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DEVELOPMENT PERSPECTIVES IN ECONOMICS, PUBLIC FINANCE & ENTREPRENEURSHIP

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Contributors are greatly acknowledge for supporting the agenda towards achieving sustainable development in developing economies of the world, especially in Africa.

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REVISED EDITION

INTRODUCTION

ECONOMICS, PUBLIC FINANCE AND ENTREPRENEURSHIP: ACHIEVING VIABLE INSTITUTIONS AND PRO-MARKET POLICIES FOR BUSINESS AND INVESTMENT

Dr. Bassey Anam
Editor
Interactive Knowledge

Public finance is not just about money but includes the structure of the public sector and fiscal institutions as well as the broad objectives and rationale for government activities. The knowledge of public finance and its institutional systems is key to public financial management. Effective public financial management is important to democratic governance, macro-economic stability, effective use of resources available and poverty reduction. Public finance is closely connected to issues of income distribution and social equity. Governments can reallocate income through transfer payments or by designing tax systems that treat high-income and low-income households differently. The public choice approach to public finance seeks to explain how self-interested voters, politicians, and bureaucrats actually operate, rather than how they should operate.

Public transparency and accountability, which are core values in economic and public financial management, are repeatedly cited as key pillars of a country's public finance structure. Put in very simple terms, those respondents who believe public financial management works well in their country also described an effective system of accountability. In contrast, those who see significant shortcomings in financial management referred to weak accountability. Transparency is essential to foster a culture of accountability and has become a higher priority issue in recent years. Increased transparency is expected to remain a key focus of governments in the future.

Effective public finance leads to economic stability. Every economy goes through periods of booms and depression. It's the most normal and common business cycles that lead to this scenario. However, these periods cause instability in the economy. The objective of the stabilization function is to eliminate or at least reduce these business fluctuations and its impact on the economy. Economic policies such as deficit budgeting during time of recess, depression and surplus budgeting during the time of boom helps achieve the required economic stability.

The allocation function of government studies how to allocate public expenditure most efficiently to reap maximum benefits with the available public wealth. Other functions include maintaining law and order, defense against foreign attacks, providing healthcare and education, building infrastructure, etc. The list is endless. The performance of these functions requires large scale expenditure, and it is important to allocate the expenditure efficiently. Doing this requires effective financial administration. Financial administration includes preparation, passing, and implementation of government budget and various government policies. It also studies the policy impact on the social-economic environment, inter-governmental relationships, foreign relationships, etc.

Like other economy sector and activity, [1]entrepreneurship is an important factor in the development of any nation. Entrepreneurs are responsible for taking calculated risks that open up doors to progressively higher levels of economic growth. Entrepreneurs are the veritable backbone on which the world and modern ideas continue to develop. The magnitude and reach of their contributions, however, extend much beyond the world of business and economy, and to them goes irrefutable credit for the growth and evolution of societies at large. Developed nations across the world owe their current prosperity to the collective effort of intrepid entrepreneurs, on whose innovation also rests the future prosperity of much of the developing world.

The role of government in entrepreneurship development in Nigeria became significant after the Nigeria civil war (1967-70). Since then, there has been increased

[1]Cited from “Nigeria needs more Entrepreneurs and government has a role”.
https://www.studentsforliberty.org/2017/07/27/nigeria-needs-entrepreneurship-government-role/

commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment (economic) Program (SAP) in 1986 and establishment of agencies such as National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), Small and Medium Enterprise Development Association of Nigeria (SMEDAN) etc.

In early 2000s, entrepreneurship studies were introduced into the Nigerian educational system, especially at higher institutions as a mandatory course. The Centre for Entrepreneurship Development (CED), which has the objective of teaching and motivating students of higher institutions (especially in science, engineering and technological (SET)) to acquire entrepreneurial, innovative, and management skills, was established. This was done to make Nigerian graduates self-employed, create job opportunities for others and generates wealth in the process.

The scope of financial freedom and flexibility that entrepreneurialism allows is a means to simultaneous individual and national prosperity. Traditional Nigerian entrepreneurship began in a climate of economic stagnation and as a purely survivalist endeavor. Dismal human development indices, unemployment and infrastructure deficits resulted in the evolution of a massive informal economy that depended almost exclusively on personal initiative and hazardous risk-taking capacity.

The return of democracy in 1999 ushered in a period of economic reforms and a renewed focus on enterprise development as viable means to sustainable growth. Nigerian leaders initiated a massive program of disinvestment and financial deregulation aimed at boosting business development across the Micro, Small and Medium Enterprise (MSME) space.

One of the principal problems is the fact that Nigeria is not perceived as a promising business destination. The high cost of doing business, corruption and systemic flaws in the country's economic policies have cumulatively succeeded in keeping off potential investors. Massive infrastructural deficits, particularly with regards to roads and electricity, are further turn-offs. The most significant aspect of the problem, however, is Nigeria's nascent and shaky polity, constantly under threat from civil intolerance and rising religious extremism.

For Nigeria to reap the full benefits of a dynamic and evolving economy however require the overcoming of entrenched social, financial and political hurdles. Public financial management plays a key role in achieving this prospect. Through viable institutional mechanism, the government must initiate economic policies and increasingly work to improve the ease of doing business by developing and implementing more pro-market policies and making the entire business environment more attractive to investors. Efforts to address these economic challenges in Nigeria and effective public financing and entrepreneurial development is the focus of this Volume of Interactive Knowledge titled, “Development Perspectives in Economics, Public Finance and Entrepreneurship”.

