poverty when targeting inequality-reduction strategies. Therefore, the contribution of our study to the empirical literature involves a deeper evaluation of the growth-poverty-inequality trilemma in a general common group, considered quite homogeneous across Europe, but which stands out for its distinct evolutionary trends and conditioned by different socioeconomic drivers, including the presence of a  $\beta$ -convergence process at the Union level.

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## **THE NORMATIVITY OF LIMITED COMPANY UNDER JOB CREATION LAW REGIME IN INDONESIA**

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*Abstract: The concept of a limited liability company based on Law Number 11 of 2020 concerning Job Creation (UU Cipta Kerja) through Government Regulation in Lieu of Law Number 2022 concerning Job Creation (Perppu Cipta Kerja) after being declared conditionally unconstitutional by the Constitutional Court, has now found its foundation again. This article examines the normativity of limited liability companies after the Perppu Cipta Kerja in two focuses. First, it relates to the legal ratio for the establishment of an individual company, and second, the normativity of an individual company from the perspective of Critical Legal Studies. Based on the type of normative research supported by conceptual, statutory, and philosophical approaches, this article concludes two: First, the legal ratio for the establishment of individual companies in the Perppu Cipta Kerja is the government's great desire to provide convenience for MSEs in doing business and creating jobs. Second, based on the analysis of trashing, deconstruction, and genealogy, individual companies in the Perppu Cipta Kerja are still full of liberal individualism with a capitalist economic system style.*

*Keywords: Limited Liability Company; Individual Company; Critical Legal Studies; Job Creation Law*

### **Introduction**

The issuance of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation (hereafter, Perppu Job Creation), which was subsequently ratified based on Law Number 6 of 2023 concerning the Ratification of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law (Law 6/2023) at the end of March 2023, marks the return of the Omnibus Law on Job Creation regime following the declaration of unconstitutionality by the Constitutional Court (MK) through Decision Number 91/PUU-XVIII/2020 on November 25, 2021. Despite the controversy that views Perppu Job Creation as a defiance of the government against MK Decision Number 91/PUU-XVIII/2020—because instead of complying and adhering to amend the Job Creation Law as mandated by the aforementioned MK decision, the President instead issued a government regulation in lieu of law that, both formally and substantively, remains the same as the Job Creation Law (Indonesia Corruption Watch, 2023). According to the

legal principle of “res judicata pro veritate habetur” or in administrative law known as “presumptio iustae causa,” Perppu Job Creation must be considered correct as law in the book and can be considered legal as long as there is no decision or regulation declaring its invalidity (Febriyanti, 2022).

It is not at all different from the Job Creation Law, through Article 4 of the Job Creation Regulation in Lieu of Law (Perppu Job Creation), it outlines 10 areas of regulation that serve as means to achieve the following objectives:

Job creation and employment growth;

Guarantee of employment and fair and equitable compensation;

Adjustment of regulations related to favoritism, strengthening and protecting cooperatives, micro, small, medium enterprises, and national industries; and

Adjustment of regulations related to improving the investment ecosystem, ease of doing business, and accelerating the succession of national strategic projects (see: Article 3 of Perppu Job Creation).

One of the focus areas in this article is the ease of doing business, especially aspects related to the normativity of limited liability companies in Chapter VI. Specifically, Article 105 of Perppu Job Creation requires changes to 12 laws. Originally, it was known that Article 105 of the Job Creation Law required changes to 13 laws, including Law Number 28 of 2009 on Regional Taxes and Regional Levies. However, since it has already been amended by a new law (Law Number 1 of 2022 on Financial Relations between the Central Government and Regional Governments), it appears that the government considers it unnecessary for Perppu Job Creation to regulate it again.

No	Letter	Job Creation Law	Letter	Job Creation Perppu
1	a	Law Number 6 of 2011 concerning Migration	a	Law Number 6 of 2011 concerning Migration
2	b	Law Number 13 of 2016 concerning Patents	b	Law Number 13 of 2016 concerning Patents
3	c	Law Number 20 of 2016 concerning Marks and Geographical Indications	c	Law Number 20 of 2016 concerning Marks and Geographical Indications
4	d	Law Number 40 of 2007 concerning Limited Liability Companies	d	Law Number 40 of 2007 concerning Limited Liability Companies
5	e	Staatsblad 1926 Number 226 jo Staatsblad of 1940 Number 450 concerning Nuisance Law (Hinderordonnantie)	e	Staatsblad 1926 Number 226 jo Staatsblad of 1940 Number 450 concerning Nuisance Law (Hinderordonnantie)
6	f	Law Number 7 of 1983 concerning Income Tax has been amended several times, most recently with Law Number 7 of 2021 concerning Harmonization of Tax Regulations	f	Law Number 7 of 1983 concerning Income Tax has been amended several times, most recently with Law Number 7 of 2021 concerning Harmonization of Tax Regulations
7	g	Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods has been amended several times, most recently by Law Number 7 of 2021 concerning Harmonization of Tax Regulations	g	Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods has been amended several times, most recently by Law Number 7 of 2021 concerning Harmonization of Tax Regulations
8	h	Law Number 6 of 1983 concerning General Provisions and Procedures for	h	Law Number 6 of 1983 concerning General Provisions and Procedures for

		Taxation has been amended several times, most recently with Law Number 7 of 2021 concerning Harmonization of Tax Regulations		Taxation has been amended several times, most recently with Law Number 7 of 2021 concerning Harmonization of Tax Regulations
9	i	Law Number 28 of 2009 concerning Regional Taxes and Regional Levies	i	Law Number 7 of 2016 concerning the Protection and Empowerment of Fishermen, Fish Farmers, and Salt Farmers
10	j	Law Number 7 of 2016 concerning the Protection and Empowerment of Fishermen, Fish Farmers, and Salt Farmers	j	Law Number 3 of 1982 concerning Mandatory Company Registration
11	k	Law Number 3 of 1982 concerning Mandatory Company Registration	k	Law Number 6 of 2014 concerning Villages
12	l	Law Number 6 of 2014 concerning Villages	l	Law Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition
13	m	Law Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition		

The focus of the study on the scope of changes that regulate limited liability companies is based on the paradigm of the status quo that a limited liability company structurally consists of two words, namely 'perseroan' and 'terbatas.' The word 'perseroan' grammatically is derived from the word 'sero' combined with the prefixes 'per-' and '-an,' which means about or concerning. Meanwhile, 'sero' lexically refers to shares. 'Perseroan' itself is defined as an association, partnership, or trading company (Bahasa, 2023).

In line with the change in the definition of Article 1, number 1 of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT) in the Job Creation Regulation in Lieu of Law (Perppu Job Creation), the lexical meaning of a limited liability company can be speculated to undergo changes that are ameliorative (meaning becoming better) or even pejorative (becoming worse). This is commonly understood because there has been a normative reform that is fundamental to the business climate in the field of limited liability companies. It is not excessive to say that the norms contained in the body of UUPT must ultimately be adjusted *mutatis mutandis* to follow the new concept of limited liability companies in the Perppu Job Creation, which states: “A Limited Liability Company... is a legal entity that, based on an agreement, conducts business activities with a capital that is entirely divided into shares or legal entities that meet the criteria for micro and small businesses as regulated in legislation concerning micro and small businesses.”

The changes that occur in the Perppu Job Creation – apart from the definition in Article 1, number 1 – concern provisions related to the establishment, capital, costs, and specific regulations for individual limited liability companies. This can be explicitly reviewed in the following table:

No	Article, Paragraph/Number	UUPT	Job Creation Law	Ciptaker Perppu
1.	Article 1 number 1	A Limited Liability Company, also known as a Company, is a legal entity that is a capital partnership	A Limited Liability Company (hereinafter referred to as a Company) is a legal entity that is a capital partnership, established based on an agreement, carrying out business activities with	

		that is established based on an agreement and carries out business activities with authorized capital that is entirely divided into shares and meets the requirements stipulated in this Law and its implementing regulations.	authorized capital that is entirely divided into shares or individual legal entities that meet the criteria for micro and small businesses as regulated in the laws and regulations concerning micro and small businesses.
2.	Article 7 paragraph (4)	The Company receives legal entity status on the date of publication of the Ministerial Decree ratifying the Company's legal entity.	After registering with the Minister and acquiring proof of registration, the company gains legal entity status.
3.	Article 7 paragraph (5)	After the Company obtains legal entity status and the shareholder's number less than 2 (two), the relevant shareholder is required to transfer some of his shares to another person or the Company issues new shares to another person within a maximum period of 6 (six) months of that situation.	After the Company achieves legal entity status and the shareholders number less than 2 (two), the shareholders are required to: within a maximum of 6 (six) months after the date of that circumstance, the shareholders concerned must: a. transfer some of its shares to other people; or b. The company issues new shares to other people.
4.	Article 7 paragraph (6)	If the time period specified in paragraph (5) is exceeded, the shareholders remain less than 2 (two) people, the shareholders are personally liable for the Company's obligations and losses, and the district court may dissolve the Company at the request of interested parties.	If the time period specified in paragraph (5) is exceeded, the remaining shareholders are less than 2 (two) people: a. shareholders are personally responsible for all obligations and losses of the Company; And b. at the request of interested parties, the district court can dissolve the Company.
5.	Article 7 paragraph (7)	The provisions in paragraph (1) requiring a Company to be founded by two (two) or more people, as well as the provisions in paragraphs (5) and (6), do not apply to: a. Persero whose shares are all owned by the state; or b. Companies that manage stock exchanges, clearing and guarantee institutions, deposit and settlement institutions, and other institutions as regulated in	The rules in paragraphs (1), (5), and (6) that require a Company to be founded by two (two) or more people do not apply to: a. Persero whose shares are all owned by the state; b. regionally owned enterprises; c. village-owned enterprises; d. Companies that run stock exchanges, clearing and guarantee institutions, deposit and settlement institutions, and other institutions in compliance with capital markets laws and regulations; or e. Companies that meet the micro and small business criterion.



		the Law on Capital Markets.	
6	Article 7 paragraph (8)		Micro and small businesses, as defined in paragraph (7) letter e, are those governed by rules and regulations governing micro and small firms.
7.	Article 32 paragraph (1)	The Company's authorized capital must be at least IDR 50,000,000.00 (fifty million rupiah).	The Company must have approved capital of the Company.
8.	Article 32 paragraph (2)	Laws governing specific business activities may establish a minimum amount of Company capital that is greater than the basic capital provisions contemplated in paragraph (1).	The amount of the Company's authorized capital, as defined in paragraph (1), is set by the decision of the Company's founder.
9.	Article 32 paragraph (3)	Government Regulation governs changes in the amount of allowed capital as intended in paragraph (1).	Government Regulations govern additional restrictions concerning the Company's authorized capital.
10.	Article 153	Provisions regarding fees for: a. obtain approval to use the Company's name; b. obtain a decision to ratify the Company's legal entity; c. obtain a decision to approve changes to the articles of association; d. obtain information about Company data in the Company register; e. notifications required by this Law in the Republic of Indonesia's State Gazette and Supplements to the Republic of Indonesia's State Gazette; and f. get a copy of the Ministerial Decree ratifying the Company's legal entity or approval of amendments to the Company's articles of organization governed by Government Regulation.	Requirements governing the costs of the Company as a legal body are governed by the requirements of laws and regulations governing non-tax state revenue.
11.	Article 153A paragraph (1)		Companies that fit the micro and small business standards can be created by one person.
12.	Article 153A paragraph (2)		The establishment of a Company for micro and small businesses, as envisaged in paragraph (1),

			is carried out on the basis of an establishment statement prepared in Indonesian.
13.	Article 153A paragraph (3)		Government regulations provide additional provisions for the formation of companies for micro and small businesses. Government Regulations contain additional regulations governing the formation of companies for micro and small firms, as intended in paragraph (1).
14.	Article 153B paragraph (1)		The statement of establishment, as defined in Article 153A paragraph (2), contains the Company's purposes and objectives, business activities, permitted capital, and other information pertaining to its establishment.
15.	Article 153B paragraph (2)		By completing the form, the statement of establishment as envisaged in paragraph (1) is electronically submitted to the Minister.
16.	Article 153B paragraph (3)		Further provisions regarding the material for the statement of establishment as intended in paragraph (1) and the format for the form as intended in paragraph (2) are regulated in a Government Regulation.
17.	Article 153C paragraph (1)		The GMS decides whether to make changes to the Company's statement of incorporation for micro and small firms as envisaged by Article 153A, and then electronically notifies the Minister of those changes.
18.	Article 153C paragraph (2)		Further provisions regarding the material and format for changes to the statement of establishment as referred to in paragraph (1) are regulated in a Government Regulation.
19.	Article 153D paragraph (1)		The Directors of the Company for micro and small businesses, as defined in Article 153A, administer the Company in the interests of the Company and in accordance with the goals and objectives of the Company.
20.	Article 153D paragraph (2)		Within the restrictions outlined in this Law and/or the Company's founding statement, the Board of Directors has the authority to carry out management as indicated in paragraph (1).
21.	Article 153E paragraph (1)		Individuals are the Company's Micro and Small Enterprises, as defined in Article 153, shareholders. The Company's shareholders for micro and small businesses as referred to in Article 153A are individuals.
22.	Article 153E paragraph (2)		Within a year, business founders are only permitted to form 1 (one) company for micro and small firms.
23.	Article 153F paragraph (1)		In order to achieve sound corporate governance, company directors for micro and small firms, as

			defined by Article 153A, must prepare financial reports.
24.	Article 153F paragraph (2)		Government Regulations control additional clauses pertaining to the requirement to prepare financial reports.
25.	Article 153G paragraph (1)		A GMS dissolves the Company for Micro and Small Businesses in accordance with Article 153A, as specified in a dissolution declaration, and electronically notifies the Minister of the dissolution.
26.	Article 153G paragraph (2)		The Company's dissolution for micro and small firms, as specified in paragraph (1), takes place because: a. based on the GMS decision; b. the period of establishment stipulated in the statement of establishment has expired; c. based on a court order; d. the Company's bankruptcy assets are insufficient to cover bankruptcy fees due to the revocation of bankruptcy based on a commercial court ruling with lasting legal effect; e. according to the rules of the Law on Bankruptcy and Suspension of Debt Payment Obligations, the bankruptcy assets of a Company that has been declared bankrupt are in an insolvent state; or f. the cancellation of the company's business license, which would necessitate the company's dissolution in compliance with legislative requirements.
27.	Article 153H paragraph (1)		A Company for Micro and Small Enterprises shall alter its status in order to become a Company in accordance with the rules of the relevant laws and regulations if it no longer fits the requirements for Micro and Small Enterprises as intended in Article 153A.
28.	Article 153H paragraph (2)		Further provisions regarding changing the status of a Company for Micro and Small Enterprises to become a Company is regulated in Government Regulations.
			In the event that a Company for micro and small businesses no longer meets the criteria as intended in Article 153A paragraph (1), the Company must change its status to become a Company as intended in the provisions of statutory regulations.
			Further provisions regarding the change of Company status for micro and small businesses to become a Company as intended in paragraph (1) are regulated in Government Regulations.

29.	Article 153I paragraph (1)		Companies for micro and small businesses are given reduced costs related to establishing a legal entity.
30.	Article 153I paragraph (2)		Further provisions regarding Company fee relief for micro and small businesses as referred to in paragraph (1) are regulated in accordance with the provisions of laws and regulations in the field of non-tax state revenue.
31.	Article 153J paragraph (1)		For micro and small firms, the shareholders of the company are not personally liable for agreements entered into on the company's behalf or for losses incurred by the company that exceed the value of the shares possessed.
32.	Article 153J paragraph (2)		The provisions as intended in paragraph (1) do not apply if: a. the Company's legal entity requirements have not been met or are not met; b. the concerned shareholder utilizes the Company for personal gain, whether directly or indirectly; c. the shareholder in question is complicit in an illegal act that the company has undertaken; or d. because of the unlawful use of the Company's assets by the concerned shareholders, whether directly or indirectly, the Company's assets cannot be used to pay off the Company's debts.

The general concept regarding individual limited liability companies, based on the mapping presented in Table 2 above, reveals that from the outset, the government as the creator of government regulations in lieu of law only intended to include provisions regarding companies that can be established by individual micro and small business actors (UMK). Nindyo Pramono, in a seminar at Gadjah Mada University's Faculty of Law, explains that on one hand, the government did not want to change the fundamental concept of limited liability companies that had been known for a long time. However, on the other hand, they wanted to provide a business-strengthening opportunity for UMKs by granting them the status of a legal entity limited company (UGM, 2021).

The business strengthening for UMKs in this context refers to the scenario where UMK entrepreneurs interact with the global community, especially from common-law countries. Indonesia is now prepared to survive and even dominate the economic landscape when dealing with such global interactions. In another of Nindyo Pramono's writings, it is mentioned that often, potential investors from common law countries do not understand or have difficulty comprehending the logic behind establishing a limited liability company based on a minimum of two legal entities through an agreement. In countries like the UK, a known limited company can be established by an individual with only a general shareholder meeting (RUPS) and a director. Some common law countries do not recognize the term "commissioner" at all, so when investing in Indonesia, the commissioner's position is often purely ceremonial (Nindyo Pramono, 2012).

Irma Devita Purnamasari, in the same seminar as Nindyo Pramono, regarding the accommodation of individual UMK actors to establish a company, states in her terms that it is not considered a limited liability company but rather an individual company. Irma

emphasizes that an individual company is an exception to the existing limited liability company legal entities, which have existed based on the concept of an *overeenkomst* (agreement) (UGM, 2021).

Regarding the specific drafting techniques used in both the Job Creation Law and the Job Creation Regulation in Lieu of Law, there is an interesting point that if UMK actors receive an exception - as a special provision - to also obtain the status of a legal entity limited company, alongside the general requirement that a company is a capital partnership consisting of at least two legal entities. This is also emphasized in the Academic Draft of the Job Creation Law, which states the reason for changing Article 7 of the Company Law is to “Provide room for exceptions for Limited Liability Companies for UMK in Law 40/2007” (Kementerian Koordinator Bidang Perekonomian, 2019).

The question that arises is, "Why does the effort to exempt the establishment of companies based on individual UMK actors require changing the fundamental concept of limited liability companies as stated in Article 1, number 1 of the Company Law, when in the past, the change from Law Number 1 of 1995 to the Company Law - although there were exceptions for an establishment based on two legal entities - did not change the basic concept of limited liability companies at all?"

Kasih and others in the context of exceptions for the establishment of limited liability legal entities (read: individual companies) for micro and small business (UMK) actors have also emphasized that this is not an entirely new concept. This is because Article 7 paragraphs (5) and (7) of the Company Law also make exceptions in cases where the number of shareholders is reduced to one person and for State-Owned Enterprises (BUMN), allowing a single individual to hold the shares of a limited liability company (Kasih et al., 2022).

Barkatullah, in examining the framework of the limited liability company concept—before the issuance of the Job Creation Law and the Job Creation Regulation in Lieu of Law—actually elucidates the legal politics behind it. The formation of limited liability companies consisting of capital associations is based on the notion that the philosophy of business is to use as little capital as possible but strive to maximize profits (Barkatullah, 2017). In other words, it's in line with Jujun Suriasumantri's definition that humans are *homo economicus* (Suriasumantri, 2013).

Limited Liability Companies, as described by Henry and Reiner in Zarman Hadi, have five structural characteristics (Hadi, 2011):

They have a legal entity form;

They have limited liability;

Ownership of shares can be transferred;

They have centralized management; and

Ownership of shares by capital contributors.