CHAPTER ONE

FOOD INSECURITY AND ECONOMIC GROWTH IN NIGERIA

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Abstract

Globally, one of the practical indictors for assessing the wellbeing and development of any nation is the level of food security. Food security is one of the Sustainable Development Goals. In Nigeria, the problem of food security has not been critically and adequately investigated, in spite of different approaches at tackling the challenge and the enormous amount of money spent in attempting to assure the food security of Nigerians. Therefore, this paper examined the rising food insecurity in Nigeria and it implications on the economy. A qualitative approach was used and secondary data were obtained from Food and Agricultural Organization to examine the prevalence of food insecurity from 2000 to 2016. The proxy of food security such as food inadequacy, undernourishment and gross domestic product in Nigeria were used. Finding of the study revealed that about most Nigerian were persistently undernourished with inadequate food for a healthy and active life. Finding also deduced that the inadequacy of food and trend of undernourishment have been on increase in Nigeria which in turn negatively and significantly influenced the economy growth. The study recommended that attention should be placed on social development, structural transformation and provision of social protection for the poor and vulnerable people in the country.

Keywords: Economic growth, Food inadequacy, Food insecurity, Undernourished

Background to the Study

One of the most vital need that is essential to human survival is adequate food. Food together with clothing and shelter are generally classified as the human basic needs. Access to adequate nutritional food has been widely declared as a basic human right (Food and Agricultural Organisation, 2012). Up till now, regardless of progress in human understanding of how to guarantee this basic need and to conceptualize or monitor it, lack of food still persists to affect millions of people all over the world. According to FAO (2014), about one in eight people across the world experienced chronic undernourishment as a result of physical unavailability of food, lack of social and economic access to adequate food. Food insecurity exists when people are undernourished (Otaha, 2013). Food insecurity is a global phenomenon and not new. Many attempts to assess, monitor and eliminate hunger and food insecurity have been happening for decades. In 1996, this issue was brought to attention during the World Food Summit in Rome when it dawned on the government that each and every one nation in the world must strategize to improve agricultural production so as to match the per capita needs of the population (FAO, 1996). The United Nations 2030 agenda for Sustainable Development Goal (SDG) No. 1 and 2 also seek to end poverty and food insecurity in all its forms all over the world (United Nation, 2015). Past effort at improving adequate food through agricultural production has not yielded successful results, because of some factors which are natural and artificial depending on the circumstances and the countries.

Food insecurity is more prevalent in African nations including Nigeria (Matemilola & Elegbede, 2017). Nigeria as giant of Africa is fortunately blessed with abundant fertile land for agriculture and enormous human resource. Its economy happens to be the largest in 2014, but not less than 70 percent of Nigerian population is surviving on less than a dollar per day while food insecurity prevalence stands at 79 percent and 71 percent in the low income urban households and rural areas respectively (Akerele, Momoh, Aromolaran, Oguntona & Shittu, 2013). Furthermore, poverty and hunger rate in Nigeria is alarming (Omorogiuwa, Zivkovic & Ademoh, 2014). In the rural Nigeria, inadequate and poor distributions of food have combined with poverty to form an almost insurmountable challenge and especially with unpredictable variations in weather conditions (Akinyele, 2009).

In spite of the amount of resources the country has, hunger and poverty have remained deeply rooted as about 70 percent of the population still lives below the poverty line. On the other hand, economists both locally and internationally have severally revealed that Nigeria's economic output is underperforming. Therefore, the extent to which indicators of food insecurity such as number of malnourished people and poverty head count ratio contributes to economic output of Nigeria need scholarly and professional attention. This study filled this gap by investigating the rising food insecurity and its implications on the economy output in Nigeria.

Literature Review

Food Insecurity in Nigeria

The concept of food insecurity is comparatively the same in all the literatures. The FAO (2003) described that, food insecurity exists when people do not have adequate physical, social or economic access to food. Similarly, the United States Department of Agriculture Economic Research Service (2014) defines food insecurity as limited or uncertain availability of nutritionally adequate and safe food or limited or uncertain ability to acquire acceptable foods in socially acceptable ways. From these two definitions, the key feature to food insecurity concept is that, both identify "limited or uncertain availability or accessibility" of food. For that reason, food insecurity includes having a limited amount of food and lack of guaranteed access to the food. Though, these three aspects of the definition are related, the difference is important to note. Food insecurity is not just about quantity of food; it also pertains to certainty of availability and access. The definition is descriptive in its arrangement of "nutritionally adequate and safe" food. These terms exemplify two different aspects of food security. Safe food is more straightforward and can be considered food that is safe for consumption. For example, safe food is produced under sanitary conditions and is not spoiled. On the other hand, nutritionally adequate has a separate meaning. One could argue that having access to endless amount of processed food and nutritionally deplete items may qualify as "nutritionally inadequate," as it may result in lack of vitamins, minerals, phytochemicals, or protein. In considering food insecurity, it is essential to also look at undernourishment and other related terms.