These five characteristics are manifestations of the intent behind the establishment of limited liability companies as business entities seeking maximum profit with minimal capital. On the other hand, the state has positioned itself as a regulator playing a role in ensuring that even with the acknowledgment of the philosophical basis of *homo economicus* in limited liability companies, control through the law - borrowing the terminology of Sirajuddin, “law as a tool of standard of conduct and law as a tool of social control”—is still implemented to protect the rights of the general public (Sirajuddin, Fatkhurohman and Zulkarnain, 2015). The manifestation of state control in limited liability companies, as outlined by Muchyar Yaya, is embodied in five principles (Yara, 1995):

Shareholder accountability (piercing the corporate veil);  
Accountability and capabilities of management (fiduciary duties);  
Protection of minority shareholders (personal rights and derivative action);  
Creditor protection (capital maintenance doctrine); and  
Transparency (disclosure).

These five principles of social control through the law for limited liability companies are known because limited liability companies still adhere to the concept of capital partnership based on an agreement, as elaborated in the Commercial Code (*Kitab Undang-Undang Hukum Dagang/KUHD*), Law Number 1 of 1995 concerning Limited Liability Companies, and Law Number 40 of 2007 concerning Limited Liability Companies. Of course, this is entirely different from the concept of limited liability companies now regulated in the Job Creation Regulation in Lieu of Law.

The explanation in Table 2 above, which reinforces that individual companies are merely technically inserted (read: slipped in) without altering the principal foundation of the initial concept of limited liability companies, to some extent, indicates inequality in regulatory approaches. The term equivalent in the context of drafting legislation, as used in the preparation of the Academic Draft of the Sexual Violence Elimination Bill, is applied similarly in different contexts, or even conversely, to regulate something different in the same context (*Kementerian Pemberdayaan Perempuan dan Perlindungan Anak, 2017*). In other words, as Paul Gowder puts it when addressing this issue, the law may treat people equally, but people are not structurally equal in different societal structures (Gowder, 2013).

The same approach of preserving the underlying principles of limited liability companies in the Company Law, at least in this context, has revealed the negligence of the government as the creator of the Job Creation Regulation in Lieu of Law. It may not be an exaggeration to say that even at its inception, the former Chairman of the Nahdlatul Ulama Central Board, once labeled the Job Creation Law as benefiting only the conglomerates (Muhyiddin, 2020). The orientation towards facilitating micro and small businesses should reconsider its concepts and principles, to avoid the emergence of new controversies, especially in the field of business law.

In connection with this, it is important to quote what Friedman stated: “The democratic conception of the rule of law balances individual rights with individual legal responsibilities” (Kamis, 2014). The increasing rights of individual micro and small business actors should be supplemented and strengthened in terms of their regulation, especially those related to legal principles, principles, and rules. Lawmakers are typically more skeptical of capitalism and legal liberalism that merely prioritize individual profit.

Critical Legal Studies (CLS) becomes important to highlight in this context, given its characteristics and underlying philosophy that rejects legal liberalism and capitalism. Legal regulations in this context will be examined skeptically based on the political, ideological, and conflicting interests that occur in the formation process, using approaches such as trashing, deconstruction, and genealogy (Hayat, 2021). In turn, the Job Creation Regulation in Lieu of Law will question the government's commitment to supporting a business environment based on social justice for all Indonesian citizens. The specific focuses highlighted in this article are two-fold: First, the ratio legis of establishing individual companies in the Job Creation Regulation in Lieu of Law; and Second, the perspective of CLS on the normativity of individual companies.

## **Method**

Referring to the hypothesis of this article that highlights the issues of capitalism and liberalism in the Job Creation Regulation in Lieu of Law (Perppu Cipta Kerja), normative legal research with a conceptual approach, statutory approach, and philosophical approach is considered the most appropriate and closest to providing research answers (Amiruddin and Asikin, 2004). The specific primary legal materials identified are the Job Creation Regulation in Lieu of Law and its implementing regulations, both as outlined in Government Regulation Number 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises (PP 7/2021), as well as Government Regulation Number 8 of 2021 concerning the Authorized Capital of Companies and the Registration of Establishment, Amendment, and Dissolution of Companies Meeting the Criteria for Micro and Small Businesses (PP 8/2021). Secondary legal materials used include journals, books, scholarly articles, and online publications related to the legal issues under examination, while tertiary legal materials consist of legal dictionaries and Black's Law Dictionary.

The technique or method used to collect the various predetermined legal materials above is carried out in the manner of typical library research, involving the processes of editing, organizing, and concluding (Yaniawati, 2020). After the collection of legal materials is completed, the final stage involves the analysis of legal materials based on three Critical Legal Studies (CLS) methods, namely trashing, deconstruction, and genealogy. This will be preceded by an analysis of legal interpretation and legal syllogism (Efendi, 2018).

## **Discussion**

### *Ratio Legis for the Establishment of Individual Companies in Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation*

The use of the legal term “ratio legis” signals the importance of having a clear foundation for the operational definition when discussing the primary focus of this article. The field of positive law education is already quite familiar with this term; “ratio legis” holds a very significant position in analyzing and reviewing a law. Adam Dyrda even mentioned that a reflection on the “ratio legis” opens a 'window' of understanding for legal practitioners, allowing them to find the relevance between legal norms and the underlying philosophy (Dyrda, 2018). Lexically, “ratio legis,” according to Setiawan Widagdo, consists of two meanings: understanding, reason, or cause, and law or legal construct. These two meanings, in simple terms, lead to an understanding that “ratio legis” is the reason a law is created. Gatot Triyanto terminologically defines “ratio legis” as the activity of reasoning (mind) to weigh the reasons and legal constructs of a law or “The occasion of making a law” (Triyanto, 2017). Similarly, Black’s Dictionary states that “ratio legis” is the reason or cause for the enactment of a law (Black, 1968).

A more philosophical perspective, as outlined by Philipus M. Hadjon in Sugiharto's work, describes “ratio legis” as the spirit behind the establishment of a rule (Widagdo, 2012). Every rule, whether written or unwritten, has conditions and situations that signify its formation, either to anticipate future societal issues, address current problems, or accommodate the common sense of justice within society. The spirit underlying the creation of a rule is referred to as “ratio legis” (Sugiharto and Abrianto, 2018).

Based on the understanding of “ratio legis” above, its identification based on the authentic interpretation, explanations, and academic texts of the Job Creation Law (UU Cipta

Kerja)—as there is no academic text for the Perppu Job Creation—becomes essential. It should be noted that the reconstruction of the normativity of limited liability companies according to the academic text of the Draft Job Creation Law (RUU Cipta Kerja) is part of Chapter III, which is the evaluation and analysis of legislation. More specifically, the Company Law (UU Perseroan Terbatas) is a regulation that underwent restructuring with the nomenclature "Clustering of laws for ease of doing business" (Perekonomian, 2019). Regarding identification based on authentic interpretations or explanations in the Job Creation Regulation in Lieu of Law, it appears that there are too many delegated regulations that rely on government regulations. Therefore, specific reasons or legal politics regarding this issue can be found. The two implementing regulations provide explanations as follows: first, in PP 7/2021, it is mentioned that the normativity of establishing limited liability companies by individual micro and small business actors is aimed at providing protection, ease, and empowerment of micro and small businesses. It is emphasized that these efforts are made based on the strategic role of micro and small businesses—including cooperatives—as pillars of the community's economy, thereby creating jobs, promoting economic equality and growth, and achieving national stability. Second, in PP 8/2021, it is stated that the normativity of establishing limited liability companies by individual micro and small business actors aims to enhance competitiveness and ease of doing business for individuals.

In line with the discussion of limited liability companies as legal entities, it can be understood, by way of a *contrario* or reverse understanding (Nasir, 2017), that until now, the creators of the Job Creation Law and the Job Creation Regulation in Lieu of Law (Perppu Cipta Kerja) have perceived that the normativity of limited liability companies does not lead to ease of doing business. The lack of ease in doing business is difficult to identify explicitly in the academic text, except for a brief mention in sociological foundations that, through data from the Ministry of Cooperatives and Micro, Small, and Medium Enterprises, it is known that 99% of businesses in Indonesia are in the form of cooperatives and micro, small, and medium enterprises (MSMEs), while on the other hand, 97% of employment is in this sector. This indicates the strategic position of cooperatives and MSMEs in the labor market (Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia, 2020).

It's interesting to note that Murni and Ismi explain that the Government of the Republic of Indonesia changed the concept—development or expansion—of limited liability companies to include individual MSME actors based on data from The World Bank. Many countries still do not have legal entity forms in their trade practices, which results in suboptimal access to funding and profit income. Consequently, state revenue from taxes is also not effectively collected, resulting in substantial missed opportunities (Safitri and Hariyani, 2022). Considering the existence of limited liability companies as legal entities that are also legal subjects (*recht persoon*), it is closely related to legal entity theories. It is worth noting that the term "*rechtspersoon*" is a form of personification of a group of individuals within a framework that, if it has purposes, wealth separation, and a division of roles (organization)—some experts do not agree that a legal entity must have an organization (Praningrum, 2014).

Over time, the course of action that originally only governed how human relationships should be—referred to as norms by Hans Kelsen in this context (Kelsen, 2011)—has been elaborated upon extensively. Historical developments have shown that certain entities,



often identifiable, have rights and responsibilities, particularly in the field of private law. For instance, foundations may own a range of assets managed through buying and selling assets to achieve their goals. Another contextual example is a company that has wealth as capital and then uses that capital to perform various legal actions, such as buying and selling products. A legal subject, as the underlying concept of a legal entity by Setiawan Widagdo, is defined as a legal holder, meaning those who execute or are assigned to carry out things regulated by the law (Widagdo, n.d). Apeldoorn states that individuals or natural persons are inherent legal subjects, while legal entities are artificial legal subjects (Apeldoorn, 2011). Specifically regarding legal entities, Komariah mentions four theoretical foundations used to justify their existence: the fiction theory, the organ theory, the purpose-based wealth theory, and the collective ownership theory (Komariah, 2019), which can be seen as follows (Renggong, 2017):

The fiction theory (*fictie theorie*) considers a legal entity to be metaphorically or fictionally treated as a legal subject that, in order to conduct its affairs, needs to act like a human being. A legal entity needs knowledge to be cautious and avoid deception, defend itself when compelled, and is highly likely to commit various legal violations. This theory was first introduced by Von Savigny.

The organ theory argues that legal entities are considered legal subjects because they perform functions, roles, and functions similar to human beings. This theory, proposed by Otto von Guericke, explains that, just like the functions of reasoning in the human brain, hand movements, foot control, and other bodily organs, a legal entity (company) also has a General Meeting of Shareholders (GMS), a board of directors, and commissioners that serve similar functions to achieve specific goals.

The purpose-based wealth theory (*ambtelijk vermogen*) posits that, as a subject, a legal entity has ownership rights allocated for specific purposes. This theory, proposed by Brinz, does not focus on the fundamental concept behind legal entities but rather on wealth ownership orientation rather than the legal entity itself.

The collective ownership theory asserts that a legal entity is a group of individuals with common interests, and to realize those common interests, coordinated actions are required. This theory, proposed by Planioll and Molengraaf, is commonly understood as true that the logic behind it is that if the interests that fundamentally exist within a legal entity can actually be carried out by each natural person, the legal entity has lost its meaning.

The advancement of legal scholarship in the field of law directly related to economic studies has, to some extent, developed several theories that circulate within discussions concerning legal entities, including:

Proprietary theory describes that wealth in business is equivalent to what is within the entrepreneur. Later, its antithesis emerged based on entity theory, which posits that the business conducted should be regarded separately from the personal wealth of the entrepreneur (Somadiyono, 2021).

Public interest theory ensures that the formation of a legal entity represents the desire of society to fulfill their interests. This theory can be identified as an advancement of the collective ownership theory proposed by Molengraaf and Planioll above. The postulate of thought presented by this theory is that legal entities serve as tools to achieve specific goals that benefit society (Arifardhani, 2019).

Protection theory explains that legal entities are formed to protect their owners or managers from personal liability for actions or mistakes made in the course of their business or

activities. In this context, legal entities act as a shield of protection for these individuals (Usanti, 2020).

Economic theory posits that legal entities are established to facilitate economic and business activities. Legal entities are seen as instruments to facilitate trade and investment, as well as to reduce the risks and losses that may occur to individuals involved in economic activities (Winata, 2018).

### **Normativity of Individual Companies from a Critical Legal Studies Perspective**

Legal thinking throughout history has always had its own characteristics and features that set them apart from one another (Fauzia, Hamdani and Octavia, 2021). This is also true for critical legal studies, which serves as the starting point for this research. Anugerah explains that critical legal studies emerged alongside the realism branch of modern legal theory (Ash-shidiqqi, 2021). Legal realism, according to Wibowo T. Turnady, is a legal philosophy that originated in the United States based on the belief that the law is a manifestation of existing social forces. In stark contrast to positivism, which posits that the law is independent or without the influence of social forces, especially politics, legal realism argues that the law is always shaped and implemented based on social conditions (Turnady, 2021). Nurasih, in her classification of legal thought movements, mentions that realism falls under the category of modern legal theory. This classification distinguishes it from theories that emerged in classical and medieval times (HRP, 2021). One famous maxim associated with legal realism is Oliver W. Holmes's statement: "the life of law has not been logic, it has been experience" (Rahmatullah, 2021).

Critical legal studies, as a derivative of legal realism, emerged in history in 1977 through the "Conference on Critical Legal Studies" in the United States and in 1984 in the United Kingdom. Munir Fuady further explains that the foundation of critical legal studies was a reaction to the legal practices of the 1960s in the United States and some other European countries, which were seen as overly orthodox. Three major macro-level issues were identified at that time (Fuady, n.d):

Political determinism in legislation and legal practices that prioritized public interests.

Legal education that focused solely on old doctrines without empirical and pragmatic studies.

Inability of the law to address existing social issues.

In addition to these three general factors, Samekto, as explained by Saeful Hayat, outlined that critical legal studies emerged as an antithesis to the liberal, capitalist ideology. American society, which was liberal, only focused on individual human rights and liberties without considering that the exercise of these rights must be proportional and considerate of other individuals. As a result, excessive exercise of one's rights (pure self-interest) could harm others (Hayat, 2021).

Followers of critical legal studies have at least six common views on the law (law in book) (Hayat, 2021):

Rejecting liberalism, where society has become too entrenched in it. Every individual in society needs to realize that there is a social stability that needs to be collectively preserved, rather than just prioritizing oneself.

Reducing fundamental contradictions, meaning that the belief that individual freedom will enhance societal contributions, or the motto *laissez faire, laissez aller* (let people do as they

choose), needs to be restrained. In this view, the law should not freely absolve someone of their social responsibilities.

Disregarding and delegitimizing liberalism, meaning that the law should not be used as a justification and legitimation of liberalism and capitalism. This perspective believes that norms, principles, and legal theories in practice are monopolized based on tyrannical interests alone through an overly bureaucratic system and therefore need to be set aside.

Rejecting legal formalism, meaning that legal thinking should not be confined to formal logic alone without regard for justice.

Rejecting legal positivism, meaning that legal reasoning should not rely solely on deductive logic – both in the civil law tradition through legislative codification and the common law tradition through *stare decisis* – when examining a legal case. In this view, the law should be based on an inductive perspective, considering each case individually.

Integrating politics and law, meaning that the law should be formed based on political ideals that support humanity.

To specify further regarding the implementation of critical legal studies' views and the analytical approach, Mulyono, as cited by Hikmahanto Juwana, mentions three approaches (Mulyono, 2015):

Trashing, which involves rejecting established legal principles and norms.

Deconstruction, which involves dismantling the conceptual framework that has existed in a particular law.

Genealogy, which entails tracing the historical background of law formation to identify its true meaning and orientation.

The substitution of discussions on legislation (normativity) related to limited liability companies established by individual micro, small, and medium-sized entrepreneurs (UMK) through the inventory of legal theories, principles, and norms represents the implementation of the trashing step in the critical legal studies approach. Before specific norm-setting in legislation occurs, as explained by Pradjudi Atmosudirjo, there are underlying norms and theories. Furthermore, behind these norms and theories, there are philosophies (principles) that also underlie them (Atmosudirdjo, 2002). I Dewa Gede Atmadja and I Nyoman Putu Budiarta also used the phrase "three layers of legal science," which refers to philosophy, theory, and dogma, as reported by Jan Gissels and Mark van Hocke (Atmadja and Budiarta, 2018).

By using the trashing technique to examine the normativity of limited liability businesses founded by individual micro, small, and medium-sized entrepreneurs (UMK), to use Mukthie Fadjar's phrase, one may discredit legal theories that only support liberalism. According to Critical Legal Studies, individual company theory just supports harmful individual freedom and does not take into account group interests (Fadjar, 2015). According to Hikmahanto Juwana, the trashing approach is the process of breaking down normative legal thinking present in legislation, thus, in the context of this article, It will specify the statutory provisions governing how small and medium sized business owners can form limited liability firms (Mulyono, 2015).

### **Trashing Approach Analysis**

The trashing approach in Critical Legal Studies (CLS) suggests that the principles or legal principles that have been in place are considered tainted by the individualistic-liberal philosophy, laden with capitalist economic systems. In the context of statutory law,

specifically the Omnibus Law on Job Creation, it is necessary to identify the principles and legal principles it contains and then search for which principles are indicative of individualistic-liberalism. Based on the ratio legis of the establishment of individual companies discussed in the first part of this article, the identified legal principles and principles can be classified into two scopes: those related to legal entities and those related to limited liability companies. It is not excessive to mention that the first scope (concerning legal entities) is related to the foundational paradigm principles preceding the concept of the legality of limited liability companies, while the second scope acts as an elaboration of the first scope.

Starting with the analysis of legal principles and principles in the first scope, especially in the concept of forming a legal entity, there appears to be a philosophical inconsistency in the formation of legal entities. For instance, postulating the organ theory as supported by Otto von Guericke, it should be that when someone intends to establish a legal entity, it is necessary to outline and define various components (organs) that constitute the legal entity (Renggong, n.d). Von Guericke's theory does not actually address how a legal entity can be formed from an empty state, but it merely provides recognition to an entity based on the similarity between the organs possessed by humans and those of an association. However, when the opinion of the organ theory is compared with the theory of goal-oriented wealth by Brinz, it will be understood that a legal entity arises because there is a collective will between one person (a legal subject) and others. Since one legal subject cannot fulfill their needs or interests individually, another legal subject is needed (Renggong, 2017).

It becomes even more reasonable if Brinz's concept is juxtaposed with the theory of shared ownership, which states that a legal entity is a group of people with the same interests, so coordinated actions are needed to realize common interests. The shared ownership theory proposed by Molengraaf and Planioll, aside from emphasizing the active contributions of each individual within the legal entity, can also be understood as accountability within a legal entity. Just as a company will profit based on the percentage of capital contributed, the responsibility for losses is also balanced based on the percentage of contributions. This reinforces what Friedman described as a good democratic concept, "The conception of the rule of law, balances individual rights with individual responsibilities" (Kamis, n.d).

The context of a company established by an individual, when confronted with the theory of organs, goal-oriented wealth, and shared ownership, is difficult to find relevance. This includes questions about what difficulties necessitate the transformation of the legal status of individual legal subjects into a legal entity when, from the perspective of realizing their business goals, they do not require the involvement of others. If this is related to ease of doing business because the legal status of a legal entity is more recognized, why not conceive a new legal entity that is more effective than altering the concept of the existing limited liability company? Isn't this confusing considering that the Omnibus Law on Job Creation does not specifically regulate companies established by individuals, while companies formed through agreements have been specifically regulated?