Undernourishment according to Olaniyi (2011) exists when caloric intake is below the minimum dietary required intake (MDER). The MDER is the amount of energy needed for light activity and to maintain a minimum accepted weight for attained height (Olaniyi, 2011). Food insecurity or lack of access to nutritionally adequate diet in a country can take two different forms, these are: chronic food insecurity and transitory food insecurity (Azad & Kaila, 2018). Chronic food insecurity exists when food supplies are persistently inefficient to supply adequate nutrition for all individuals, while transitory food insecurity occur when there is a temporary decline in access to adequate food because of instability in food production, food price increases or income shortfalls (Olaniyi, 2011). Among the most difficult problems to understand and measure is that food insecurity is an individual concept, and different members of specific households can experience different outcomes—men versus women, adults versus children, and potentially even different children within the same household.

Today, the numbers of individuals experiencing food insecurity is rising in Nigeria. FAO (2015) reports that, regardless of Nigeria having achieved the reduction of undernourishment of the population by more than half from 12.07% in 2015 to 10.0% in 2016, the number of people who are undernourished in Nigeria increased from roughly 13 million to almost 14 million from 2015 to 2016 (see Table 1). Furthermore, there is regional, rural, urban, and cultural variation in food security across the country. Food insecurity in Nigeria is also likely to vary within the households and as a direct function of intra-household characteristics, such as household structure and decision-making processes.

Table 1: Trends of Food Insecurity in Nigeria from 2000 to 2016

Date	Undernourished People (Value in Million)	Prevalence of undernourishment as a share of population (Value in %)	Average dietary energy supply adequacy (Value %)	Depth of the food deficit (Value in %)
2016	14.3	-	121	48
2015	13.0	7.9	124	44
2014	11.6	7.3	124	40
2013	11.0	6.7	125	39
2012	10.5	6.5	125	39
2011	10.1	6.4	125	38
2010	9.6	6.3	125	37
2009	9.2	6.2	125	37
2008	8.9	6.1	126	36
2007	8.8	6.0	126	37
2006	9.2	6.1	125	40
2005	10.2	6.6	123	46
2004	11.1	7.5	121	52
2003	11.7	8.4	121	56
2002	11.5	9.0	120	57
2001	11.5	9.1	121	59
2000	-	9.4	-	-

Source: FAO (2018)

Nature of Current Economic Growth in Nigeria

The nature of economic growth can be seen by presenting the distinctiveness of the economic growth during the study period. Nigeria is one of the most developed countries in Africa. In 2017, real GDP growth for Nigeria was 0.8 %. Though Nigeria real GDP growth fluctuated substantially in recent years, it tended to decrease through 1998 - 2017 period ending at 0.8 % in 2017 (See Table 2). The Gross Domestic Product (GDP) in Nigeria expanded 2.90 percent in the second quarter of 2018 over the previous quarter. GDP Growth Rate in Nigeria averaged 1.08 percent from 2010 until 2018, reaching an all-time high of 10.59 percent in the third quarter of 2010 and a record low of -13.98 percent in the first quarter of 2016 (International Monetary Fund, 2018). Services are the largest sector of the economy, accounting for about 50 percent of total GDP. One of the fastest growing segments in services are information and communication, which together account for about 10 percent of the total output. Agriculture, which in the past was the biggest sector, now weights around 23 percent. Crude Petroleum and Natural Gas constitute only 11 percent of total GDP, while being the main exports. Industry and Construction account for the remaining 16 percent of GDP (Central Bank of Nigeria, 2018).

Table 2: Nigeria Real GDP Growth Rate (1990-2017)

Date	**GDP current prices (U.S Dollar)**	**GDP per capital (U.S Dollar)**	**GDP Growth Rate (%)**
1990	62.17	686	-
1991	60.13	645	-0.6
1992	52.28	546	2.2
1993	56.81	578	1.6
1994	80.13	793	0.3
1995	132.23	1,273	1.9
1996	172.69	1,618	4.1
1997	187.87	1,713	2.9
1998	209.68	1,861	2.5
1999	57.48	496	0.5
2000	67.82	570	5.5
2001	73.13	598	6.7
2002	93.98	748	14.6
2003	102.94	798	9.5
2004	130.35	983	10.4
2005	169.65	1,245	7.0
2006	222.79	1,591	6.7
2007	262.22	1,823	7.3
2008	330.26	2,234	7.2
2009	297.46	1,959	8.4
2010	369.06	2,365	11.3
2011	414.10	2,583	4.9
2012	460.95	2,798	4.3
2013	514.97	3,042	5.4
2014	568.50	3,268	6.3
2015	493.84	2,763	2.7
2016	405.44	2,208	-1.6
2017	376.28	1,994	0.8

Source: CBN (2018), IMF (2018)

Relationship between Food Insecurity and Economic Growth

In recent times, many scholars have tried to question the economic growth achieved in Africa during the last twelve years because of food insecurity. Economic growth is a key policy objective of any government. It refers to an increase in the national output or income in the given country. Economic growth, proxies by Gross Domestic Product (GDP) confers many benefits which include raising the general standard of living of the populace as measured by per capita national income (Adugan, 2016). Therefore, economic growth indicates the percentage changes in the national output in the domestic economic in the given year (usually one year). From these definitions it can be understood that economic growth is a single dimension that can raise income and reduce hanger, but higher economic growth may not reach everyone.