Nevertheless, the answers to the above questions can essentially be explained through elaborative theories in the second scope, namely those related to the principles of entities, public interests, protection, and economics. However, some of these answers cannot be separated from the assumption of favoring the ideology of individualistic liberalism. The entity principle, which states that the wealth held by a legal entity (limited liability

company) is different from what an individual possesses, will orient towards social responsibility when the capital of the legal entity is not entirely owned by individuals.

Applying the entity theory as the basis for implementing individual companies will create potential problems of monopoly, given that every individual – including family, relatives, or partners – can establish individual companies with legal entity status. Furthermore, the separation of capital from personal assets, combined with the absence of internal control functions in the supervisory board as in the case of a limited liability company, usually increases the potential for misuse of limited liability companies.

Regarding the entity theory, the theory of legal protection is also worth questioning. Given that the legal protection referred to is for individual micro, small, and medium-sized entrepreneurs (UMK), will third parties – in this case, the community and investors – also receive protection? This is not clearly reflected in Government Regulation No. 8/2021, so it is expected that various derivative regulations by the relevant ministries will emerge in the future.

### **Deconstruction Approach Analysis**

The second stage in the Critical Legal Studies (CLS) approach is deconstruction, which involves dismantling the well-established legal concepts. In the context of this research, it suggests that all legal concepts related to philosophical foundations and legal theories will be identified and then deconstructed for reevaluation. In this regard, the legal concept under scrutiny is the individual company. It is interesting to note that the term “individual company” is not found in Article 109 of the Omnibus Law on Job Creation. The nomenclature “individual company” is only found in Chapter III of Government Regulation No. 8/2021, but it does not provide a detailed explanation of the legal concept it establishes. Government Regulation No. 8/2021 concerning the Basic Capital of Companies and the Registration of Establishment and Dissolution of Companies that Qualify as Micro and Small Enterprises, when reviewed based on its title, is already consistent in mentioning the nomenclature “companies that qualify as micro and small enterprises.” However, in its body, and even in the definition in Article 1, it does not provide a detailed explanation. Ironically, the regulation uses inconsistent nomenclature by referring to “companies that qualify as micro and small enterprises” as individual companies.

Let us refer to Annex II of Law No. 12 of 2011 concerning the Formation of Legislation (UU 12/ 2011), which determines the role of general provisions in legislation. General provisions serve three functions:

As a definition or understanding;

Acronyms or abbreviations written in a definition or understanding; and/or

Other general matters that apply to the following articles in the body and also reflect principles, intentions, and objectives without needing to be reformulated in subsequent articles.

Based on the explanation of the provisions above, when related to the concept of a "limited liability company," it is clear that the legislation itself does not provide any explanation. The normative concept of individual companies becomes vague because, even in general terms, the term "individual company" is not known. The Indonesian Dictionary (KBBI), which is a collection of official terms within the country, also understands that a company is a trade association (Bahasa, 2023). It is not unreasonable to expect the legislator to define

and limit – deviating from the meaning known in KBBI – the terms "individual" and "company," especially individual companies.

Turning to the formulation of the concept of "companies that qualify as micro and small enterprises" (individual companies) from the perspective of formulating ideal material content in legislation, referring to the provisions of point 63 of Annex II UU 12/ 2011 reveals a deviation. The material content should be fully formulated based on the similarity of the relevant material; however, if there is material that is difficult or cannot be classified, it should be included in the "other provisions" section.

Interestingly, the normativity of individual companies – in terms of establishment, capital, and other aspects – with the same quality as companies formed based on agreements is not regulated in the Omnibus Law on Job Creation. From the outset, Article 1 number 1 of the Omnibus Law on Job Creation has determined two legal entity paths for limited liability companies: through agreements (capital associations) and micro and small enterprises (UMK). These two qualities should have been equally regulated in regulations of equal status. This eventually touches on the principle of good legislation formulation as described in Article 5 letters b, c, and f of Law No. 12/2011, which involves the appropriate institution, type conformity, hierarchy, material content, and clarity of formulation.

The concept of individual companies in the Omnibus Law on Job Creation, Government Regulation No. 7/2021, and Government Regulation No. 8/2021, based on the deconstruction approach, needs to be deconstructed and rebuilt. Considering the fact that the normativity of individual companies is not orderly, both in the formulation of general provisions and the principles of good legislation formulation as described in Article 5 letters b, c, and f of Law No. 12/2011, it is not unreasonable to approach the concept of individual companies with a CLS paradigm – which believes that the formation of regulations is always dominated by the political constellation – as being "infused" with the "evil" intentions of capitalism. This is relevant to what has been discussed in the trashing approach above.

### **Genealogy Approach Analysis**

Genealogy, lexically, means the line of growth or lineage, which, when contextualized in the Critical Legal Studies (CLS) approach, entails determining the initial purpose, historical interpretation, and teleology of a standard relevant to specific businesses (Bahasa, 2016). The identification of the genealogy of individual company normativity can be seen from where and when the concept of individual companies was first known in the international business arena. The first country to embrace the concept of companies that could be established by individuals was the United States. In the early 19th century, several states in the United States, such as New York and Delaware, began enacting laws that allowed the establishment of companies by a single person (sole proprietorship). This concept of individual companies was later adopted by other countries around the world, although the requirements for establishing a company by an individual may vary from country to country. With the development of technology and global business, the provisions for establishing companies by individuals have become more widespread and common in both developed and developing countries (Briggeman, Towe and Morehart, 2009).

The origins of companies that can be established by individuals in the United States and countries with common law legal systems, in general, have become increasingly prominent

over time, in line with the globalization that has taken place. Nindyo Pramono explains that there have often been issues when investors directly interact with the business climate in Indonesia. Neighboring countries, even those nearby like Malaysia and Singapore, find it difficult to invest because the establishment of companies must be done through partnerships (UGM, 2021). The adoption of the concept of companies that can be established by individual micro and small business actors is identified here as arising from the global interaction between Indonesia and the international community that embraces the idea that companies do not have to be formed through capital associations. These countries have dominated and had a strong business influence on the international stage, so it is not unreasonable to consider it as a cultural blending of investment in company formation. The genealogy seen here is the dominant capitalist economic system in controlling the international market. Superpower countries like the United States, France, the United Kingdom (including England, Scotland, Wales, and Northern Ireland), China, Canada, and others have thus changed the perception of the economic system and attempted to influence Indonesia on a macro level and companies on a micro level.

### **Conclusion**

The entire discussion regarding the normativity of limited liability companies after the Omnibus Law on Job Creation in the discourse of Critical Legal Studies (CLS) ultimately leads to two conclusions. First, that the ratio legis for the establishment of individual companies in the Omnibus Law on Job Creation reflects the government's strong desire to facilitate micro and small business (MSB) actors. The government believes that by granting limited liability company status, MSB actors will find it easier to 'survive' on the international stage, leading to job creation and expansion. Second, the normativity of individual companies from the perspective of CLS shows that in the trashing approach, the theoretical foundation of the legal entity experiences inconsistent implementation. In the deconstruction approach, the concept of individual companies undergoes unclear standardization. In the genealogy approach, the ideology of individualism-liberalism with a dominant capitalist economic system is evident.

Considering the importance of facilitating business and ensuring legal protection for MSBs, which are the pillars of the Indonesian economy and society, the Omnibus Law on Job Creation is crucial in this perspective. However, certain issues related to business liberalism need to be skeptically monitored. Those responsible for creating legislation are advised to improve and refine the concept of individual companies based on the principles of good legislative drafting, especially in terms of the appropriateness of the governing body, alignment of content, and clarity of phrasing.

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## MILITARY JUNTA IN FRANCOPHONE WEST-AFRICA

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*Abstract: This study focused on military junta in Francophone West-Africa. Prior to the early 1990s this region has been less interfered by the military, as they had a close relationship with their colonial masters. What could have led to the recent military takeovers in this region, was what formed the basis for our study. The secondary method of data collection was maximally explored in our study. We made ample use of both the interventionists theory put forward by S.E. Finer. From our observations, it is clear that the current military junta in this region is as a result of several factors viz, rejection of French dominance cum presidents that are stooges to their colonial masters, institutional coup, and unnecessary delay in power by the leaders, etcetera. For this to stop, there should be a well-planned tenure system for leaders enshrined in their respective constitutions, also institutions should be strengthened to stop and/or avert institutional coup. You cannot support institutional coups and then consider military coup illegitimate. Lastly, the French government should maintain the principles of the UNO on diplomatic relations with other countries.*

*Keywords: Military, Junta, Francophone, West-Africa, Mali, Niger, Burkina Faso, Coup.*

### **Background of Study**

Military system of administration is a form of autocratic governance, and could mean any of the following: rule by a military dictator who is unhindered by fellow officers or rule by a set of very high-profile officers who are forces the dictator has to reckon with before making a decree. The second definition is termed, a regime. Both the military dictator and regime are prone to violate and contravene human rights law, and this would cause anarchy than a civilian government led by a despot. The actions of dictators differ from that of more limited military rulers (regime) in a lot of areas, however. The Military dictators initiate more wars globally than both civilian autocrats and military rulers, this is so because they have more reasons to be afraid of postouster exile, imprisonment, or assassination. Fear of the unknown could also be a precursor for their resistance to a peaceful handover. Military dictators are more often ousted by insurgency, popular springing, or attacks unlike the regime. Their tenures rarely end in democratization, unlike the regimes (Geddes, et al, 2014).

Governments establish military base equipped with sophisticated armories and these officers are given the needed training to handle them, for the sole aim of protection from both external and internal aggression. The sophisticated weapons and training that the military officers undergo sets them potential threats to their employers. Right from the

Since World War II era (1939-1945), military junta have taken place to topple a whole lot of civilian governments.

Once in a while, they hand over power to civilians after some days, but most times they hold on to it. They rather establish military rule, headed by either a military dictator or a junta representing the officer corps. Despite that military regime has noticeable less, from a global perspective, in the past two decades, they are increasing significantly in Francophone African countries.

Military regime encapsulates administration by men who are trained in armed force and protecting the territorial integrity of a country rather than in politics. The military officers are used to a regimented lifestyle. It is characterized by hierarchy and absolute obedience than to dialogue cum negotiation. The reason for this is not farfetched, as they are trained and used to a lifestyle that is a departure from those of politicians who are civilians. The military rulers at times make different policy options that differs civilian dictators. Some of these policy option differences includes war, disposition to opposition and the decision to terminate their own stay in politics or not.

Regardless of their skill cum expertise in the utilization of coercion, military-led administration, are intriguingly fragile. Anytime officers forcefully take control of civilian governments, they most often than not, keep full dominance over artilleries and the officers who make use them. In that regard, they would have undisputable advantages in forceful capacity vis-a-vis other system of administration: the capacity to intimidate and silence (relatively) opposition through the threat to violence and to use force to cocoon opposition (Debs, 2010, Svulik, 2013). However, these embedded advantages have not help military regime to hold on to or sustain power for long. Military rule spends less period of time to democracies and other forms of dictatorship (Geddes, 1999).

The fragility of military regime appears to be counter intuitive not only because of military regimes advantage in force but also due to military institutions highly unified, disciplined internal structure that may be anticipated to act as impediment to problems from within, whilst coercion scares challenges from outside. According to Finer (1988) as observed long ago, military institutions are more structured intensively than political parties. Military officers undergo training, and incentives to command loyalty of junior officers to seniors are built into every side of military institutions. If the argument that, a very well hierarchical organization and pragmatic discipline help in maintaining communist party rule, is anything to go by, in that regard, military regimes should also enjoy from such benefits. Moreso, the empirical analysis of military rule reveals that the incentives are not in any way averting the ultimate disobedience: recalcitrant manifestation towards the very most senior officer of the regime. Ousting of leaders is recurring in military regimes in comparison to other types of autocracy, as other officers carry out most of these ousters (Frantz & Ezrow 2011; Gandhi 2008, pp. 176-77). The rate of both ousting of leaders and regime failure in military rules indicates weakness.

The attitudes of military leaders are unpredictable and challenges expectations in some ways, too. Whilst it is anticipated that military rulers will use force as to threats in their administration (Davenport 2007). Regardless, military administration challenged with economic downturn or stiff popular opposition most likely bargain a comeback to the barracks instead (Geddes 1999).

Notable theories on dictatorship views autocratic as stooge of aristocrats (Acemoglu & Robinson 2006, Boix 2003), however military head of states cannot be said to be stooge of

the wealthy nor perhaps other aristocrats that may be in alliance with them (Nordlinger 1977). The seemingly hegemony of some military dictators over aristocrats and their capacity to redistribute economic wealth along strata are incoherent with models of autocratic rule as basis for sustaining the fortunes of the so-called wealthy. Supposing military dictators have certain level freedom from aristocrats and gets their interest met, just as other political stakeholders do, theories of autocratic administration should make adjustments for the interests of military strongmen. In countries where they do not call the shots, the military is a very relevant group in authoritarian administrative blocs, as manifested in the Arab Spring.

#### *Objective of the Study*

The objectives of this study are;

To carefully study the nature of military junta in Francophone West-Africa

To identify the motives cum reasons for the recent military intervention in Francophone West-Africa

To recommend the right policy measures to take by the various government in Francophone West-Africa in order to put an end to military intervention.

### **Literature Review**

#### *Contemporary Conceptualization of Military*

The plethora meanings of the concept military regime in various analysis is capable of creating chaos, and theoretical anticipations differs vis-a-vis the researcher perspective of the term. This section reveals the commonly used meanings of the concept so as to succinctly demystify apparently confusion as a result of opposing submissions. First, military regime refers to dictatorship led by a military man irrespective of the setting and influence rest of the ruling group. The second definition, as put forward by O'Donnell (1973) and Remmer (1989), confines the term military rule to dictatorships led by collegial bodies, working for the interest of the officer corps, whereby more than one officer calls the shots. The third meaning, in some instances referred to as military strongman administration, refers to the subset of dictatorships that allows power to be concentrated in a single military leader. Though autocratic government is by no means, limited to military regime, but it is a characteristic feature of the military system of government. Some instances of military-led autocratic government are, Idi Amin's tyrannical government in Uganda; the Egyptian antidemocratic cum dictatorial regime spearheaded by some Free Officers in 1952, that was terminated, abruptly by the removal of Hosni Mubarak in 2011; and Sani Abacha's pariah regime in Nigeria that ended, following his death, in 1998.

#### *Military Intervention in Africa*

Beginning from independence in (or around) 1960, democratically elected governments have been usurped by military men in more than half of Africa's countries, whilst in majority of these countries (mostly in anglophone Africa) one faction of the military officers has subsequently been dislodged by another - Nigeria in July 1966, 1975, and 1985; Ghana in 1978 and 1979; and Burkina Faso in 1987. A lot of other countries have witnessed bloody coup attempts, vis Gabon, 1964, Angola, 1977 and in Kenya, 1982. This statistics reveals the fundamental reason for instability in majority of African states, regardless of colonial heritage vis Francophone, Anglophone or Busophone; party system in Mali's one party, Dahomey (1963) and Nigeria' (until 1966 and between 1979 and 1983);

regime style vis conservative or radical (Niger and Ahmed Ben Bella's Algeria shows two extreme examples); and the economic status of the state, like oil-rich Libya, or abjectly poor Burkina Faso (Upper Volta until August 1984).

### *French-Africa Policy*

During the period succeeding the Cold War era, and specifically the happenings in Rwanda in 1994, French and Africa military diplomatic relations has been on transit. The manifestations of this neo policy trajectory have been informed by, the rearrangement of French defense program introduced in the country's defense White Paper of 1994 as well as in the Presidential portfolio *Une Défense Nouvelle* of 1996. As embedded in the reform program, France is terminating conscription and reorganizing its armed forces towards the operation of a stronger and more formidable military power outside the reach Europe in the novel roles of prevention and projection.

### *How Military Rule Ends*

Despite that literature abound on dictators' efforts to remain in power for long, some analysis have shown that some coups (counter) against military head of states are triggered by the intention to return power to democratically elected president and that military leaders often bargain their return to the barracks rather than coercion. Internal wranglings cum factionalism within military governments is another reason for its extrication from politics as officers uphold the principles of *esprit de corps* above others, including remaining in power (Nordlinger 1977, Geddes 1999).

### *Recent Military Junta and France Intervention in Francophone Africa*

According to Durosomo (2017), French President, Mr Emmanuel Macron, visited Mali for a tour round the French military stationed there as part of France's Operation Barkhane, that is currently involving 3,500 troops spread around Chad, Mauritania, Niger, Mali and Burkina Faso. The operation commenced its work in 2014 as an attempt to combat extremist uprising cum insurgence in the Sahel region of Africa. The planning and expediency of Macron's tour-it's a major action he took whilst elected as president and its a clear proof of France's dominance and presence in Francophone Africa. The precence of France in the Sahel region of Africa is not strange for sure, as all the countries involved in Operation Barkhane is an erstwhile colony of France. Prior to now, France has intervned in Africa 19 times from 1962 and 1995, resulting in a controversial humanitarian intervention during the Rwanda genocidal period. However, the country's more recent activities, have occurred to a large extent, without being reported. France's indelible mark in the political happenings in francophone Africa is often termed as " *Franc Afrique* " - a concept which also recognizes the "postcolonial" economic payoff maintained by France in her interactions with Francophone Africa. Below are, incidences cum instances of France most recent military involvements, as well as recent coup d'etat in Francophone Africa.

### *Mali*

The French military operations that kicked off in Mali from January 2013 to July 2014 was Operation Serval. Its goal and aim were to avert Islamist militants in the Northern part from hijacking the countries strategically situated military airport. Operation Barkhane being the

current, replaced Operation Serval. According to Al Jazeera (2021), The 2021 coup d'etat which took place in Mali started on the eve of 24 May 2021, when Vice President Assimi Goita led Malian Army double crossed and held hostage President Bah N'daw, Prime Minister Moctar Ouane and Minister of Defence Souleymane Doucoure. Assimi Goita, being the head of the junta that executed the Malian 2020 coup d'etat, made a national broadcast that President N'daw and Prime minister Ouane have been discharged of their duties and that a fresh election would be conducted in 2022. The 2021 Malian coup d'etat was the country's third in a span of ten years, from 2012 and 2020 military seizure, the latter being short-lived - barely nine months earlier. The political atmosphere was very high, tensions were heightened between the civilian caretaker government and the military right from the handover of political power in September, 2020. It led to the arrest of Keita and Cisse under duress by rebel force. A more legitimate government as against the then interim government was advocated for by the M5 movement - an anti-Keita group that were at the vanguard of the 2020 Malian protest. On May 14, the government revealed her plans for a new, 'all encompassing' cabinet. On May 24, tensions were reduced after a cabinet rearrangement. The new arrangement, did not change the military's control over strategic ministries, although, two arrow heads of the coup Sadio Camara and Modibo Kone were replaced by N'daw's administration. In the subsequent event, heightened military activity was reported by various news agent's, even the US Embassy in Bamako, although there was a state of calmness in the city, perhaps relatively. As an attempt to put an end to the junta's continued seizure of power and return to a democratically elected government, ECOWAS set up a committee led by a former president of Nigeria, Goodluck Jonathan. The military junta agreed to conduct elections and return power to democratically elected president. After months of no return to civilian rule, a consensus was reached at an ECOWAS summit held in Accra on 3 July 2022, that Mali be excommunicated from the body. The coup was totally condemned by other organizations like the UN and AU.

#### *Central African Republic*

By December 2013, French troops had entered the Central African Republic in a proactive measure to "restore normalcy" in the country after a rebel alliance from the Northern region called, Seleka had ousted the government. France had intervened six times before introducing Operation Sangaris. This operation was the France's seventh military intervention in CAR right her independence in 1960.

#### *Chad*

French troops have been stationed in Chad since 1986 to 2014 as one of her Operation Epervier, which was the aftermath of an agreement between the two countries to support in defending against the Libyan attack on Chad. France was able to proof its growing relevance cum influence in the country by restructuring the Chadian army and supporting the first multiple party presidential election in 1996. According to Felix (2023), Chad's military seized political power in April 2021 following the death of President Idriss Deby, who was killed on the battlefield whilst visiting troops fighting rebel's forces in the North. If the Chadian law is anything to go by, the speaker of parliament should have become president. However, a military junta came on board and dissolved parliament under the guise of avoiding anarchy. General Mahamat Idriss Deby, the son of the former president

was made to be in charge of the interim government and was saddled with responsibility of overseeing a transition to elections, that is to last for 18-months.

#### *Djibouti*

Currently, the largest force base of Francophone Africa is Djibouti. The French government has been instrumental to the nation's growth, beginning in 1991 when the Djiboutian Civil War began. The total number of French troops stationed in the country, is 1,500.

#### *Cote d'Ivoire*

The French government established a peacekeeping mission in Cote d'Ivoire called Operation Unicorn. It was established after the outbreak of the First Ivorian Civil War in 2002. This squad was initiated in line with the UN's peacekeeping mission in Cote d'Ivoire, that was set in 2004. Despite the fact that Operation Unicorn officially ended in 2015, France still keeps military base in the country. Following the recent happenings in Francophone West Africa, the French government has strengthened its military base in Cote d'Ivoire.

#### *Guinea*

President Alpha Conde of Guinea was ousted by special forces commander Colonel Mamady Doumbouya in September 2021. Prior to his removal, Conde amended the country's constitution to avert and put to check measures capable of thwarting and/or prevent him from running for another (third) term, sparking nationwide protest and rioting. Since the military junta, Doumbouya has taken over the responsibility of the former president, and pledged to hand over to a democratic elected government, within three years (Felix, 2023). On the other hand, the umbrella organization covering west Africa, ECOWAS had disapproved the timeline and sanctioned the members of the junta, as well as their relatives, as their bank accounts are being frozen. The military government has drafted its plans to commence a 24-month transition program, from January 2023, but are facing high level criticism, opposition, rejection and what have you by opposition parties, saying it has made little or no progress cum efforts to put in place institutions and a blueprint to transit to democratic government.

#### *Burkina Faso*

The ousting of President Roch Kabore of Burkina Faso was carried out by Burkina Faso's army in January 2022. The coup plotters faulted his administration for failing to checkmate terrorists and contain violence by Islamist militants. The leader of the Coup, Lieutenant Colonel Paul-Henri Damiba has pledged to address the security sector, but the reverse is the case, as attacks are increasing, by and by, wiping values and ethics in the army, which has resulted in a counter coup eight months after, immediately after the present junta leader Captain Ibrahim Traore took control of power through coercion in September following a mutiny (Felix, 2023).

#### **Methodology**

Military interventions in Francophone West-Africa for some time now has been a matter of concern, and several scholars and research has been carried out. It is in this regard, the

study made use of secondary method of data collection. Several books, academic journals, archives, magazines, articles (published and unpublished) guided this study.

*The Niger Military Junta: Reasons and Implications*

Accled (2023) observed the following:

That Niger has been bedeviled with a perpetual increase in jihadist activity since 2018, having a record year for violence in 2021 evaluated by fatalities

With the steady rise in political violence incidents from 2022, the lethality of it has followed a steady curve downward, with an attendant decrease in overall fatalities of same year. Between January and June 2023, political violence dropped by 39% (estimated) in comparison to the last six-month, backwards.

Attacks on civilians dropped by 49%, and attendant fatalities dropped, still by 16%

Nigerien security forces operation increased by 32%, although, as part of a continuous effort to counter insecurity

Incidences of stealing, looting and vandalization of properties were recurring decimal during this period, indicating that terrorist groups viz IS Sahel and JNIM more recently see Niger as instrumental for resource extradition. The western Tillaberi region is the most disadvantaged and affected by the conflict, however, there has been a visible geographic departure from the northern region to the western region. On July 26 2023, the Niger Presidential Guard staged a coup and held hostage President Mohamed Bazoum alongside his family. high profile officers from different branches of the defense and security forces (FDS) aligned to form a junta, called the National Council for the Safeguarding of the Homeland (CNSP), and communicated the takeover of power on a televised broadcast. Public response took different turns, there was an initial solidarity movement for Bazoum being spread by mutinous soldiers, followed by later demonstration in solidarity of the CNSP. The following day, being July 27, the Nigerien Armed Forces allied with the CNSP, noting their aim to avert lethal confrontation, as well as, safeguard the president together with his family. However, the response by the international community, viz the United States, France, the European Union and ECOWAS has shown utmost rejection and disapprovals of the coup. The above interests have condemned the coup and threatened a return to the Bazoum led civilian government, with immediate effect.

A summit recently held in Abuja Nigeria's capital, ECOWAS agreed on military intervention, and threatened sanctions in order to pressure the junta to bring Bazoum back. They gave the junta a one-week ultimatum. The West African Economic and Monetary Union (UEMOA) also announced the imposing of immediate sanctions and froze the state assets of Niger. In a dramatic twist, the following Francophone Africa: Burkina Faso, Guinea, and Mali have declared their full support for the new Nigerien government led by the junta and notified the public of their noncompliance to whatever imposed sanctions by the international and regional bodies on Nigerien government under the junta. In fact, Burkina Faso and Mali further issued a joint statement that any military intervention by ECOWAS and others in Niger is an invitation cum declaration of war against the two countries. The reactions in support of Niger from the junta-led states in Francophone Africa is a wake-up call for a deeper divide and potential break-up of hitherto West African bloc. The aftermath of the coup brings a very high tendency for domestic civil disobedience and regional pandemonium, a surge in militant activities, departure from democracy and restriction of civil liberties, and stiff socio-economic implications as a result of sanctions.



Again, the military junta is yet to find a bearing and consolidate its power grab and it's facing a very strong opposition by most regional and international bodies. Detained President Bazoum is still having some significant level of support and alibis not only in the international scene but from the Nigerien population, with evidence of pro-Bazoum counter-aggregating for mass civil disobedience against the military junta.

#### *Recent Violence and Conflict Trend in Niger*

Niger faces an array of challenges, security wise: in the west, it confronts the insurgency in the Sahelian area orchestrated by IS Sahel and the al-Qaeda-connected JNIM, in the southeastern Diffa region is tormented by the ISWAP and Boko Haram insurgency, which also affects Nigeria. Whilst the central region of Tahoua is witnessing a combination of banditry and IS Sahel militancy. Maradi, a region around the southern border with Nigeria, is affected by a group of bandit gangs that are well organized. In the gold rich region of Agadez, that has smuggling routes stretching on the border with Algeria, Chad and Libya, has more so been plagued by a myriad of armed groups, including rebels from Chad and Sudan, drug traffickers, and formidable syndicate gangs, all adding to spread rural banditry. The area around Tillaberi has remained the most affected by the recent conflict, regardless of the fact that, there are noticeable and very visible geographical departure from the North to the West. This departure in terrorist movements could be a function of some converging factors. Chief amongst, IS Sahel, which is the most dominant armed factor in the country and the areas around Tillaberi, now channeled its activities on the border close to Mali in early 2022 (ACLED, 2023). This action simultaneously occurred with the withdrawal of France's military operations from, as well as the realigning of its diplomatic policies with Niger, that allows for the concentration of military forces in the northern part of Tillaberi. JNIM and IS Sahel also engage in concurrent operations in sister nations like Burkina Faso, and the areas that share borders with western Tillaberi is being used as its base. Moreso, the Nigerien government has made deliberate moves towards resolving the hitherto existing intercommunal conflicts in Ouallam and Banibangou, the parts mostly affected by violence. According to ACLED (2023), the highlighted factors are some of the reasons responsible for the shift in armed engagement. Regardless of these issues, Niger based on statistics has fared better than fellow Francophone West African vis-a-vis violence and conflict. The coup plotters pointed that, the perpetual collapsing security situation, is a moral justification for her action.

#### **COUPS: Motives cum Reasons**

Before now, Francophone Africa were the most stable political countries, as there were little or no military interference in the government of the day. One reason that could adduce to this, is the bond and closeness that exist between the French government and these Africa nations. It is so strong that the French government has a strong military base, as mentioned earlier in this work. However, what seems to be a reason for non-military intervention, is now becoming a reason for it. Although options vary as to why the military intrude in a civilian government in the first place, certain facts seem uncontestable (Tordoff, 2002). First, the army can launch a coup due to its control of the weaponry, as such has the needed strength cum capacity for organized violence. Examples of such cases were, Togo, Burundi, Chad and the Central African Republic. Second, coups are most often than not, staged by the few who have operational command, viz battalion commanders. When such

occurs, more senior officers may be persuaded to join so as to reduce the disruption to the army's internal command structure, as well as to get the respect cum legitimacy needed. The recent military Junta in Niger saw the other officers in the seat of power, submitting to the junta, in order to avoid a breakdown in the system. It happened in Mali in 1968, and more recently. In the third place, African coups are typically army coups. The recent coups in francophone Africa viz Niger, Chad, Burundi, etcetera. Fourth, training has an uncertain role to play. According to Tordoff (2002), officers trained at St. Cyr, the French military academy, have been involved in coups despite having an orientation whilst undergoing training, of a culture of military non-intervention. Also, we cannot jettison the psychological factor. Once the embargo, wall or barrier which deters the military from intervening has fallen in one state, it may be broken in a neighboring country or, the military having tasted power before in a state, it may be tempted to intervene again. Take for instance, the recent military intervention in Francophone West-Africa. More recently they have witnessed military intervention than normal.

*What may be the reason for it?*

First, the promotion of institutional coup. In the words of Tordoff (2002), the emergence of an illegitimate government, lack of political skills as well as manipulation of election result, may precipitate a coup or (perhaps) encourage a counter-coup. Second, the over dominance cum influence of French government on African soil. Whether we like it or not, according to Marx (1846), societal struggle is a continuum, between the predators (thesis) and the prey (anti-thesis), and the end will only come when the latter becomes victorious. He called it, the synthesis. Third, those who are in authorities take power as a life affair, as such stay longer than necessary. The recent happenings in Niger is a testament to this.

### **Conclusion/Recommendations**

This study has been able to observed the nature of military involvements in Francophone West-Africa, its motives, reasons as well as experiences. At the independence of most African countries in the sixties, Francophone Africa, operated a more stable political system. The tendency until the early 1990s was for the present military regimes to seek, so as to strengthen their legitimacy by allying to a single party and controlling both presidential and parliamentary elections. In the latter were 'plebiscitary' in many regards that both the executive president as well as national assembly members were returned with overwhelming majorities. However, due to the factors as encapsulated in this study, there was a shift in Francophone West-Africa towards military junta. If Africa as a whole must put an end or avert further military intervention, certain things must be considered and put in place. First, there should be a well-planned tenure system as well as a rigid constitution, so that those who hold political powers would not change the constitution for their selfish desires.

Second, there institutions of these nations should be strengthened so as to put an end to Institutional coup, that may result in military coup. The French government should maintain the UNO principles of independent countries and their dealing with their erstwhile colonies should be mutual. No more neocolonialism. If the French government wants to get anything from these countries, they should be ready to pay its equivalent in hard currency. Finally, the so-called world powers should maintain the principles that guide the United Nations. We have gone pass the era of free meal.

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# EXPLORING THE ROLE OF PUBLIC-PRIVATE PARTNERSHIPS IN ENHANCING SUSTAINABILITY AND DIGITIZATION IN AQUAPONICS: A CASE STUDY OF THE ISEPA PROJECT

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*Abstract: Today the sustainability of agricultural production systems is widely recognized as a crucial point for the implementation of long-term economically, ecologically sound and socially acceptable policies and practices. This study investigates the role of the public and private partnership (PPP) in the resolution of problems related to the sustainability of both agricultural processes and food production through the integration of the enabling technologies of Industry 4.0 (IoT, Big Data, AI, etc...). In order to better understand how public-private collaboration influences sustainability and digitisation processes in the primary sector, an analysis of what the literature has identified on the topic was conducted and then an attempt was made to answer the research question posed. Through the case study methodology, the research analyses and promotes the results of the ISEPA project. A research project whose PPP had the joint objective of experimenting with new techniques and integrating modern digital technologies in order to foster the sustainability of farming processes, and in particular to promote the advancement of aquaponics systems by also increasing knowledge of their automation.*

*Keywords sustainability, public-private partnership, agricultural process, digitalization development*

## Introduction

Over the 21st century, the agricultural sector has faced rapid evolution involving economic, social and environmental scenarios. Several factors including climate change, urbanisation and industrialisation pose new major challenges for this sector (Tappeiner et al., 2021). In addition, by 2050, the world population is expected to increase by an estimated 9.7 billion (Nikos & Bruinsma, 2012; UN DESA, 2019), prompting the United Nations Organisation to emphasise the important growth in primary and food needs (FAO, 2014). The increase in food demand, together with the transition towards intensive consumption styles of animal-based proteins (in lower and middle-income countries) inevitably leads to the

question of the sustainability of agricultural processes, as 50% less fertile soils and scarce water reserves are estimated to be available for almost half of the global urban population (He et al., 2021).

The concept of sustainable agriculture was initially introduced in the publication of the Brundtland Report in 1987, along with the initiation of the idea of sustainable development (Tait et al., 2000; Velten et al., 2015; Porrini & Striani, 2017). Since then, the need for sustainable development that is equitable in both social and environmental terms has been increasingly stressed at the policy level, and it also appears in the SDG 17, which focuses on partnerships, calling for greater cooperation between public, private and third sector organisations to implement sustainable development, particularly within developing countries (Leal Filho et al., 2022). In recent decades, the sustainability of agricultural production systems, together with their evaluation, is considered crucial for the implementation of long-term economically and ecologically sound, and socially acceptable policies and practices (Bartzas et al., 2020). These three aspects are often interconnected, creating a dynamic and simultaneous balance between them (Hayati et al., 2010). However, sustainability is little investigated in the agribusiness sector (Brenya et al., 2022), despite the application of the integrated approach of the Triple Bottom Line model, which claims companies should simultaneously achieve better financial performance, environmental protection goals and equity for the society (Elkington, 1998). This is because many studies are often focused on particular aspects of sustainability, as clearly debated by the existent literature (Forssell & Lankoski, 2015; Maxey, 2006; Michel-Villarreal et al., 2019; De Matteis & Borgonovi, 2021).

In the light of the above, this paper is to investigate the role of PPP application to try solution to the problem of the sustainability of agricultural processes through the integration of the enabling technologies of Industry 4.0 (IoT, Big Data, AI, etc.), in inherently more virtuous production systems such as aquaponics. In a nutshell, aquaponics is an agricultural practice that combines recirculating aquaculture systems (the RAS technology) with growing vegetables above ground (hydroponics) (Joly et al., 2015). Its rapid expansion connotes it as a possible state-of-the-art practice capable of meeting the important challenges of today's world. More specifically, aquaponics uses fish waste as a source of nutrients for plants after treatment, operating as a closed-loop ecosystem for indoor agriculture. To deal with such complex systems, the collaboration of the public and private sectors, referred to in the literature by the acronym PPP, is essential. On the one hand, it allows the pooling of competences in different fields, on the other hand, it distributes the risks related to the investment in research, contributing to the development of innovations consistent with the sustainability objectives of the agri-food sector set in the main policy documents (Agenda 2030, European Green Deal and Farm-to-Fork Strategy). The paper is structured as follows. After this brief introduction, in the first section we outline the progress made so far while highlighting gaps in the area of sustainability of agricultural processes through PPPs. Furthermore, we will formulate our research question in order to understand the extent to which public-private collaboration and technology can contribute to solving the problems related to the sustainability of food production in the context of overpopulation and urbanisation expected by 2050. In the second section, we illustrate the validity of the single case study methodology as our research methodology, and, in the third section we support the proposed thesis examining the specific selected case study: the ISEPA project. In the last section we report our conclusions.

## **Theoretical background**

### *The fundamentals of PPPs Subsections*

Over time, the public and private sectors have tried to deal with the negative environmental externalities caused by the independent food industry (Martinez-Fernandez et al., 2010). Indeed, in some cases, situations have occurred that have made public-private collaboration inevitable (Ferroni et al., 2011; Moreddu, 2016; Akinwale, 2016). An example of this is the so-called 'Green Revolution', i.e. an initiative promoted by the public sector in the 1940s that however almost completely excluded private sector activities, leading to a general abandonment of appropriate solutions for farmers (Juma, 2010). This example shows how isolated public or private sector interventions alone are unable to address the complex challenges of the 21st century (Melhus et al., 2012), particularly the achievement of a certain degree of sustainability development of agricultural processes. Partnerships between public and private institutions seem to be the optimal solution to overcome these obstacles and have existed for some time in many sectors of the economy (Cheng et al., 2021; Moreddu, 2016).

What has led to the evolution of PPPs is an environment of limited government experience and resources, as well as a lack of facilities, human capital and time (Myrzaliev et al., 2018). In reality PPPs complement scarce public resources (Berisha et al., 2022), facilitate the construction of a more competitive environment, help to improve the efficiency of actions carried out and reduce costs (Paul and Margaret 2003). As Kosinova & Ter-Akopov (2019) state, the cost problem of the latest technologies and structural changes in the economy can be mitigated through collaboration with the private sector. In general, PPPs aim to achieve specific objectives by means of planned proposals and within set timeframes, enabling each partner to deliver projects and services as efficiently as possible (Ponnusamy, 2013). A PPP is in fact based on a cooperative and collaborative contractual arrangement between a public entity (which may be federal, state or local) and a private sector entity (Hodge & Greve, 2007; Marbaniang et al., 2020). Relative to the establishment of a partnership, fundamental factors that lead to a successful partnership must be considered. These factors fall into two categories, namely the characteristics to be sought in the partners, and the essential elements constituting the partnership process (Monaghan et al., 2001). On the one hand, mutual trust between the parties and the compatibility of their organizational cultures represent the filters to be applied in the selection of suitable partners; on the other hand, the detailed and precise division of roles intended for each partner, the sharing of information and objectives to be achieved and the feasibility of the expected timeframes useful for the attainment of these pre-set objectives form the basic steps of the partnership process (Plummer et al., 2022).

In addition to sharing objectives and actions among the partners, regular and mutual information is a prerequisite for building trust. The latter is necessary both for the improvement of performance, and for the continued commitment of the parties involved in the PPP (Panchapakesan et al., 2017). In short, PPPs offer the prospect of overcoming the limitations of each sector: the inherent inability of the business sector to operate where there is no market, and the limited capacity of the public sector to produce market research. In other words, partnerships enable sustainable results that no single party could achieve alone. This can be summarised by stating that the output of a PPP is more than the sum of its parts (Ferroni et al., 2011).

*PPPs in the context of modern agriculture*

As already mentioned, modern agriculture deals with problems such as climate change, significant loss of biodiversity along with soil degradation, soil compaction, salinisation and pollution, depletion and pollution of water resources, increasing production costs, a decline in the number of farms and, related to this, poverty and a decreasing rural population (Rivera-Ferre et al., 2013). In the form in which it has been practiced and conducted in recent decades, agriculture is itself a major cause of the problems mentioned (Koochafkan et al., 2012). To overcome these obstacles, the introduction of public-private partnerships could be strategic and promote the sustainability of agricultural processes. But, although PPP initiatives are consistently present in the areas of infrastructure development and extension (Lertora et al., 2022), health (Adzhienko et al., 2017), education (Languille, 2017), and construction (Jayasuriya et al., 2019), their application in agriculture is relatively new and scarce (Myrzaliev et al., 2018). Nonetheless, there is a growing awareness of the value of PPPs in the primary sector, particularly for projects benefiting farmers in developing countries and for the sustainability of agriculture processes (Ferroni et al., 2011).