Many studies on economic growth have been carried out as related to food security. Asayehgn (2016) investigated the causal linkage between food security and economic growth in Ethiopia. The study found that food insecurity, low food intake and the variable access to food endemic is not due to the lack of economic growth and income distribution. The study also confirmed that transitory food insecurity and chronic food insecurity seems to derive directly from inflationary pressures, resulting from excess in the money supply. A similar study conducted by Agboola (2014) investigated the long run impact of food security using food availability as a proxy on economic growth within 124 countries with a five year average data from 1970/1974-2000/2009. This study also examined the difference in the impact of food availability on economic growth between food secured countries and food insecure African countries. The findings from this study posit that the impact of food availability on economic growth is negative in the long run for food insecure African countries. The study also revealed that for food insecure African countries increasing food availability in the long run is detrimental to growth. The major reasons identified for this outcome is that the source of food for these food insecure African countries has been identified as donation from developed countries; these food donations at times lead to disruption of food market within these countries leading to discouraging of farmers in the production of these crops; thereby making these countries even more food insecure instead of ensuring food security in the long run. Another recent study by Olofin (2016) examined the interaction among per capita income growth, climate change and food security in fifteen West African Countries between the period of 1990 and 2013. The study provided evidence of income growth spurring food security in the short run and reducing it in the long run. The study also revealed that climate change increased food insecurity throughout in West Africa.

Methodology

In this study, a qualitative approach was used and secondary data were obtained from Food and Agricultural Organization, Central Bank of Nigeria and International Monetary Fund. Published data sets for the period of 2000 to 2017 were collected on GDP and on the proxy of food insecurity such as undernourishment, dietary energy supply adequacy and food deficit. Data obtained were analysed using Ordinary Lease Square (OLS) multiple regression.

Analytical Framework

The analytical framework leans very closely to the newer endogenous growth theory prescription and extends the food insecurity trends to focus on the variables which are Economic Growth (GDP) as dependent variable, proxies of food insecurity (undernourishment, dietary energy supply adequacy and food deficit) as independent variables. In accordance to this new growth theory, economic growth is determined by food availability (Agboola, 2014). The endogenous growth model here is linear and could be mathematically written in both functional and natural-log form as stated below to make the analyses less tedious:

$$Y = f(\text{UndN}, \text{DESA}, \text{FD}, \mu) \quad (1)$$

$$\Delta LnY_t = b_1 - b_2 lnUndN_t - b_3 lnDESA_t - b_4 lnFD_t \quad (2)$$

Where: Y = Economic growth (GDP)
UndN = Undernourishment
DESA = Dietary energy supply adequacy
FD = Food deficit
U = Error term

Theoretical priori expectation: b_2, b_3 and b_4 <0.

Hence the above estimable long-run linear equation 2 posits that 'Y' the economic growth (GDP) in Nigeria is a function of UnDN, DESA and FD. Economic growth (GDP) 'Y' is the dependent variable, 't' indicates time dependent and μt is an unobservable component that is assumed.

Results and Findings

This section presents the empirical results and discussions on the relevant findings from the model specifications tested in this study. Figure 1 below shows the trends of undernourished people and prevalence of undernourishment as share of population in Nigeria.

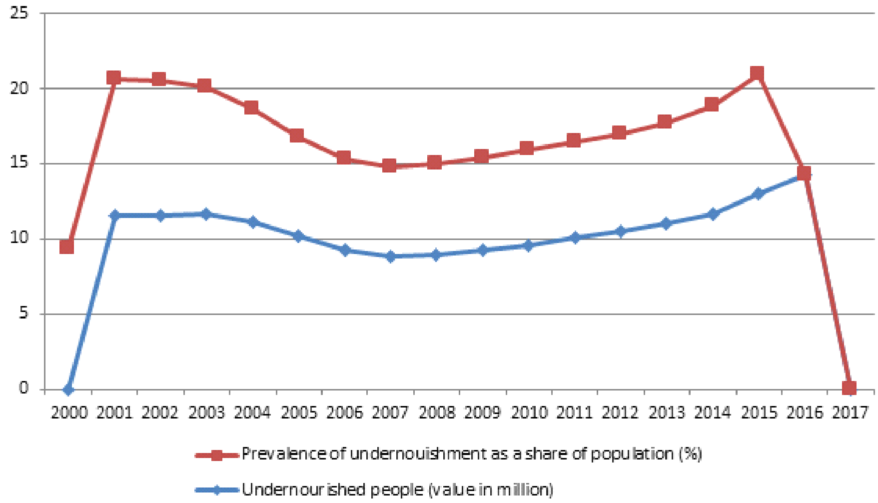

Fig. 1: Trends of undernourished people and prevalence of undernourishment as share of population in Nigeria (2000-2017).

The result in Figure 1 shows that in 2016, number of undernourished people for Nigeria was 14.3 million persons. Number of undernourished people of Nigeria increased from 11.5 million persons in 2002 to 14.3 million persons in 2016 growing at an average annual rate of 1.76 %. The result further shows that, the prevalence of undernourishment for Nigeria was 7.9 % in 2015. Prevalence of undernourishment of Nigeria fell gradually from 9.1 % in 2001 to 7.9 % in 2015. Population below minimum level of dietary energy consumption (also referred to as prevalence of undernourishment) shows the percentage of the population whose food intake is insufficient to meet dietary energy requirements continuously. Data showing as 5 signifies a prevalence of undernourishment below 5%.

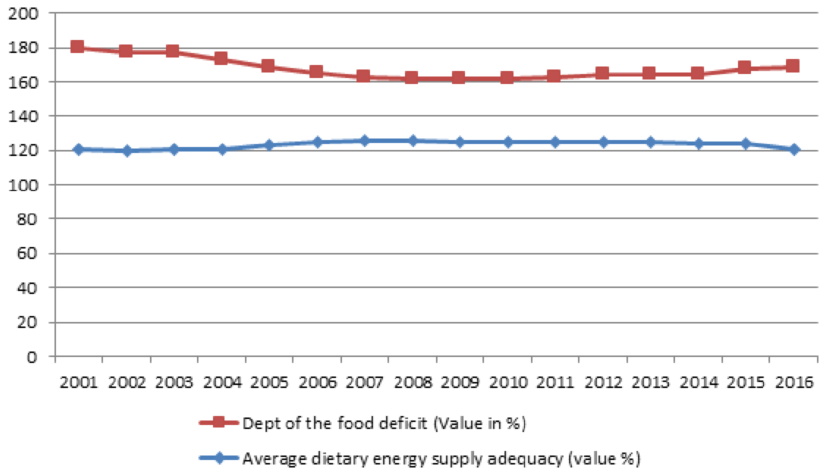

Fig. 2: Showing Average dietary energy supply adequacy and Food Deficit in Nigeria (2000-2017)

The result shows that in 2016, dietary energy supply adequacy for Nigeria was 121 %. Dietary energy supply adequacy of Nigeria increased from 120 % in 2002 to 121 % in 2016 growing at an average annual rate of 0.06 %. The result further shows that food deficit for Nigeria was 48 kcal per person per day in 2016. Food deficit of Nigeria fell gradually from 57 kcal per person per day in 2002 to 48 kcal per person per day in 2016. As shown in Figure 3 below, the real GDP growth for Nigeria fluctuated substantially and tends to decrease through 2000 to 2017 period ending at 0.8% in 2017.

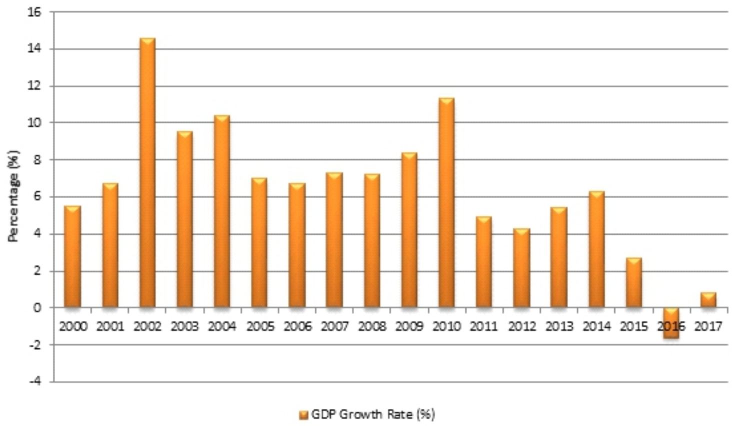

Fig. 3: Showing the GDP Growth Rate in Nigeria (2000-2017)

Table 3: Ordinary Lease Square Analysis
Long-Run Ordinary Lease Square Regression Analysis

Data Presentation
LnGDP=*f*(*ln*UndN, *ln*DESA, *ln*FD)
Dependent Variable: GDP
Method: Least Squares
Date: 16/11/18 Time: 12:37
Sample (adjusted) 2000-2017
Included observations: 28 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-198.957	221.170	-.900	.386
lnUndN	50.425	18.614	2.709	.019
lnDESA	1.335	1.600	.834	.420
lnFD	-7.391	2.612	-2.830	.015

R-squared	0.481	Mean dependent var	4.3188
Adjusted R-squared	0.352	S.D. dependent var	3.003
S.E. of regression	3.482	Durbin-Watson stat	1.480
Sum squared residua	145.462	F-statistic	3.712
Prob(F-statistic)	0.042		

Source: Researcher's SPSS Result, (2018).

The result in Table 3 above presents the OLS regression analysis. The result shows that there is positive and significant impact of undernourishment on Gross Domestic Product (GDP) with a coefficient of 50.425. Hence, undernourishment is positively significant to Gross Domestic Product in Nigeria. Also, the regression result shows that food deficit has a negative impact on GDP with a coefficient of -7.391. This negativity of the coefficient of food deficit conforms to the economic a priori expectation of a negative impact of food deficit on GDP. Furthermore, the result obtained from the regression shows that dietary energy supply adequacy is insignificant to GDP. The implications is that the selected variables are correctly signed in accordance with the priori expectations except food insecurity with negative sign, indicating that while undernourishment was contributing positively to the economic growth, the food deficit is contributing negatively and significantly to economic growth in Nigeria, but dietary energy supply adequacy is not contributing significantly to economic growth in Nigeria.

Furthermore, the R-square (0.481%) indicates 'a good fit' showing that 48 percent of the variations in GDP are explained by the combined effect of variations in the undernourishment, dietary energy supply adequacy and food deficit. The F-statistics (3.712) confirms further that the independent variables are jointly and statistically important in explaining the variations in the economic growth process. The implication is that proxies of food insecurity affect economic growth in Nigeria. However, a cursory look at the low D.W (1.480) ratio show possibility of first order positive serial correlation in the face of non-stationary properties of the times series variables regressed at level. This indicates some degree of time dependence of the series at level and this can lead to spurious regression.

Conclusion and Recommendations

This study assessed the implications of food insecurity on economic growth in Nigeria. The study deduced that while undernourishment contributes positively to the economic growth, the food deficit is negatively and significantly to economic growth in Nigeria. Study showed that dietary energy supply adequacy is not contributing significantly to economic growth in Nigeria. The study concluded that food insecurity has significant effect on the economic growth in Nigeria. The study recommended that attention should be placed on social development, structural transformation and provision of social protection for the poor and vulnerable people in the country.