For PPPs to contribute effectively to the sustainability of agricultural production, adequate attention should be paid to governance-related issue within their implementation, as a critical factor on which the success or failure of public-private cooperation may depend (Hayllar, 2010; Ismail, 2013; Debela, 2019; De Matteis et al., 2021). A public-private partnership (PPP) in agriculture is understood in terms of the party sharing ideas and resources, market and technologies, risks and benefits (Ponnusamy, 2013). Indeed, the PPP approach has enabled farmers to improve access to the latest technologies, their progressive development and the market. PPPs represent an advantageous potential for the development of agricultural processes, as they can concretely facilitate and accelerate the advancement of the agricultural sector. Specifically, these collaborations lead agricultural processes towards effective and significant sustainable development, with multiple other benefits attached (Rankin et al., 2016). Thanks to the introduction of PPPs is possible to organise and deliver remarkable and innovative investments (White, 2013). Such investments may stimulate agricultural production, increase the efficiency of the sector, improve cost-effectiveness, as well as expand storage and transport capacity (Myrzaliev et al., 2018), and are deliverable through projects. Clearly, together with the numerous benefits, there are also risks. The introduction of PPPs in the agricultural processing sector highlights problems associated with guaranteeing the supply of raw materials, sourcing arrangements and setting tariffs, thus affecting cooperation and coordination between partners. This can be avoided by delineation of roles and good planning of the operations to be carried out (Bing et al., 2005).

In summary, PPPs in agriculture combine operational and economic efficiency from the private sector, and the role of the public sector as a creator of an environment in which social interests are considered. The combination of both ensures number of potential benefits to support the development of sustainability in agricultural processes and, at the same time, allows for risks that can be shared between the various stakeholders (Rankin et al., 2016). Major challenges such as population growth and competition for resources pose a threat to the food security of the planet. In order to address the ever-increasing complex problems in agricultural production systems, advances in 'smart farming' and 'precision

agriculture' offer important tools to address the challenges of agricultural sustainability (Sharma et al., 2020).

Digitization is one of the most important ongoing transformation processes in agricultural processes and food chains at all levels such as production, processing, distribution and consumption (Latino et al., 2022). Various technologies and practices in agriculture, based on Big Data, IoT, AI, can make the right decision at the right time and in the right way. However, the use of such technologies in agriculture and the resulting data is not sufficiently widespread and needs for more investment in the creation of suitable infrastructure, related skills and knowledge of the technology by farmers, attitude of inclination towards the latest technologies and awareness of the benefits of Big Data-based technologies (Sarker et al., 2020). In particular, the farmer needs the help of a team of experts in order to implement the existing dedicated facilities; similarly, the implementation of the technology requires both government initiatives and the involvement of the private sector, hence the need for a public-private partnership (PPP). Such collaboration is necessary because data from agriculture are characterised by large quantities, as they measure several relevant characteristics such as variety, rate of variability and veracity. This mass of data requires an analytical approach and specific technology to be transformed into information ready for use in agriculture.

From an economic point of view, then, the use of PPPs that combine public and private finance brings undeniable advantages. In fact, the economic literature (Leland & Pyle, 1977; Holmstrom & Tirole, 1997; Iossa & Martimort, 2008) suggests that the establishment of a PPP provides a positive signal on the soundness of the project, credibly conveying to third parties that the project is economically viable and the business plan is well formulated: thus, adverse selection problems are alleviated, improving efficiency. Moreover, monitoring can alleviate moral hazard problems and generate efficiency gains that offset the higher cost of private versus public finance. More specifically, it is necessary to understand how technology contributes to the development of agricultural processes. Research and developments in the field of artificial intelligence (Artificial Intelligence, AI) have given birth to Smart Systems. These systems use state-of-the-art information, communication and computing technologies (Ulum et al., 2019). Smart Systems have automated components and use wireless technology. An automated system receives input signals, which are processed and compared with control values (range). Finally, it produces output signals.

The world of Intelligent Systems is also linked to the Industry 4.0 paradigm. This connection broadens the concept of Intelligent Systems, since they contain complex logical processes and algorithms that are not limited to simple basic logical operations. In this context, the term "intelligence" therefore extends the computational capabilities, emphasising the aspects related to the complexity that derive from the connection and integration of various components, which react to stimuli and adapt over time (Butt et al., 2019). An emblematic case is that of Kumar et al. (2016), who developed a wireless aquaponic system: through complex mathematical regression algorithms (models that estimate the relationships between input variables and response variables), it was possible to estimate the future values of some parameters, such as nitrates and pH, following measurements conducted in previous times and acting "in a smart way" on the outputs.



The use of the Internet of Things (IoT) in aquaponic systems can guarantee better environmental and growth conditions for plants and fish, allowing higher yields with a lower expenditure of fundamental resources such as water (Yanes et al., 2020).

In the light of the benefits and shortcomings anticipated above, we intend to answer the following research question:

RQ: "What are the benefits and risks associated with PPPs to support the sustainability of agricultural processes and contribute to their digitisation?"

### Research methodology

In our paper we applied the case study approach. This approach has sometimes been criticised for a lack of scientific rigour and poor generalisability, as it may not produce results that are transferable to other contexts (Yin, 2012). Yet, there are several ways to address these concerns, including: the use of theoretical sampling; validation of interviewees; and transparency during the research process (Crowe et al., 2011). Basically, within the case study methodology there are two approaches in the literature: single case studies and multiple case studies (Yin, 2012). The latter methodology is particularly suitable for situations characterised by large number of variables, and a high degree of conditioning by the context in which the cases are placed (Gustafsson, 2017). Conversely, the single-case study approach guarantees a rich and holistic account when applied to specific phenomena (Gerring, 2004). Additionally, Bennett and Elman (2010) point out that single case studies are implicitly comparative in that one avoids comparing cases that might represent deviations (deviant cases are defined as those whose outcome does not fit previous theoretical expectations or broader empirical models). A further advantage of the single-case study is certainly that it ensures cost-effectiveness from every point of view (money, labour, time, effort), and it is therefore particularly suitable for a case such as ours, in which the study is inherently costly, as it is based on units that are in themselves complex (Eckstein, 1975).

We therefore opted for the single-case study approach, whose advantages are particularly suitable for the context under analysis. Precisely, the choice of the case study to be analysed was based on both the consistency of the case with the specific variable (transparency during the research process), and the availability of searchable documentation (validation of respondents).

The following table shows the schematisation of the aspects covered.

**Table 1. Aspects Schematisation**

n.	Aspect investigated	References	Case study choice reasons
1	PPP and sustainability	Ferroni et al., 2011 Myrzaliev et al., 2018 Ponnusamy, 2013 Hayllar, 2010 Ismail, 2013 Debela, 2019	The case study is focused on the impacts that industrial aquaponic has on sustainability

2	PPP and digitalisation	Ponnusamy, 2013 Rankin et al., 2016 White, 2013 Myrzaliev et al., 2018 Bing, 2005	The automation system developed in the case study digitises the process, as it allows the aquaponics system to be remotely monitored and controlled, greatly limiting human intervention.
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Source: Own Elaborations

The research design of this paper involves a total of three integrated steps. The sources used to acquire the data in the various steps are:

Analysis of the PPP subject of the case study, with a particular focus on the process sustainability and on the digitalization, elements supported by public-private cooperation. The data source was a documentary analysis (Bowen, 2009) essentially based on the initial project, on some intermediate reports, and on the final report of the analyzed project;

Analysis of the two factors of the PPP's research object using the perspective of a referent from one of the project partners (Chief Scientific Officer, CSO). In this case, the data source was a semi-structured interview (Kvale & Brinkmann, 2009) that explored the main technical aspects relating to the process sustainability, and the integration of digital solutions in the aquaponics system developed by the PPP;

Analysis of the two factors (sustainability and digitalization) in terms of functioning of the governance structure and experimentation with digital devices. Here the data source is the technique of unstructured and disguised direct observation (Bailey, 1994);

Therefore, using this approach, we will examine the project ISEPA's PPP contribution to increasing sustainability of agri-food production.

### **The Role Of Multidisciplinary Ppps In Supporting Digitization Of Aquaponics Production To Increase Sustainability: The Case Of The Isepa Project**

The project "Improving Sustainability, Efficiency and Profitability of Large Scale Aquaponics - ISEPA" was launched in November 2018 and was concluded in January 2021 (27 months). It was granted 1,4 mln euros by the Apulia Region through the ROP Apulia ERDF-ESF 2014-2020 Action 1.6 – InnoNetwork, a funding opportunity for research organisations and private companies to implement joint innovative projects supporting smart, sustainable and inclusive development of the territory and the local communities.

The project ISEPA aimed to tackle the major challenges of industrial aquaponics through the integration of Industry 4.0 key enabling technologies (primarily the Internet of Things), as well as the development of new farming methods based on the use of innovative biomaterials, and the sustainable exploitation of fish-derived food waste (i.e. skin).

According to the project, the study of this agricultural practice's potentials, obstacles, and limitations served as the basis for the research. "The advantages of aquaponics in terms of productivity and efficient use of resources are huge, at least in theory." - the CSO explained at the beginning of the interview. "TAs the European Parliament Research Services listed, aquaponics as one is one of the "ten technologies which could change our lives." - the CSO added, referring to what was stated by Van Woensel & Archer (2015). However, being a rather novel technology, commercial aquaponic production in Europe is still very limited, and very few companies are economically viable (Turnsek et al., 2020).

The current literature on commercialisation of aquaponics in fact identifies three main areas of challenges for aquaponics on a commercial scale: technical (resulting from the integration of two different food production technologies), socio-ecological, and economic (linked to the low competitiveness and profitability of aquaponics food production) (Turnsek et al., 2020). Therefore, reflecting the competences of the public-private scientific-technological organisations involved in the project (see Table 2), research largely focused on the technical issues related to aquaponics system complexity, and the ecological and economic aspects of production. Optimising large-scale production, easing operations in both the aquaculture and hydroponic subsystems to reduce dependence on personnel on permanent stand-by, improving animal welfare as well as the quality of aquaponics food produce, and recycling fish-derived waste were therefore amongst the major strategic objectives pursued by the PPP. Accordingly, the project research activities included:

The definition of an aquaponics system requirements for indoor production of organic fish and vegetable;

Design, prototyping and test of a modular, automated, reduced-environmental impact aquaponics system (compliant with the technical and safety requirements determined above);

The development of new food (raw/processed aquaponics-derived fish and vegetable) and non-food products (type 1-collagen from fish food waste).

At the end of research, the PPP delivered the prototype of an automated aquaponics system allowing the combined farming of Apulian-naturalised Nile Tilapia and local vegetable varieties indoors. The ISEPA prototype integrates 1) an automation system based on an IoT network of sensors, a Decision Support System (DSS), and actuators for remote monitoring and control; 2) a super absorbent natural-based polymer selecting nutrients for plant roots in their growth bed; 3) enriched fish feed to raise quality standards of fillets (primarily nutritional features) and fish-derived food waste; 4) extraction process of highly pure/soluble collagen from farmed fish skin for medical, nutraceutical and cosmetic applications.

### **Composition and governance aspects of the ISEPA PPP**

The ISEPA PPP grouped research organisations and private companies with technical expertise in the core domains of the project (such as System Automation, ICT, Biomaterial Engineer and Biotechnology) but no or little experience with aquaponics.

As it has emerged during the interview with the CSO, “although they (the organisations involved in ISEPA) agreed on the potentials of aquaponics, none of them would invest in this technology individually - because of system complexity - and without any economic support of public entities to partially cover the risks of research.”

As a result, based on a bottom-up approach to identify the suitable skills to carry out the research activities, the PPP was built as follows:

1 University Department of Engineering for Innovation;

2 National Research Council’s Institutes (Institute of Crystallography, and Institute for microelectronics and microsystems);

6 SMEs engaged in the fields of ICT, biotechnologies, sustainable fish and aquaculture, hydraulics, environmental management and energy efficiency.

Following, the project activities were adjusted to the available skills and the corresponding estimated budget.

**Table 2. Partnership composition**

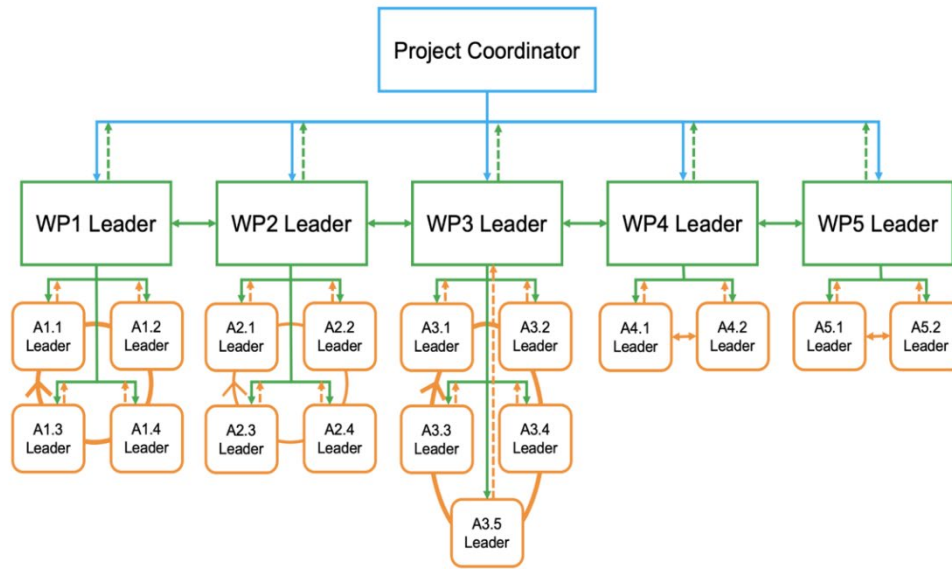
PARTNER'S NAME		TYPE OF ORGANISATION	MAIN CONTRIBUTION TO THE PROJECT
Extended	Short		
Xenia Network Solutions S.r.l. (Xenia)	Xenia	SME	Development of the Decision Support System (DSS)
Naica Società Cooperativa (Naica)	Naica	SME	Application of Business Process Management methodologies to the aquaponics company
Typeone Srl (Typeone)	Typeone	SME	Extraction of collagen from fish skin
Società Cooperativa HYDRA (HYDRA)	HYDRA	SME	Enrichment of quality characteristics of fish and their derivatives
SAMIT TECNOLOGIE s.n.c. di A.L. Mancarella & C. (SAMIT)	SAMIT	SME	Construction of the aquaponics pilot plant
Studio SIGMA S.r.l. (SIGMA)	SIGMA	SME	Cultivation of plants based on alternative substrates (hydrogel plus filtered water from the fish tanks)
Dipartimento di Ingegneria dell'Innovazione – Università del Salento (DII-UniSal)	DII-UniSal	University	Definition of the aquaponics system requirements Implementation of the automation system (IoT network of sensors and actuators) Development of a super absorbent natural-based polymer (hydrogel) selecting nutrients for plant roots in their growth bed
Consiglio Nazionale delle Ricerche - Istituto di Cristallografia (CNR-IC)	CNR-IC	Public Research Organisation	Characterisation of collagen from fish skin
Consiglio Nazionale delle Ricerche - Istituto per la Microelettronica ed i Microsistemi (CNR-IMM)	CNR-IMM	Public Research Organisation	Application of continuous Volatile Organic Compound (VOC) monitoring system

Source: Own Elaborations

In addition to having minimal knowledge of aquaponics, the majority of the private partners lacked experience in managing complex research projects. In order to prevent even the smallest failure, during the project's start-up phase the Project Coordinator thus proposed a stronger and more effective governance structure than was originally intended. This enabled the PPP to obtain the expected results within a reasonable timeframe and given the approved budget. The interviewee stated in this regard: “The success of ISEPA was largely due to the integration of the available knowledge and experience within a public-private scientific-technological partnership, governed by a precise structure.”

Contrary to the project plan, the Partners of ISEPA actually adopted a governance structure consisting of three main bodies: the Project Coordinator, the WP Leaders and the Activity Leaders (Figure 1).

**Figure 1. Governance structure**



Source: Own Elaborations

The Project Coordinator centralised the overall planning, management and control of ISEPA. He was in charge of implementing the administrative and financial monitoring plan, in order to ensure that time and cost parameters were respected. He also dealt with risk management, to avoid or eliminate causes of non-conformities or other undesirable situations. "Thanks to his personal skills and knowledge of all the partners involved, the Project Coordinator could mediate between the different positions and views smoothly. This allowed him to optimise the general organisational aspects even during the period of uncertainty in the early months of the Covid-19 pandemic." - emphasised the interviewee. Finally, the Project Coordinator was assigned the task of supervising the communication and dissemination activities - though the scientific dissemination of project results was arranged in a separate plan and addressed to the research organisations within the Partnership.

On the contrary, the WP Leaders and the Activity Leaders were responsible for organising the research activities, setting the quantitative and qualitative objectives of the methodological and technological activities, monitoring and reporting on the progress of the project to the Project Coordinator. WP and Activity leadership was attributed according to knowledge and/or previous experience in the field owned by the Partners. "Actually, the competences of each partner played a decisive role also in the maintenance of a stable

governance structure supporting the achievement of the project sustainability objectives.” - the respondent added during the interview.

The three bodies interacted regularly during the project, and they intensified communication throughout the Covid-19 pandemic to complete research without interruption. When the use of teleconference platforms proved to be insufficient to guarantee the continuation of the test phase, the Project Coordinator and the WP Leaders agreed to grant greater decision-making authority to the academic partner. Therefore, the governance structure they built proved to be a critical factor for the success of their cooperation, as confirmed by the literature (Hayllar 2010; Ismail 2013; Debela 2019; De Matteis, 2022).

## **DISCUSSION**

### *Digitization of aquaponics processes*

Another interesting aspect according to the purpose of this study is the contribution of the ISEPA PPP to the digital transformation of aquaponics. Traditional systems heavily depend on the availability of skilled labour to operate fish farming and soilless cultivation of plants, while preserving their mutual equilibrium. Particularly, to ensure quick response to pests and disease, and also because of strict animal welfare regulations, the system requires alarm protocols and personnel on permanent stand-by (Turnsek et al., 2020). This translates into higher operation costs that add to income losses due, precisely, to fish or plant diseases or pests, or system malfunctions (Savidov & Brooks, 2004). Conversely, the automation system developed by the ISEPA PPP allows for remote monitoring and control over the aquaponics system, limiting human intervention likely only to extraordinary repairs. On the one hand, the IoT infrastructure constantly checks water quality and environmental parameters (pH, temperature, dissolved oxygen, redox potential, concentration of nitrites, nitrates and ammonia and VOC levels); on the other side, the actuators automatically adjust settings (e.g. electrovalves and water pumps), in case of parameters outside of range (such as an increase in the levels of pH or temperature). In addition, controllers manage the protocols and peripherals used in the aquaponics plant and make the system “smart”. Finally, the DSS provides users (or operators) with a series of data analysis functions and models in an interactive way, thus increasing the decision-making process efficiency and effectiveness, likewise the plant management. For example, if one or more parameters exceed pre-set threshold values, an alarm system promptly warns users who can take action to bring the situation back to normal. Indeed, this automation system offers further advantages in terms of efficient use of water and enhanced food quality. Quoting the interviewee, “continuous control over the production environment enables to maintain aquaponics’ parameters in the optimal ranges, hence reducing water disposal and replacement. In addition, it allows minimising fish health risks thus ensuring the quality of the products.” Accordingly, the ISEPA automation system realises both the stable and healthy growth of fish and vegetables (which in turn results in higher yields in the face of lower operating costs), and the lowest possible water and energy consumption.