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CHAPTER TWO

BASIC ACCOUNTING RECORDS FOR MICRO, SMALL AND MEDIUM SCALE ENTERPRISES (MSMES) IN NIGERIA

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Abstract

Micro, Small and Medium Enterprises (MSMEs) significantly enhances the economic growth and development of every nation, but certain factors militate against proper record keeping by these MSMEs in Nigeria thereby making it difficult to assess their contributions to economic growth and development indices like Gross Domestic Product (GDP) and Gross National Product (GNP). This paper therefore, examined the factors militating against maintenance of basic accounting by MSMEs in Nigeria. The methodology used was survey method and a targeted population of 600 MSMEs registered under the National Association of Chamber of Commerce, Industries, Mines and Agriculture (NACCIMA), the National Association of Small Scale Industries (NASSI) and unregistered ones in Six Geo-Business Cities in Nigeria were used. Major findings were made that lack of accounting knowledge by employees of MSMEs and lack of specific accounting regulation significantly affect the maintenance of basic accounting records by MSMEs in Nigeria Recommendations were made among others that to ensure adequate accounting knowledge by employees of MSMEs, regulatory agencies like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Directorate for Employment (NDE) should provide a platform for the training and retraining of employees of MSMEs to acquire basic accounting knowledge which will aid in keeping basic records and preparation of annual reports. In addition, provide a basic baseline for the employment of at least one (1) accounting personnel with a minimum qualification of National Diploma (ND) by Micro, Small and Medium Enterprises in Nigeria. Similarly, instead of allowing MSMEs to operate indiscriminately without regulation, this study recommends that the government through regulatory agencies like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Corporate Affairs Commission (CAC) and the Financial Reporting Council of Nigeria (FRCN) should explore alternatives to provide and harmonize specific (though not stringent but soft) requirements for the operations of MSMEs in Nigeria and this should include accounting regulations.

Keywords: MSMEs, Basic accounting records, NACCIMA, NASSI, SMEDAN, Nigeria.

Background to the Study

Micro, Small and Medium-sized Entities (MSMEs) significantly enhances the economic growth and development of every nation, (Moore, Petty, Palich, Longernecker, 2008). It is in view of the foregoing that the federal government of Nigeria has consistently pursued means of sustainable development through entrepreneurship and innovations as a major policy thrust. This is associated with the growing need for entrepreneurs who accelerate economic development through generating new ideas and converting them into profitable ventures (Tucker, 2000), The federal government therefore, established the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) with the main aim of harnessing resources and reducing bottlenecks related to the MSME sector, which is seen as a driver of change for wide-ranging economic growth, regional development, employment generation and poverty reduction. MSMEs are envisaged to contribute to transform lagging regions into emerging regions of prosperity. Similarly, the alarming rate of educated unemployment in Nigeria remains proportionally higher than the rate for less-educated workers. Today, Nigeria is facing a critical issue of criminal activities ranging from kidnappings, armed robbery, farmer-herder crisis, yahoo-yahoo crime and so on. The remote causes of all these anti-social vices are most often associated with high rate of unemployment. The development and growth of MSMEs in Nigeria is therefore perceived to provide a solution to this problem. MSMEs promote broad based equitable development and provide more opportunity for Women and Youth participation in the economic development of any country.

The need for basic book-keeping and accounting for Micro, Small and Medium Scale enterprises (MSMEs) especially; sole proprietorship in developing countries is progressively becoming significant in the sense that all available resources in any given situation in the economic well-being of a nation must be developed for industrialization and ultimate consumption through Micro, Small and Medium scale businesses. It is therefore, necessary to provide the necessary accounting impetus for petty-traders, Small and Medium Scale business men, women and entrepreneur in the management of productive processes at their disposal through the use of basic accounting records. The indigenization decree of 1971 has made almost small scale business to be fully owned, finance and operated by Nigerians. Yet the contributions of the sector are minimal to the gross nation product (GNP) and the main cause is inadequate knowledge of keeping records using basic accounting standard of keeping such records. However, experience will suggest that ineptness in accounting system is a prime factor for failure among Micro, Small and Medium Scale enterprises.

Nevertheless, it is amazing that many proprietors do not know whether their business is operating at a profit or at a loss. If he/she is making profit, how much is it? Could he/she do better? And if so how? These questions have a universal accuracy, no matter what the nature of the business or type of services being rendered. Keeping records in a systematic manner would be the answer to many questions and will solve other related problems of Micro, Small and Medium Scale enterprises in Nigeria. Basic accounting records provide a source of information to owners and managers of MSMEs operating in any industry for use in the measurement of financial performance. The importance of financial performance measurement to any business entity, big or small, cannot be over-emphasized. In any sense, profit can analogously be viewed as the life-blood of a business and hence the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement. Reported profits reflect changes in wealth of owners and this can explain why major economic decisions in business are centred on financial performance as measured by profitability, (Cooley, 1983). It has been recognized that appropriate accounting information is important for successful management of any business entity, whether large or small (European Commission, 2008). It is crucial therefore that the accounting practices of MSMEs provide relevant financial information needed to improve economic decisions made by users.