### *The ISEPA PPP contribution to increasing the overall sustainability of aquaponics*

A final aspect to be investigated is the impact of research on the overall sustainability of industrial aquaponics. As clearly emerges from the previous paragraphs, all four major

innovations developed by the ISEPA PPP enhance the environmental, economic and social sustainability of industrial aquaponics. For example, both the automation system, and the hydrogel-based farming method positively affect the use of water (the latter by boosting the filtering power of plants). Moreover, the sustainable exploitation of farmed fish skin allows for recycling fish-derived food waste, while providing aquaponics farmers with an additional source of income. Finally, the ISEPA automation system also has a positive impact on farmers whose workload is reduced, and who can benefit from stable and more competitive food production. In conclusion, “the project ISEPA has enabled the partners to direct their digital capabilities towards improving aquaponics from several perspectives. Indeed, the current systems could hardly meet the challenges of food security in a changing scenario of increasing and urbanizing world’s population. Conversely, the project ISEPA allowed the integration of new frontier and process technologies, which concur to overcome the technical limits of large-scale aquaponics and boost its potential and sustainability.” - the respondent highlighted. This confirms the findings of the academic literature, namely that the digitization of the agriculture sector has the potential to increase food production sustainability, through the integration of the different skills of the various public and private partners involved in the innovation process.

### **Conclusions**

PPPs have been widely used in many sectors of the economy for quite some time. However, it is only in recent decades that they have also found increasing adoption in the primary sector (Myrzaliev et al., 2018). In this context, the joint purpose between public and private is mainly to foster economic, social and environmental sustainability in agriculture, along with the need and desire to jointly address the complex problems and digitalization process of agricultural production systems worldwide (Rankin et al., 2016). In fact, today more than ever, the challenges related to agricultural sustainability are closely linked to both economic, social and environmental factors as well as technological factors, such as the use of sophisticated hardware and software tools of intelligent and precision agriculture (Sharma et al., 2020). Using the single case study methodology, this study analyses and promotes the results of the project ISEPA. A research project whose PPP had the joint objective of experimenting with new techniques and integrating modern digital technologies, in order to foster the sustainability of agricultural processes, and particularly to promote the advancement of aquaponics systems by also increasing knowledge of their automation.

One of the successful aspects of ISEPA PPP lies in the project's governance structure. It fostered the processes of cooperation between partners and discussion with project stakeholders and facilitated the continuous monitoring and mitigation of project risks, from the project start-up to project closure. Consequently, the governance model enabled the project results to be achieved on time and on budget. A further strength of ISEPA was the pooling of knowledge and expertise (including systems automation, materials engineering and biotechnology) of various public-private actors, such as research centres and enterprises, with strategic interests in the field of aquaponics. ISEPA's PPP contributed to increasing the level of digitization of the aquaponics systems. In fact, as part of the project, an autonomous system was designed and implemented that allows remote monitoring and control of the entire aquaponics system. The developed system only requires human intervention for extraordinary maintenance activities. It therefore ensures the healthy and

sustainable growth of plants and fish with reduced operating costs and reduced use of energy and water.

The project ISEPA is a clear case study that show how PPPs can concretely support the sustainability of agricultural processes. Project results increase the efficiency of plant and animal protein production compared to traditional agricultural and fish production, reducing the use of resources (economic, material and environmental). Therefore, the project ISEPA is a demonstration of how the integration of the competences of different public and private partners can develop innovations consistent with the sustainability goals of the agri-food sector and contribute to the digitization process of the agricultural sector. Thus, a virtuous use of PPPs in the primary sector makes it possible to increase the efficiency and sustainable production of healthy food, as well as to contribute to the resolution of problems related to the sustainability of agri-food production (Leal Filho et al., 2022). However, some critical aspects affecting the replicability of good PPP practices in agriculture as in the present case study should be highlighted. These can be traced back to the need for involving public or private actors with advanced technical and technological knowledge and skills in the PPP. This limits the replicability of ISEPA's PPP to specific technical and economic contexts. Indeed, the case analysed may not be easily replicated in countries where, despite high agricultural vocation, both public and private actors do not have sufficient economic, technical and technological resources of their own. That is the case of less developed countries (Berisha et al., 2022; Juma, 2010). In such contexts, the creation of PPPs capable of making a significant impact on the digitization processes and the sustainability of agricultural production requires the use of capital and knowledge belonging to public and private actors from more developed countries.

A further limitation, to be understood as a possible future research development, lies in the absence of significant institutional partners in the PPP (such as national governments and international organisations in the sector). Their direct involvement may actually facilitate the regulation of the aquaponics sector (Joly et al., 2015), and in particular its digitization processes (including aspects of cybersecurity and data exchange along the supply chain). Consequently, this could stimulate the use of automated aquaponics systems on a larger scale, and positively affect the resolution of problems related to the exploitation of natural resources, and the sustainable production of agri-food commodities worldwide.

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## ENHANCING ENVIRONMENTAL SUSTAINABILITY USING PUBLIC ADMINISTRATION TOOLS: CHALLENGES AND STRATEGIES

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*Abstract: This paper provides a comprehensive analysis of the intricate interplay between public administration and environmental sustainability. Emphasizing the crucial role of public administrations at both local and national levels, the study explores innovative approaches to combat environmental challenges. At the local level, the research focuses on Barcelona as a case study, delving into the city's groundbreaking Urban Mobility Plan. The unique implementation of the superblocks concept showcases effective strategies for reducing pollution, promoting sustainable mobility, and fostering overall environmental well-being. On a national scale, the paper delves into legislative frameworks and strategies formulated by public administrations to address environmental issues. It underscores the necessity of coherent policies that align with international standards, taking into account the global nature of environmental challenges. By exploring diverse strategies at different governance levels, the paper contributes nuanced insights into the challenges and opportunities faced by public administrations in their quest to enhance environmental sustainability. The findings not only underscore the critical role of public administration in tackling environmental issues but also provide valuable insights for shaping future policies and initiatives.*

*Keywords: Public Administration, Environmental Sustainability, Public Policy*

### **Introduction**

In an era marked by escalating environmental concerns, the imperative task for public administrations to deal with environmental sustainability issues has never been more pressing. This paper delves into the intricate interplay between two pivotal realms—Environmental Sustainability and Public Administration—within the dynamic context of the European Union. As the global community grapples with the ever-escalating consequences of climate change, both local and central administrations have a central role, formulating and implementing strategies to reduce emissions and fortify environmental sustainability. In the face of widespread challenges posed by climate change, there must be a balance between formulating and implementing legal documents and maintaining the economic growth, balance heavily influenced by the constant population growth (Sadigov, 2022).

### **Theoretical framework**

Although pollution represents a natural phenomenon, air, water and soil has seen in recent times an exponential growth that manages to disrupt the mankind's wellbeing. We can state that, on an international level, the phenomenon of pollution gained momentum with the period of the industrial revolution in the first half of the 19th century (Heim, Schwarzbauer, 2013). An important factor for which we can affirm that pollution intensifies concurrently with the onset of industrialization is the exponential growth of the population, currently

having a global population that exceeds 8 billion (United Nations Department of Economic and Social Affairs, 2022). This was achieved through the gradual replacement of manual labor by machinery and the revolutionization of medicine, resulting in a significant increase in both infant mortality rates and life expectancy (Esmaeilzadeh et al., 2021). We can also assert that there was not a single invention that launched the industrial revolution along with its detrimental effects on the environment. Instead, the multitude of achievements from the early 18th century to the present has placed both the environment and the human component in the current precarious situation."

A legislative balance for managing pollutants of any nature is necessary for the well-being of citizens. In this situation, one of the most important global intergovernmental mechanisms addressing terrestrial ecosystems, freshwater, coasts, and seas directly is the "Global Action Programme" conducted by the United Nations Environment Department. It was established in 1995 when over 108 governments declared their commitment to preserving and protecting the marine environment from the impact of terrestrial activities. The subject of environmental sustainability has ramifications in almost every aspect of our daily lives, one important element being our economy. According to a study conducted by the World Bank Group entitled "The Cost of Air Pollution," "exposure to pollution cost the global economy \$5.11 trillion in welfare losses." (The World Bank and Institute for Health Metrics and Evaluation, 2016). In broader terms, welfare losses in South Asia and East Asia and the Pacific were equivalent to 7.4% and 7.5% of the regional gross domestic product (GDP), respectively. At the lowest level, losses were still equal to 2.2% of GDP in the Middle East and North Africa. Pollution resulting from the combustion of solid fuels was the primary cause of losses in South Asia and Sub-Saharan Africa. In all other regions, damages were largely caused by ambient air pollution from fine particulate matter (PM 2.5).

According to this report, "approximately 87% of the world's population lives in areas that exceed air quality standards set by the World Health Organization, which, for fine particulate matter, should average no more than 10 micrograms per cubic meter annually.

" Although the mortality rate correlated with exposure to fine particulate matter smaller than 2.5 micrometers (PM2.5) by age has decreased in most countries from 1990 to the present due to health improvements, population growth, and increased exposure to these substances, new health risks have increased the number of premature deaths.

For example, from 1990 to 2013, premature mortality caused by air pollutant factors, specifically PM2.5, increased by 30%, from 2.2 million deaths to 2.9 million deaths annually. These statistics can be explained by the exponential growth of the population from 1990, which was approximately 5.3 billion people until 2013 when the global population reached around 7.2 billion inhabitants. Thus, we can talk about a population increase of approximately 26.5% in a relatively short period. If this upward trend continues, the population's needs for sustainable development will require an exponential exploitation of natural resources. When the demand for resources exceeds the supply, the environment will suffer, attempting alternative options with destructive long-term effects.

### **Environmental sustainability challenges and strategies**

As part of the ongoing effort to protect the environment, the measures implemented collectively in this regard by both the public administration and private actors yield the desired effects only when correlated with each other. Thus, we can analyze legal efforts at

the local, national, and international levels, having in mind that the private actors are responsible to respect these legal efforts. We will be analyzing different strategies to enhance environmental sustainability, both from the national and the local level so we understand the unique challenges and opportunities of both of them.

Due to stringent legislation at the European Union level regarding air quality and the fact that, large areas of the city did not meet these criteria, the first Urban Mobility Plan of Barcelona 2013-2018 was enacted. This plan is based on Catalan Parliament Law 9/2003, aiming to integrate urban and economic development with mobility policies, public transportation, and efficient transport systems. It promotes intermodality, adapts transport systems to meet the needs of low-density population areas, alleviates urban congestion, enhances road safety, and reduces pollution as much as possible. The Urban Mobility Plan has four major objectives, each with specified desired achievements. These objectives are: Safety of Mobility: Aiming to reduce the number of accidents associated with mobility by 20% in the case of severe injuries and by 30% in the case of fatalities compared to the year 2012.

Equity in Mobility: Aiming to ensure accessibility to the mobility system and encourage the use of alternatives found on public roads, with the ultimate goal of halving waiting times for buses.

Efficiency of Mobility: Aiming to optimize the transport system and incorporate new technologies in mobility management.

Sustainable Mobility: This is the most developed objective, with the final goal of complying with regulations in all seven data collection stations. It aims to facilitate the transition to more sustainable modes, reduce air and noise pollution from transportation, moderate energy consumption in transportation, reduce its contribution to climate change, and increase the proportion of renewable energy and "clean" energy consumption.

The concept underlying Barcelona's Urban Mobility Plan is called "superblocks" (initially termed "superilles"). This concept is unique due to its approach to pedestrian zones. Unlike typical pedestrian areas found only in city centers, this concept transforms groups of around 9 buildings into pedestrian zones reserved for cyclists, resident cars, urban service vehicles, and emergency vehicles. By reducing the number of cars in a specific area, the economic effects can be reconsidered as citizens are encouraged to walk more.

On a national level, there are quite a few unique challenges that need to be approached from different points of view so that we are enhancing environmental sustainability. Air pollution represents a major issue for the public administration, especially when on an international level there is no consensus on how to manage it. Motor vehicle taxation in the European Union represents an area of interest for both policy makers and environmental experts. There is no general framework designed at the E.U. level, so, each country designs its own taxation framework. The most common type of taxation is based on CO<sub>2</sub> emissions, and is implemented in two key moments, on acquisition and during the ownership of the vehicle (European Automobile Manufacturers Association, 2020).

For this case study we will focus on Denmark, being one of the most performing countries in terms of CO<sub>2</sub> emissions (Runkel et al., 2018) that has a different approach to motor vehicle taxation, relying on fuel consumption instead of the CO<sub>2</sub> emissions. It uses a system that correlate to both CO<sub>2</sub> emissions and fuel consumption, using the reasoning that the more you fuel up, the more fossil fuel you burn, the more you pollute. The two taxation methods are implemented by using the following methodology:

The Green vehicle tax depends on the type of fuel used (diesel or petrol) and on the official fuel consumption indicated by the manufacturer and it's designed for "private cars (excluding buses) first registered in Denmark between 1 July 1997 and 30 June 2021, and for vans first registered in Denmark during the period between 18 March 2009 and 30 June 2021."

The CO2 vehicle tax depends on the CO2 emissions (measured in grams per kilometre) indicated by the manufacturer and it "must be paid for private cars and vans (excluding buses) first registered on or after 1 July 2021"

This article proposes a mixt approach from a motor vehicle taxation point of view. The public administration can implement a taxation method based on multiple elements so that the "polluter pays principle" will be ethical and efficient. The method this article proposes a new formula that will take into account the following elements:

The number of kilometers driven annually (A)

The Euro Emission Standard (B)

The CO2 emissions indicated by the manufacturer (C)

The official mixt fuel consumption indicated by the manufacturer (D)

The number of kilometers and the official mixt fuel consumption gives us the reasonable quantity of fuel burned, the Euro Emission Standard could be used as a risk index, older cars usually being more likely to have problems that affect the emissions and the CO2 emissions indicated by the manufacturer gives us a baseline on how much that car will pollute on average. All this data can be gathered from the national car registry and be implemented on a national scale so there aren't disparities on a local level.

At the county and municipal levels, through the subsidiarity principle, Romania and especially Bucharest should implement policies and plans that can be adopted to bring areas in line with the standards set by national and European legislation. An example of such a plan is the Integrated Air Quality Plan in Bucharest for the period 2018-2022. This plan aims to maintain pollutant levels within the values imposed by Law 104/2011, regulating nitrogen oxides, suspended particles, both PM10 and PM2.5, as well as benzene (Bucharest City Hall, 2018). Within this plan, characteristics, natural sources, anthropogenic sources, health effects, and environmental impacts are analyzed for all the aforementioned pollutants.

## **Conclusions**

In conclusion, the paper "Enhancing Environmental Sustainability Using Public Administration Tools: Challenges and Strategies" underscores the pivotal role of public administration in addressing the pressing environmental concerns of our time. Through a comprehensive exploration of both local and national levels, the study illuminates the intricate relationship between public administration and environmental sustainability. The analysis of Barcelona's Urban Mobility Plan, with its innovative superblocks concept, exemplifies the efficacy of localized strategies in promoting sustainable urban living. This underscores the importance of tailored approaches that address unique challenges within specific communities.

On a broader scale, the examination of national strategies emphasizes the need for cohesive policies that consider international standards, economic dynamics, and population growth. Striking a balance between legislative frameworks, economic development, and

environmental conservation emerges as a complex yet imperative task for public administrations.

The findings of this study contribute valuable insights for policymakers, highlighting the diverse strategies that can be employed to enhance environmental sustainability. By recognizing the unique challenges faced at different governance levels, public administrations can craft informed policies and initiatives that resonate with the global imperative of creating a balanced and sustainable future. As we navigate the complexities of environmental stewardship, this research serves as a call to action for collaborative efforts, emphasizing the crucial role of public administration in shaping a resilient and environmentally conscious society.

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## GENDER EQUALITY AND SUSTAINABLE EDUCATION IN NIGERIA

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*Abstract: The rights, dignity and capability of women cannot be ignored if the future of the generation yet unborn is to be sustained. Nigeria as a country has in the past decades relegated women in all facets of decision making including political and social life because the society subjected them under the leadership and authority of the male counterpart. Given the realization of the potential of women in this dispensation, all the effort to address this disparity has not achieved desired result because women are still not well represented in the labour force, politics and decision making. They are over-burden by unpaid services especially house chores and nursing which provided them little or no opportunity to participate actively in the society. It is against this background that this study examines the relationship between gender equality and sustainable education. It specifically investigates the effect of graduate turn-out on sustainable education and examines the effect government educational financing on sustainable education in Nigeria. The study follows descriptive research design and secondary data from World Bank Development Index (WDI) over the period of 2000 to 2017 was used in the analysis. Descriptive analysis and empirical analysis using regression analysis were conducted. The result of FMOLS regression showed that gender equality and government educational financing exert a significant negative effect on sustainable education in Nigeria, while income inequality does not showed a significant effect on sustainable education in Nigeria. The study submitted that gender equality have a significant negative effect on sustainable education in Nigeria. Among others, the need to redesign the educational system from elementary level in its entire curriculum planning to incorporate the agenda of sustainable education was recommended. The objectives, teaching and instruction methods, text books' content and evaluation, should be redirected towards sustainability with emphasis on its social and environmental aspects.*

*KeyWords: Gender Equality, Sustainable Education, Men, Women, Disparity.*

### **Introduction**

The most important issue in the present dispensation is how to sustain the planet's resources, while developing wealth and well-being for a growing population. This goal is captured under the framework of the concept of sustainable development (SD). According to World Commission on Environment and Development (2013) sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The United Nations (1987) recognized education as a basic component of human development; it is the single most important means for empowerment and sustained improvement in all well-being. Many international human right bodies consider education as a fundamental human right (Nnokami & Sulei, 2017). The improved ability to educate is an important ingredient for sustainable development. Education for sustainable development means including key sustainable development issues into teaching and learning; for example, climate change, disaster risk reduction, biodiversity, poverty reduction, and sustainable consumption. Education for Sustainable Development consequently promotes competencies like critical thinking,

imagining future scenarios and making decisions in a collaborative way” (UNESCO, 2015).

Education for sustainable development ESD is based on the principles and values that underlie sustainable development SD, and it deals with the four dimensions of sustainability which are environment, society, culture and economy (Kanbar 2012). It aims to help people to develop the attitudes, skills and knowledge to make informed decisions for the benefit of themselves and others, now and in the future, and to act upon these decisions. Thus, education and knowledge about sustainability play an important role in the development of positive attitudes towards sustainability (Watling & Zhou, 2011). As such, the education system, through the school curriculum now focused on fostering environmental literacy, attitudes and values that go beyond a mere understanding of environmental problems (Flogaiti, 2006). Also, in order to sustain the future of generation yet unborn, the rights, dignity and capability of women cannot be ignored.

Nigeria as a country has in the past decades relegated women in all facets of decision making and political and social life because the society subjected them under the leadership and authority of their male counterpart. Given the realization of the potential of women in this dispensation, all effort to address this disparity has not achieved desired result because women are still not well represented in the labour force, politics and decision making. Even in the education settings, only few women are taken active participation as all facet of educational institution and decision making is dominated by men. They are over-burden by unpaid services especially house chores and nursing which provided them little or no opportunity to participate actively in the society. Another challenge facing Nigeria and making it difficult for good quality education capable of bringing about sustainable development is inadequate funding by federal, state and local governments to the extent that funding has been in response to conditionalities imposed by international financial institutions (IFTs) (Nnokami and Sulei, 2017).