Objectives of the Study

This paper therefore, aimed at examining the factors militating against the maintenance of basic accounting records by MSMEs in Nigeria. The following specific objectives were pursued:

i. To examine the extent to which lack of accounting knowledge affect the maintenance of basic accounting records by MSMEs
ii. To determine the extent to which lack of specific accounting regulation affect the maintenance of basic accounting records by MSMEs
iii. To assess the extent to which Cost factor affect the maintenance of basic accounting records by MSMEs
iv. To examine the extent to which time factor affect the maintenance of basic accounting records by MSMEs

Research Questions

In line with the specific objectives of the study, the following research questions were developed:

i. To what the extent does lack of accounting knowledge affect the maintenance of basic accounting records by MSMEs?
ii. To what the extent does lack of specific accounting regulation affect the maintenance of basic accounting records by MSMEs?
iii. To what the extent does Cost factor affect the maintenance of basic accounting records by MSMEs?
iv. To what the extent does time factor affect the maintenance of basic accounting records by MSMEs?

Literature and Conceptual Review

This section reviewed concepts related to basic book-keeping and Micro, Small and Medium Scale enterprises, characteristics of MSMEs, basic records kept by MSMEs and the challenges facing the development of MSMEs in Nigeria.

Concept of Basic Accounting Records

Basic accounting record simply refers to those source documents which are kept, from which income and expenditure of a business is determined. The first significance of accounting system is to provide a source of information to owners and all other interested parties. This accounting information is prepared from or rather extracted from basic accounting records. In this sense, the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement (Cooley (1983) emphasized that reported profits reflect changes in wealth of business owners.

Concept of Micro, Small and Medium Enterprises (MSMEs)

The concept of MSMEs is relative and dynamic (Olorunshola, 2003), A firm understanding of MSMEs would require a good knowledge of its features. There is no single universally acceptable definition of MSMEs, definitions of these concepts tend to vary from one country to another, what is small in one country may not be small in another country. In the same country, definitions also tend to vary from one period to another (Inegbenebor, 2006). Varying definitions among countries may arise from different level of economic development and differences in level of economic development in different parts of the same country (Sule, 1986). For example, a firm that can be regarded as micro or small in an economically advanced country like the United State of America (USA) or Japan, given their high level of capital intensity and advanced technology, may be classified as medium or even large in developing countries like Nigeria or Ghana (Anyanwu, 2001) and (Inegbenebor, 2006).

The Federal Ministry of Industries, Trade and Investment (2017) in Nigeria, conceived small-scale enterprise as that which the value of total asset including working capital but excluding land does not exceed N150,000 or where the number of paid employees does not exceed 50 people. The Nigerian Bank of Commerce and Industry (NBCI) on its own posits a small-scale enterprise as firms with assets (including working capital but excluding land) not exceeding N750, 000 (Inegbenebor, 2006). In a nutshell, this study concurred with the position of Inogbenebor (2006), which viewed Micro, Small and Medium Enterprises (MSMEs) in terms of number of employees and capital as follows:

i. A Micro-scale business are those which have between 1 -10 employees, mostly with the presence of the proprietor in the employment of the enterprise, whose capital base range from five thousand naira (₦5,000) to one hundred thousand naira (₦100,000).
ii. A Small-scale enterprise refers to a business outfit which has between 11 - 100 employees, in which the proprietor may or may not be in the employment of the enterprise, whose capital base range above one hundred thousand naira (₦100,000) but less than one million naira (₦1,000,000).
iii. A Medium-scale enterprise on the other hand refers to a business outfit which has between 101 - 500 employees, in which the proprietor do not mostly be in the employment of the enterprise, whose capital base range above one million naira (₦1,000,000), but less than fifty million naira (₦50,000,000).

In specific terms, the economic definition of MSMEs should be one that emphasizes those characteristics which might be expected to make the performance of the enterprises different from those of large ones (Alo, 1998). Whatever criteria are used in defining MSMEs, they constitute an indispensable ingredient of national economic viability, stability and posterity. The sector is the largest employer of labour in Nigeria and constitutes a significant percentage of the specialist suppliers to large firms.

Characteristics of Micro, Small and Medium Enterprises (MSMEs)