Existing studies on sustainable development across the world is sparse because it is a new developmental phenomena of our dispensation. However, several studies have examine the factors that engender sustainable education focusing on factors such as teachers variables, school funding, school climate and environment, student variables and student related factors. To the best of authors’ investigation studies have not examines the implication of gender issues on sustainable development especially in the Nigerian context. Against this background, this study addressed this gap to determine the implication of gender equality on sustainable education in Nigeria. The study specifically examines the relationship between gender equality and sustainable education, investigate the effect of graduate turn-out on sustainable education and examine the effect government educational financing on sustainable education in Nigeria. This study provides some important empirical justification for policies aimed at achieving sustainable education through the control gender disparity in education. The study would educate the citizens, especially young generations within the formal schooling system on the benefit and the hope in education for sustainable development.

### **Literature Review**

Education is a basic component of human development; it is the single most important means for empowerment and sustained improvement in all well-being. Sustainable education means learning that promotes sustainable development (Lipscombe 2008).

Traditionally, sustainable development is considered in terms of three main pillars. First the Environmental sustainability refers to the ability of the environment to continue to function properly indefinitely and to minimize environmental degradation. Secondly Economic sustainability refers to the way to achieving economic growth as well as making use of the globe resources in a sustainable way. Thirdly Social sustainability refers to the actions and the effort to promote development that does not lessen the stock of social and human resources as well as maintain harmonious communities (Ramzy 2012). According to Kanbar (2012), education for sustainable development ESD is based on the principles and values that underlie sustainable development SD, and it deals with the four dimensions of sustainability which are environment, society, culture and economy (Kanbar 2012). Gender difference result from the differences in the responsibilities and duties of men and women and the implication such gap on the economic, political and social life

Emile Durkheim, allegedly the founding father of sociology of education in his functionalist theory, sees education as a social fact “external to individual and constraining his/her behavior” (King, 1983). While examining their usefulness to society rather than individuals, social facts also have to find an appropriate way to serve “the general needs of social organism” (Blackedge& Hunt, 1985). A group of intellectuals from the Frankfurt School propounded Critical Theory introduced the concept of “critical perspectives” in the field of education (Pinar and Bowers, 1992). The theory have three major concerns: mapping injustices in education, tracing those injustices to their source, seeking and proposing remedies to those injustices. They began to work by defining inequalities in education. Working class kids or certain minority groups have been stayed at the center of discussions because of their relatively low performance in education in comparison to their white middle or upper class counterparts (Gibson, 1986).

Against the analytical background, Dewhurst and Pendergast (2011) reported the contribution of home economics to sustainable development education as part of the school curriculum for students aged 11-18 years, in a number of cultural contexts. The data reveals that the teachers in the study considered sustainable development to be an important issue and the formal home economics curricula made significant contributions to the education of this topic. In another study, Özgü (2017) investigate pre-service science teachers’ sustainable environmental education attitudes and the factors affecting them in terms of some variables (gender and grade level). The analysis results revealed that sustainable environmental education attitudes frequency of the pre-service teachers is at the medium level. It was also found that the sustainable environmental education attitudes of the pre-service teachers do not vary significantly by gender; yet, they were found to be varying significantly depending on the grade level variable. Similarly, Mahat, Hashim, Nayan, Saleh and Norkhaidi (2018) examine the levels of education for sustainable development (ESD) knowledge among students in secondary schools according to zones in Malaysia by using GIS mapping. The study results showed that in general the levels of sustainable development education knowledge of secondary school students in all zones were high for ESD content knowledge while moderate for environmental education knowledge and health knowledge. Meanwhile, the GIS map clearly indicates the levels of knowledge among students seemed high in the north zone, central zone and east Malaysia zone, at moderate levels in the south zone, and low in the east coast zone. Hanifah, Shaharudin, Mohmadisa and Yazid (2013) investigate whether ESD might have the intended effects on teacher education students. The study find positive effects of ESD on almost all attitudes

and perceptions, including e.g., personal responsibility in relation to SD and willingness to contribute to SD, while there is no noticeable effect in the control group.

**Methodology**

This study follows a descriptive research design. The choice of this research design is because the design is a quasi-experimental study that helps to examine how an independent variable, present prior to the study in the participants, affects a dependent variable. The model used in this study follows education production function while relying on the model used in the study conducted by Ogundari and Aromolaran (2014) to modeled the relationship between gender equality and household sustainable education where the dependent variables is household welfare proxy by households’ socioeconomic and demographic variables (age; household; gender; household head occupation and location) while the independent variables are educational attainments proxy by educational level of household heads (such as non-western (religious education), primary, secondary, tertiary, and postgraduate education). In this study, sustainable education SED proxy by graduate turn-out since it measure the quality of the educational system (Rode, 2006, OECD, 2009) is the dependent variable while gender equality GEQ proxy by gender equality index, income inequality IEQ measure by income distribution and government educational financing GEF proxy by government expenditure on education in Nigeria are the independent variable. The model is specified as follows:

$$SED = f(GEQ, IEQ, GEF) \tag{1}$$

The transformation of the above functional relationship into an econometric model yield equation (5)

$$SED = \beta_0 + \beta_1 GEQ + \beta_2 IEQ + \beta_3 GEF + \mu_t \tag{2}$$

The study used annual time series data covering 19 years period from 2000 to 2017. The choice of this short span period is connected with the fact that, data were unavailable on gender equality prior to the years covered in this study. The data used for analysis are compiled from the World Bank (World Economic Indicators). In the estimation both the Fully Modified Ordinary least squares (FMOLS) cointegration approach was employed. The choice of this technique was because the method modifies least squares to account for serial correlation effects and for the endogeneity in the repressors that result from the existence of a cointegrating relationship. When there is some cointegration in the system, FMOLS estimation has a limit theory that is normal for all of the stationary coefficients and mixed normal for all of the nonstationary coefficients.

**Empirical Results**

The result of the Jarque-Bera test of normality to establish the nature of the distribution of the data is presented in table as follows.

**Table 1: Descriptive Statistics**

	SED	GEQ	IEQ	GEF
Mean	32.19524	1443.526	9.028159	95.17644
Median	34.70000	1520.000	8.793968	92.90000

Maximum	43.80000	1740.000	22.28820	113.0000
Minimum	17.00000	802.0000	0.076487	82.80000
Std. Dev.	7.288833	255.4735	8.389175	10.51272
Skewness	-0.528754	-1.018197	0.253734	0.458153
Kurtosis	2.283578	3.509657	1.577729	1.765195
Jarque-Bera	1.291670	3.488601	1.805299	1.871785
Probability	0.524225	0.174767	0.405494	0.392236
Sum	611.7096	27427.00	171.5350	1808.352
Sum Sq. Dev.	956.2875	1174801.	1266.809	1989.310
Observations	19	19	19	19

Source: Author, 2023

The result of the descriptive analysis as presented in Table 1 based on the values of the Jarque-Bera statistics showed that all the variables in the data set are not normally distributed since their p-values were not statistically significant at 5% level of significance. Hence, the result shows that sustainable education, gender equality, income inequality and government educational financing are not normally distributed. In the empirical analysis we employed Full Modified Ordinary least squares (FMOLS) cointegration approach to estimate our model on the relationship between gender equality and sustainable education in Nigeria as presented in table 2:

**Table 2: Fully Modified OLS Estimates**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GEQ	-0.029055	0.003638	7.985934	0.0000
IEQ	0.019354	0.009164	-2.112078	0.0546
GEF	-1.25E-05	3.33E-06	3.751975	0.0024
C	6.275087	0.125751	49.90076	0.0000
R-squared	0.555082			
Adjusted R <sup>2</sup>	0.452409			
Long-run variance	0.004440			

Source: Author, 2023

The result obtained from the analysis at 5% level of significance showed that gender equality ( $\beta=-0.029055$ ,  $t=7.985934$ ,  $p<0.05$ ) and government educational financing ( $\beta=0.0000125$ ,  $t=3.751975$ ,  $p<0.05$ ) exert a significant negative effect on sustainable education in Nigeria, while income inequality ( $\beta=-0.019354$ ,  $t=-2.112078$ ,  $p>0.05$ ) does not showed a significant effect on sustainable education in Nigeria. The result showed that a 1% increase in gender equality will lead to about 3% decrease in sustainable education in Nigeria while a 1% increase government educational financing will lead to about 0.0013% decrease in sustainable education in Nigeria. The implication of this result is that gender equality and government education hinders the realization of sustainable education goals in Nigeria. The implication of this result is that the gap between male and female in education and access to resources as well as the poor level of government educational funding impede sustainable education in Nigeria. .

### **Discussion, Conclusion and Recommendations**

The study examined gender equality and sustainable education in Nigeria. It specifically examines effect the relationship between gender equality and sustainable education, investigate the effect of graduate turn-out on sustainable education and examine the effect government educational financing on sustainable education in Nigeria. The study was based *descriptive research design* while following educational production function in the model specification where sustainable development proxy by graduate turnout was the dependent variable while gender equality, income inequality and government educational financing were the independent variables. The study used annual time series data from World Bank development index (WDI) covering the period of 2000 to 2017. In the analysis, the Fully Modified Ordinary least squares (FMOLS) cointegration approach was employed while. The result of showed that gender equality and government educational financing exert a significant negative effect on sustainable education in Nigeria, while income inequality does not showed a significant effect on sustainable education in Nigeria. The study is in line with Mahat, Hashim, Nayan, Saleh and Norkhaidi (2018) on the levels of education for sustainable development (ESD) knowledge among students in secondary schools according to zones in Malaysia by using GIS mapping. The study results showed that in general the levels of sustainable development education knowledge of secondary school students in all zones were high for ESD content knowledge while moderate for environmental education knowledge and health knowledge. This study also gave credence to the findings in the study conducted by Hanifah, Shaharudin, Mohmadisa and Yazid (2013) on whether ESD might have the intended effects on teacher education students. The study find positive effects of education for sustainable development on almost all attitudes and perceptions, including e.g., personal responsibility in relation to sustainable development and willingness to contribute to sustainable development, while there is no noticeable effect in the control group.

The study submitted that gender equality have a significant negative effect on sustainable education in Nigeria. Also, government educational financing affects sustainable education negatively. Thus it can be inferred that the gap between male and female in education and access to resources as well as the poor level of government educational funding impede sustainable education in Nigeria. The following recommendations have been made based on the findings of the study: There is a need to redesigning the educational system from elementary level in its entire curriculum planning elements to incorporate the agenda of sustainable education. The objectives, teaching and instruction methods, text books' content and evaluation, should be redirected towards sustainability with emphasis on its social and environmental aspects equally. Also, there is the need for the introducing the course of sustainable development in teacher education program to develop positive attitudes of prospective teachers

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## A SHORT REVIEW OF META-ANALYSES ABOUT EMOTIONAL INTELLIGENCE AND TRANSFORMATIONAL LEADERSHIP

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*Abstract: This study aims to determine whether any authors have already found empirical evidence demonstrating whether or not E.I. is a component of transformative leadership. The success of TFL behavior may be greatly influenced by one's ability to perceive feelings within the context of emotional intelligence. We discovered that transformational leaders may be more attuned to the demands of their followers after reviewing studies. They can behave amiably with others who are following them, which enables them to comprehend what other people are experiencing. In a nutshell, the following is the question that we hope to address in this article: It is possible to build a contingency between E.I. and TFL? Precise definitions of the investigated variables were taken from the academic literature to undertake this particular research. Our research demonstrates a moderate relationship between EI and TFL behaviors in the research identified in scholarly literature.*

*Keywords: TFL; emotional intelligence; behavior; performance.*

### **Introduction**

We chose to use this method to examine throughout the literature our research question and to provide precise terms about how emotional intelligence and transformational leadership are collaborating or how the two concepts relate to each other. The importance and impact of leadership, as well as of driving emotions on the performance of the labor organization. As I found, Zineldin and Amsteus (2014) are showing in research that leaders who tend to avoid people or own feelings/emotions, or those who don't really care about the relationships around them, at best, not productive at all and, at worst, harmful to others. Firstly, in 1989 was published an academic paper focusing on about the role of TFL in the role of people's prosperity in professional life, even by expressing the human part of them, including emotions (Selzter et al., 1989). More specifically, this review highlights the conclusions of empirical research on TFL of employees and it proves to be a the link between the two phenomena mentioned by us.

### **Transformational Leadership and Emotional Intelligence**

We would like to clarify for the start why we chose transformational leadership – During 1990s, this style of TFL was the most cited and of interest to most authors (Judge & Piccolo, 2004), and there is still room to explore it. Even like 20 years later, as we found by Antonakis, this style of leadership is still the “famous” one for studies (Antonakis, 2012). According to Bass, transformational leadership includes four dimensions (Bass et al., 1994). The first one, idealized influence, relates to both the traits that followers attribute to the leader and the actions that the leader takes to set an example and act morally. A

leader that will score at this dimension will be that one with strong values and self-regulating emotions, acting and consistent with his subordinates. The second dimension, inspirational motivation, refers to a leader that use for his communication to be motivating to others and to keep high standards of quality. The third dimension, intellectual stimulation, involves openness to new ways of performing tasks and encouraging behavior for the employees to be creative and think outside the box. Finally, the fourth dimension, individual consideration, it refers to someone who is compassionate, and it behave to his followers as individual persons and invest in learning and development of his team. The connection with the emotions and the human part of the leader is reflected, in particular, in the last dimension called 'individual consideration', which, in our opinion, can perfectly relate to our subject of study. Below there are other definitions for our searched concepts (table 1)

**Table 1. Definitions of TFL and EI**

Authors name	Transformational Leadership	Emotional Intelligence
Burns (1978)	„ <u>leaders</u> and followers raise one another to higher levels of morality and motivation”	-
Bass & Avolio(1994)	„4 dimensions: idealized influence, inspirational motivation, intellectual stimulation, individual consideration	-
Mayer, Salovey, Caruso and Sitarenios (2003)	-	Dimensions: perception of emotions, facilitation of thinking with emotion, understanding emotions, management of emotions
Mayer and Salovey(1997)	-	‘Ability to perceive accurately, appraise and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual <u>growth</u> ’

The strong point of the study mentioned above, compared to most of the studies questioned from us until now, is the methodology, which tells us that the measure of emotions can be so different and variable, even sometimes it depends on the day we are trying to measure

them. In general, TFL seems to positively predict the size of self-realization and negatively predict emotional exhaustion. In terms of emotional intelligence it is closely related to the expression of emotions, Mayer et al. have suggested that EI is composed by 4 components: perception of emotions (the ability to identify emotions on faces, images, music, etc.); thinking in a emotional way(ability to think in terms of emotions and not just rational thoughts); know the emotions (Capacity to understand our own feelings or traits) how to manage our emotions (using that manage of the emotion for self-development and for helping others) (Mayer et al., 2003). Ashkanasy et al. found that those parts of EI mentioned above by us are very important and relate perfectly to how a TFL acts (Ashkanasy et al., 2002). Therefore, in several studies regarding transformational leadership, there were some specific EI skills and behaviors related (Andersen, 2000; Ashforth & Humphrey, 1995; Hoffman & Frost, 2006) and in table 2 we can see regardless of the model examined, there are many common links between the two concepts studied by us. We have chosen to illustrate this below as follows:

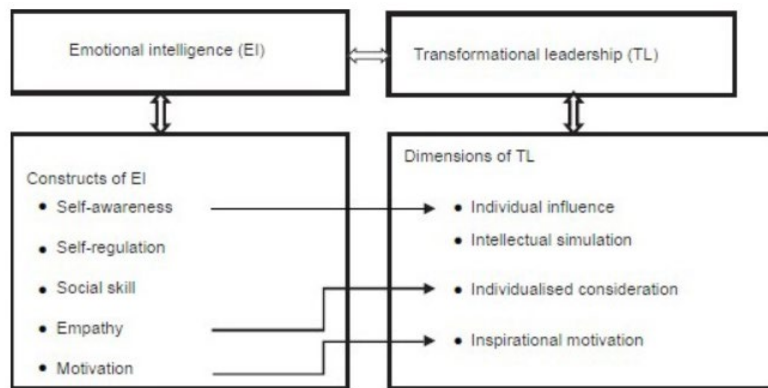
**Table 2. The most relevant elements of emotional intelligence theories that intertwine with the components of transformational leadership**

Essential Elements of Emotional Intelligence Models				
Transformational Components	Bar-On (2006)	Dulewicz and Higgs (2000)	Mayer and Salovey (1997)	Goleman et al. (2002)
Idealized Influence	Intrapersonal	Conscientiousness		Self Management
Inspirational Motivation	General Mood	Motivation	Managing Emotions	Relationship Management
Intellectual Stimulation	Adaptability	Intuitiveness	Facilitating Thought	
Individualized Consideration	Interpersonal	Interpersonal Sensitivity	Perceiving Emotions	Social Awareness
	Stress Management	Emotional resilience	Understanding Emotions	Self Awareness
		Self Awareness		

There are already several important findings in the scientific area regarding the relationship between our two major variables, such as: In one study (Barling along with other authors) it was revealed that emotional intelligence actually corresponds to only three dimensions, and not four as we found above of transformational leadership (excepting intellectual stimulation). In their study from 2004, Leban and Zulauf used the Mayer-Salovey-Caruso Emotional Intelligence Ability Test (MSCEIT) and the Multifactor Leadership Questionnaire (MLQ) to measure leadership style. They discovered a significant correlation between the managers' overall EI scores and the MSCEIT's ability to understand the emotions branch and the MLQ's inspirational motivation subscale. Optimal influence and individual consideration significantly correlated with the leaders' tactical use of emotional intelligence. According to Sivanathan and Fekken (2002), leaders' self-reported emotional intelligence and leadership effectiveness ratings were favorably correlated with followers' assessments of their transformative actions. Another study provided empirical evidence that claims a correlation between EI and TFL as interrelated concepts (Mandell & Pherwani, 2003).

Despite issues with the various EI assessments itself, organizational researchers are nevertheless quite interested in EI. A recent meta-analysis found whether EI had a total operational validity with employment-related criteria of .24. (Van Rooy & Viswesvaran, 2004). It has been stated that self-reported EI traits including assurance, attentiveness, honesty, and empathy are crucial for conveying visionary messages. A study suggests that several features of EI could be a facilitator of transformational leadership. Empathy, one of the initial qualities stated, can be essential for developing who treat their subordinates with personalized concern. Second, emotion management may encourage positive attitudes and self-assurance in workers who express and come up with fresh ideas. Thirdly, self-aware managers might have a stronger sense of meaning and purpose than the normal person. Fourth, managers who excel in managing their emotions are also more likely to put the needs of others before their own. (Sosik & Megarian, 1999). The resulted model can be consulted on Table 3.

**Table 3. Facilitator of transformational leadership model**



Source: Sosik & Megarian, 1999, pp. 367-390

**Method**

An intensive search is being made to find relevant studies on the effect of emotional intelligence on transformative leadership or, at least, possible correlations conducted between 1990 until present. Searches in electronic databases such Psych INFO, Dissertation Abstracts, Business Sources Premier, and ERIC as well as online searches for other unpublished data sources led to the discovery of a number of sources. These searches primarily utilized the terms "emotional intelligence" and "transformational leadership.", EI, TFL and others related. The initial internet search has generated a total of 21.600 books, technical reports, essays, and dissertations. Studies were only included if they provided data that could be used to construct unbiased estimates of zero-order correlations or if they reported zero-order correlations. We did not include not significant statistical correlations. Additionally, we decided to only include studies in this analysis that provided information on the aforementioned dimensions of EI. Most research and meta-analyses employ quantitative techniques like surveys. Harms & Crede, for instance, used a database of correlations collected from 62 separate samples, which contained information from 7,145 leaders, in 2010. The Leadership Practices Inventory (LPI et al., 2003), which was utilized in more than one study (k=7), was second most commonly used (k=39) as a measure of

transformational leadership. The Mayer-Salovey-Caruso Emotional Intelligence Test (Mayer et al., 2002) ( $k = 12$ ), on the other hand, is the test that is most frequently used to quantify EI. Wong and Law's (2002) Emotional Intelligence Scale (WLEIS,  $k = 7$ ), the Emotional Intelligence Appraisal ( $k = 3$ ), the Swinburne University Emotional Intelligence Test (Sueit et al., 2001), and the Bar-On (1997) Emotional Quotient Inventory (BOEQI,  $k = 8$ ). Example of study 1. In a group of 110 high-level managers, Gardner and Stough (2002) investigated the link between EI and TFL. While TFL was evaluated using the Multifactor Leadership Questionnaire, emotional intelligence was examined using the Swinburne University Emotional Intelligence Test (SUEIT) (MLQ). Both instruments' output data were self-reported. The study's results will be given under the results section. Example of study 2. In a smaller group of 49 managers, Barling et al. (2000) analyzed TFL behaviors, but this time at least three subordinates evaluated each manager. While employees rated their bosses on the MLQ, managers completed the EI Questionnaire (5x-short).

## **Results**

The research reports empirical connections between emotional intelligence and transformative leadership behaviors. The studies previously mentioned highlight how leadership research takes into account the relationship between a leader's emotional talents and imply that emotional intelligence has a correlation with many of the factors that make up leadership. Meta-analysis results that the authors observed in the study of emotional intelligence and transformational leadership can be analyzed in Table 4 (Harms & Crede, 2010). When comparing studies that used evaluations from several sources for both emotional intelligence and transformational leadership, there is a clear difference in the level of correlations between the two groups (i.e., EI ratings and TFL ratings came from different sources). These studies, as usual, were created using self-ratings for the EI and TFL variables (same source), or they were created using self-ratings for the EI and subordinate or peer-ratings for the TFL variables (multisource). The link between the two attributes was deemed to be reasonably strong; MLQ stands for the Multifactor Leadership Questionnaire. The presence of moderator effects may be shown by the high score SD value for same-source ratings.

Example of study 1 results. At both the total score ( $r = 0.68$ ,  $p 0.01$ ) and subscale level ( $r = 0.27$  to  $0.64$ ,  $p 0.01$ ), the study's findings show a strong and substantial link between trait EI and TFL. The variable "knowledge of emotions exterior" emerged as the most potent predictor of TFL during stepwise regression analysis ( $b=0.55$ ,  $p 0.01$ ). Example of study 2 results. According to the authors' research, three of the four previously mentioned transformational leadership factors are linked to overall EI ratings that are high (i.e. "idealized influence", "inspirational motivation", and "individualized consideration"). It was not discovered that the fourth element, intellectual stimulation, is significantly associated with trait of emotional intelligence. Since we have reviewed a considerable number of studies, we can conclude that EI shows positive correlation with TFL, barring few exceptions.

## **Discussion**

Given the wide spread interest about emotional intelligence and its influence on managers organizational success (Spector, 2005), we have looked into the connection between EI

and the transformational leadership dimension, or TFL. A first limit of this paper is that there are still mixed results concerning our research; while Daus & Ashkanasy (2005) claims positive findings that EI was significantly related to TFL, Locke (2005) declares that the entire concept of emotional intelligence is invalid. or, as in findings from leadership theory and study by George (2000), it is claimed, "have not addressed how leaders' emotions influence their achievements as managers". In such a situation, we should analyze further the concepts themselves, their validity and the relationship between them. However, how this trend is still relevant for human resources and management professionals, we are sure that there will be new researches trying to find and prove the relationship between our studied variables.

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# HARMONY IN CONSTRUCTION: UNRAVELLING STAKEHOLDER DYNAMICS IN A COMMUNITY-CENTRIC PROJECT

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***Abstract:** The successful delivery of construction projects is contingent upon a myriad of factors, with effective stakeholder management standing out as a linchpin in the intricate web of project dynamics. This study aimed at exploring the dynamics of stakeholder relationships in the construction project and provide insights that can inform both theory and practice in the realm of construction project management. Qualitative approach was used to explore the dynamics of stakeholder relationships during the delivery of a construction project. Semi structured interviews municipal managers, project managers and focus group discussions were conducted with community members. Political interference and lack of community involvement were found to have negative impact toward on the delivery of construction project. Politicisation of service delivery by ward councillors have been found to have to be the causal factor for lack of community involvement during the delivery of construction projects. Project managers and practitioners should adopt a nuanced approach that extends beyond conventional planning and execution, recognizing the socio-economic and cultural intricacies of the community. The success of construction projects, as evidenced in Kayamandi, hinges on fostering collaboration and building partnerships with local entities. This study contributes to the evolving discourse on construction project management, theory, policy and practice in terms of stakeholder engagement strategies in the delivery of construction projects within the broader municipal landscape.*

**Keywords:** Stakeholders management, construction project and municipality

## **Introduction and Background**

The successful delivery of construction projects is contingent upon a myriad of factors, with effective stakeholder management standing out as a linchpin in the intricate web of project dynamics (Kaza, 2019). This study delves into the nuanced interplay between stakeholder management and the delivery of a selected construction project in Kayamandi, situated within the Stellenbosch Municipality. Kayamandi, a vibrant and culturally rich community, presents a unique context where the convergence of diverse stakeholders, ranging from local residents to regulatory bodies, demands a strategic and comprehensive approach to project management. According to Locatelli, Ika, Drouin, Müller, Huemann, Söderlund, Geraldi and Clegg (2023) burgeoning field of construction project management is increasingly recognizing the pivotal role played by stakeholders in the realization of successful project outcomes. This recognition is underscored by the multifaceted nature of construction projects, where diverse interests, expectations, and concerns converge to shape the trajectory of development (Blomkamp 2022). Against this backdrop, the construction project in Kayamandi at Stellenbosch Municipality emerges as a microcosm reflecting the broader challenges and opportunities inherent in stakeholder engagement within a community-driven context.



Stakeholder management, in the context of construction projects, extends beyond the conventional realms of project planning and execution (Mabelo 2020). It becomes a strategic imperative, encompassing a proactive approach to identifying, understanding, and responding to the myriad stakeholders who hold stakes in the project's success (Flaherty and Bartels 2019). In Kayamandi, this entails not only engaging with local residents but also navigating the regulatory landscape, collaborating with governmental bodies, and fostering partnerships with local businesses. The success of the construction project hinges on the ability to harmonize these diverse interests, ensuring that each stakeholder's perspective is acknowledged and integrated into the project's framework.

The rationale for undertaking this study lies in the recognition that effective stakeholder management is not a one-size-fits-all proposition but a contextualized, dynamic process. By examining the interplay between stakeholder management strategies and the delivery of the construction project in Kayamandi, valuable insights can be gleaned for both academia and practitioners. The study aims to contribute to the evolving discourse on construction project management, offering a nuanced understanding of how stakeholder dynamics influence project outcomes, with implications for future projects in similar community-centric settings. Through a comprehensive exploration of this interdependence, the study aspires to provide actionable recommendations for optimizing stakeholder engagement strategies in the delivery of construction projects within the broader municipal landscape.

### **Theoretical framework**

Theoretical framework of this study is anchored on Stakeholder Theory. Stakeholder Theory posits that organizations should recognize and prioritize the interests of all individuals or groups (stakeholders) who can affect or are affected by the achievement of the organization's objectives (Schaltegger, Hörisch and Freeman 2019). Stakeholder Theory encourages a holistic view of project management by considering the needs and concerns of all stakeholders (Martinsuo and Geraldi 2020). In the context of the construction project in Kayamandi, stakeholders could include local residents, community leaders, government bodies, contractors, and more. Examining the project through the lens of Stakeholder Theory allows for a comprehensive understanding of the relationships and dynamics at play (Shaukat, Latif, Sajjad and Eweje 2022).

Given the community-centric nature of the study, Stakeholder Theory aligns with the emphasis on community engagement (Shaukat et al 2022). It recognizes the community as a critical stakeholder group and emphasizes the importance of understanding and addressing their needs and expectations throughout the project lifecycle (Schaltegger et al 2019). Stakeholder Theory highlights the need to balance the interests of different stakeholders. In a construction project, conflicting interests may arise between the local community and regulatory authorities. The theory provides a framework for navigating these conflicts and finding equitable solutions that consider multiple perspectives. This study adopted Stakeholder Theory as the theoretical basis to explore the dynamics of stakeholder relationships in the construction project in Kayamandi and provide insights that can inform both theory and practice in the realm of construction project management.

## **Literature review**

*The influence of stakeholder dynamics on the delivery of construction project.*

Drawing from the study by Luo, Jin, Shen, Wang, Liang, Li, X. and Li, (2020) critical issues such as insufficient attention to resource planning, substantial assembly delays, overproduction, excess inventory, and extended lead times. The authors reported that the underlying causes of these challenges are attributed to inadequate supply chain planning, ineffective communication among stakeholders, and deficient workflow control. Stakeholder management in projects involves the management and fulfillment of stakeholder expectations. Traditionally, the emphasis in this domain has been on the viewpoint of the focal firm or the project, sometimes overlooking the unique perspectives and expectations of the project stakeholders themselves. The focal firm or project team typically takes the lead in managing stakeholders, but it is equally important to consider the expectations of the stakeholders themselves (Vuorinen and Martinsuo 2019). Given the study by Naranjo-Zolotov (2019) it can be argued that stakeholders, who can be individuals or groups directly or indirectly affected by the project, often have specific expectations regarding the outcomes, benefits, and overall value created by the project.

However, Vuorinen and Martinsuo (2019) further argued that a key factor influencing stakeholder management strategies is the stakeholders' expectations related to the creation of value by the project. In other words, stakeholders are likely to employ different influence strategies based on what they anticipate the project will deliver in terms of benefits, positive outcomes, or value to their respective interests. Understanding and addressing these diverse expectations become crucial for effective stakeholder management. This approach recognizes that stakeholders bring varied perspectives, interests, and concerns to the table, and their engagement should go beyond a mere compliance-focused strategy. Instead, it calls for a more inclusive and nuanced approach that considers the unique expectations of each stakeholder, thereby fostering better collaboration, communication, and ultimately, successful project outcomes.

A qualitative study by Masiya, Mazenda and Davids (2019) averred that facilitating citizen-focused service delivery necessitates a proactive approach that prioritizes and encourages public participation. This strategy aims to strengthen the collaboration between local communities and municipal officials, particularly during the critical stage of implementing policies. By actively involving citizens in decision-making processes, municipalities can gain valuable insights, enhance transparency, and ensure that the services provided align more closely with the actual needs and preferences of the community members. The study went on highlighting that this collaborative effort creates a more inclusive and responsive framework for delivering services, ultimately fostering a stronger connection between the government and the citizens it serves.

Citizen dissatisfaction with service delivery is a complex phenomenon influenced by various factors. One significant aspect is the perception of relative deprivation and inequality, where citizens may feel that their access to resources, opportunities, or services is unfairly limited compared to others (Saidu and Yeom 2020). Additionally, unfulfilled political promises contribute to dissatisfaction, as citizens may perceive a gap between what was pledged during political campaigns and the actual delivery of services.

Uneven access to services is another critical factor, where certain segments of the population may face barriers or disparities in receiving essential services. The provision of substandard services further exacerbates dissatisfaction, as citizens expect and deserve

high-quality service delivery. The legacy of high levels of poverty, including disparities stemming from the post-apartheid regime, adds a layer of complexity, creating socio-economic challenges that impact the overall satisfaction of citizens with service delivery. Addressing these multifaceted issues requires a comprehensive and inclusive approach to ensure equitable and effective service delivery for all citizens (Masiya, Davids and Mangai 2019).

**Methodology**

A qualitative approach was used to explore the dynamics of stakeholder relationships during the delivery of a construction project. The target population for this study was the municipal manger, project managers and community members. The table below depicts the selected sample:

**Table 1: Target population and selected sample.**

Occupation	Target population (approximately)	Selected sample
Community members	87	10
Project Managers	5	5
Municipal Managers	2	2
<b>Total</b>	<b>94</b>	<b>17</b>

Source: Author’s calculation

Critical case sampling was used to engage the participants who deemed to have in-depth knowledge about dynamics of stakeholder relationships in the construction project. The overall sample for this study was 14 participants consist of 7 community members, 5 project managers and 2 Municipal managers. From the selected sample (see table 1) 3 community members withdrew from the study. Structured interviews were conducted with project managers and 2 Municipal managers and focus group discussions were conducted community members and all 14 responded. The interviews were conducted face to face in their respective offices, homes and focus group were conducted in a community hall. The researcher visited each participant in their offices and homes to extend an invitation to participate into the study. Field notes were used to capture the data during the interviews and focus group discussions. The table below presents the profile of the participants.

**Table 2: Participants profile.**

Respondents	Occupation	Gender	Ethnicity	Years of experience/residence
R1	Community members	Male	Black	8
R2	Community members	Male	Black	22
R3	Community members	Male	Black	31
R4	Community members	Female	Black	15
R5	Community members	Female	Black	33
R6	Community members	Female	Black	36
R7	Community members	Female	Black	10
R8	Municipal Managers	Female	Black	5
R9	Municipal Managers	Male	Black	6
R10	Project Managers	Female	Black	15
R11	Project Managers	Male	White	17
R12	Project Managers	Male	Coloured	12

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R13	Project Managers	Female	Black	9
R14	Project Managers	Male	Black	18

Source: Author's calculation

### *Data analysis*

Inductive thematic analysis was the bases at which the data was analyzed in this study. ATLAS.ti software was used to generate codes and themes; therefore, the researcher captured all interview and focus group responses to the software. The software generated codes and themes were identified.

### *Pilot study*

The interview guide underwent pre-testing with a subset of the sampled population, involving three distinct groups: project managers, municipal managers, and community members. Each group received two interviews during the pilot phase of the study. To ensure consistency and mitigate subjectivity and bias, the researcher applied the same discretion used in the full-scale research process.

### *Trustworthy and validity*

The opinions of respondents from project managers, municipal managers and community members were cross-verified with supporting theories and literature to identify patterns. The researcher fostered a casual and comfortable environment to build trust, providing accurate information. Follow-up questions were utilized to confirm and clarify information essential for data analysis, ensuring the accuracy and completeness of the collected data.

### *Ethical Clearance*

This study was approved by the Research Ethic Committee from Cape Peninsula University of Technology (CPUT). Gatekeeper letter was obtained before data collection from the participants. The purpose of the study was explained to each participant. The participants were informed that their identity and confidentiality would be preserved, even if the subject matter might not be open to debate.

## **Findings and Discussions**

In this section, the study explores the rich tapestry of findings gleaned from our qualitative research endeavors. Through an in-depth examination of participant narratives, thematic analyses, and emergent patterns, the study aims to unravel the nuanced to understand the dynamics of stakeholder relationships in the construction project and provide insights that can inform both theory and practice in the realm of construction project management. Subsequently, the study engages in thoughtful discussions that delve into the implications and broader context of these findings, fostering a deeper comprehension of the qualitative dimensions within the research framework. However, the following themes emerged from the data.

### *Theme 1: Political interference*

Most respondents claimed that the involvement of ward councilors comes with politicizing municipal project aimed at developing the community. Community members believe that ward councilors should carry mandate from the communities when it comes to service delivery, not the mandate from their political parties or personal interest. Drawing from Selepe (2023) ward councilors should serve as the representatives of particular communities and are well-positioned to serve as the bridge between the residents and the municipality. The author further argued that their role involves conveying the needs and

issues of the people to the municipality, as well as engaging and informing the community about municipal services and programs. Some community members said “*Ward councilors are so entitled and when they get to municipal council to advocate for community development, they think it is the right time for time to make decisions that favor their organizations not the public*” The study by Panday and Chowdhury (2020) argue that ward councilors are the democratically elected representatives of the people in their area. They are expected to behave in an honest and transparent way and to always remain accountable to their voters. Based on the municipal manager and project manager utterances it can be argued that ward councilors prioritise their political party over the needs of the community. Municipal manager and project managers said “*ward councilors demanded that they (members from their political parties) want to see the representation of people from their community in the workforce of the construction project. Yet there were community members from their community working in the project.*” According to Musitha et al (2022) the primary responsibility of a ward councilor is to represent the interests of the residents in the municipality, and this should be carried out in collaboration with the ward councilors. It is essential for ward councilors to act independently of any political party influence and focus on serving all residents within the ward. The authors further reported that this underscores the reason why political parties should not have a presence on the councilors. The ward councilor bears accountability to the residents and is obliged to regularly update them on municipal council matters. Given the diverse composition of the ward councilors, should serve as an optimal mechanism for cultivating public relations between the council and the community.

*Theme 2: Community involvement*

Based on the responses of project managers and municipal managers it can be argued that community members have unimaginable influence on the delivery of construction project. They said “*community members opt to unrest as a mechanism to express their dissatisfaction about the project*” public participation during the delivery of construction projects promotes stakeholder engagement and collaboration and justice in service delivery to everyone in the community (Saidu and Yeom 2020). Drawing from the responses of community members it is evident that municipality is doing a tick box exercise when it comes to ensuring that the public participate actively during the delivery of services. Community members said “*Municipality claim to have engaged us during the planning of the construction project yet they came to brief us on IDP meeting about the development they already planned*” Community involvement should start from needs analysis to the handover of the project. The study by Sachs, et al (2019) highlighted that community involvement promotes sustainable development practices. By engaging community members, construction projects can be designed with a focus on environmental sustainability. Additionally, involving residents in decision-making processes can result in better resource allocation, reducing waste and ensuring long-term sustainability. Drawing from Flaherty and Bartels (2019) working closely with the community allows housing providers and policymakers to gain a deeper understanding of the specific challenges and needs of residents. This insight enables the development of housing solutions that address the unique circumstances of the community, catering to factors such as affordability, accessibility, and social support systems. However, when community members actively participate in the decision-making process, their valuable insights and input can lead to more successful project outcomes. They can provide local knowledge, identify potential

issues, and assist in designing housing plans that are well-suited to the community's needs (Naranjo-Zolotov 2019).

### **Conclusion and recommendations**

The findings of this study reveal a compelling interdependence between effective stakeholder management and the successful delivery of construction projects, with particular relevance to the unique community context of Kayamandi in the Stellenbosch Municipality. Drawing from both theoretical frameworks and practical insights, this conclusion encompasses key implications for theory, practice, and policy.

The study contributes to the theoretical discourse on construction project management by highlighting the pivotal role of stakeholders. It emphasizes the need for an expanded understanding of stakeholder dynamics within community-centric projects, emphasizing the importance of tailoring strategies to the specific socio-economic and cultural landscapes.

Practically, the study underscores the strategic imperative of proactive stakeholder management throughout the project lifecycle. Project managers and practitioners are urged to adopt a nuanced approach that extends beyond conventional planning and execution, recognizing the socio-economic and cultural intricacies of the community. The success of construction projects, as evidenced in Kayamandi, hinges on fostering collaboration, managing political interference, and building partnerships with local entities. Practical insights gleaned from this study inform project management strategies, leading to more successful outcomes in similar community-driven contexts. On the policy front, this study advocates for the integration of community-centric stakeholder management principles into construction project guidelines. Municipalities and regulatory bodies should consider the diverse interests and cultural sensitivities present in communities like Kayamandi when formulating policies. This ensures that construction projects align with the community's needs and aspirations, fostering sustainable development. Policymakers are encouraged to view stakeholder engagement not merely as a project requirement but as a catalyst for positive community impact.

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