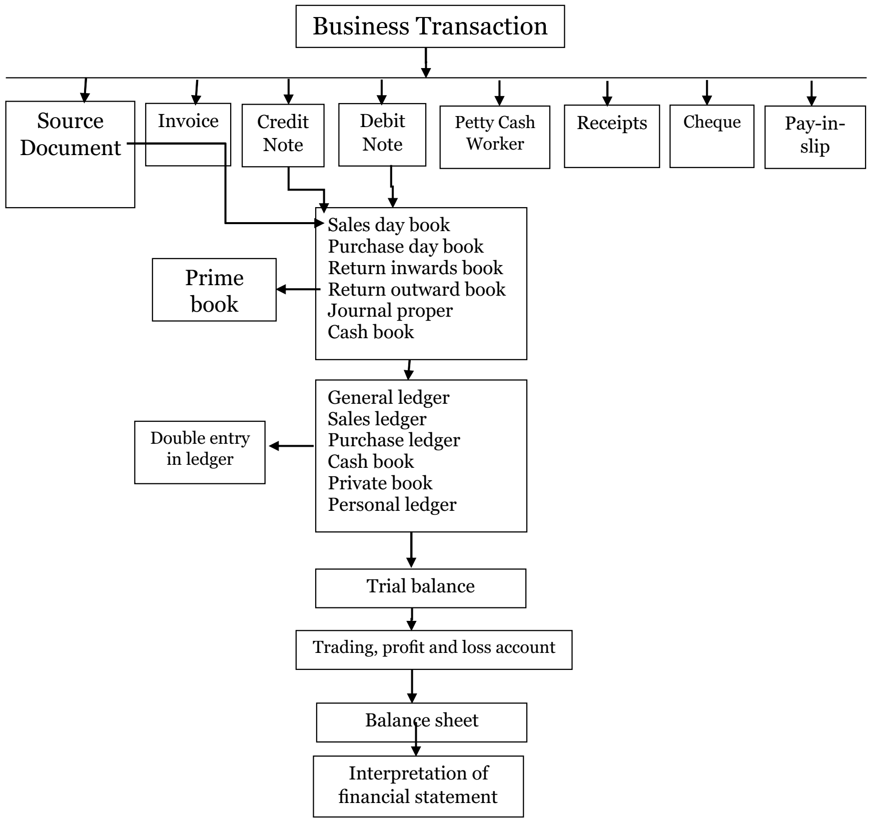
MSMEs are characterized by uncertainty, innovation and evolution. Udechukwu (2003) pointed out that MSMEs are mostly sole proprietorships or partnerships although on the surface, they may be registered as limited liability companies and as such they are usually not separate legal entities. Olorunshola (2003) explains that this ownership style has led small and medium enterprises to have a simple management structure. Factors that also contribute to the reasons why small and medium enterprises have a simple management structure are; few number of employees and the owners low level of education. Since there is no legal personality between small and medium enterprises and their owners, it means the lifespan of the enterprises is dependent on the lifespan of their owners and hence, there is no perpetual continuity. Furthermore, according to Hanefah, Ariff and Kasipillai (2002), the production processes of MSMEs are usually labour intensive and they usually serve as suppliers for the larger manufacturing firms with their operations being highly dependent on raw materials sourced locally. They also require a lower startup capital than the larger companies (Akinsulire, 2010).

The employee-employer relationship found in most MSMEs is predominantly informal. Another key feature of the MSMEs-sector in any country is that it is heterogeneous; varying in size from small retail outlets to highly paid professionals, and substantial manufacturing enterprises. MSMEs are also likely to vary in organizational form from sole proprietorships (with or without employees), small corporations (public or private), professionals and partnerships. These features usually result in different obligations for records keeping purpose of the enterprise. Additionally, the contributions MSMEs usually make to tax revenue are lower than their contributions to output and employment (International Tax Dialogue, 2007). MSMEs are thought to be engine room of innovation as their entrepreneurial activities such as innovation; risk bearing, employment creation, finding new opportunities and the commercialization of their inventions contribute to the prosperity of all regions of the world. Therefore, any country wishing to remain innovative will support MSMEs' growth because they also enhance competition and entrepreneurship and hence have external benefits on economy-wide efficiency and aggregate productivity growth.

Furthermore, MSMEs' proponents frequently claim that MSMEs are more productive than large firms but financial markets and other institutional failures impede MSMEs' development. Thus, pending financial and institutional improvements, direct government financial support to MSMEs can boost economic growth and development (Avolio, n. d; Beck, Demirguc-Kunt & Levine, 2005; Chu, Kara & Benzing, 2008). Honlglang and Jiaozben (2010) agree with the fact that MSMEs foster economic growth through innovation by stating that during the economic globalization period and under fierce competition conditions, the research and development activities of small and medium-sized enterprises play an irreplaceable role in promoting technology innovation and national economic development because of their adaptive ability in market, flexible operation mechanism as well as innovation spirit.

Therefore, the importance of small business enterprises cannot be over emphasized. Small business enterprises make larger contributions pro rata in the economy and with efficient control and management techniques of MSMEs; the benefits they give can be much greater. Small and medium scale enterprises according to Akinsulire (2010) accelerate rural development while decreasing urban immigration and the problems of congestion in large cities. MSMEs also contribute to domestic capital formation, play a value-adding role, mobilize private savings and harness them for productive purposes. Other contributions made by MSMEs to the economy according to Hendy (2003) include being able to remain profitable even in turbulent conditions because they are accustomed to operating in highly fragmented and heterogeneous markets. Another advantage is that because they are fast and flexible and close to their customers, they can be a competitive spur to large firms. Output growth; they perform important sub-contract functions; they can perform an important import substitution role while others are exporters.

Basic Accounting Records in Micro, Small and Medium Enterprises (MSMEs)



Source: Researcher's Design (2019)
Figure 1: Basic Structure of Book-Keeping

Challenges of Micro, Small and Medium Enterprises (MSMEs)
There are a lot of problems that bedevil MSMEs and ruin their growth. Although there are some problems that are peculiar to a particular country, the challenges faced by MSMEs in different countries and geopolitical divisions are basically the same. For instance, a survey of Turkish MSMEs by Organization for Economic Co-operation and Development (OECD) in 2004 showed that they were suffering the consequences of policy inconsistency, poor access to finance, insufficient know-how and low level of technology. The same problems were also registered and reported by other authors concerning other regions like the Philippines, Malaysia and other European states and

of course in Sub-Saharan Africa; Nigeria inclusive as shown by different authors on the issue. Uzor (2004) believes that the constraints faced by MSMEs in developing countries are not only accentuated with ineffective policy design, but also by market failures in the regions.

A publication of the Weekly Trust of Saturday, January 22, 2011 recognized the fact that collateral-based financing has become increasingly difficult for MSMEs, whether as existing businesses, in their expansion states or as start-ups' hence more MSMEs are resorting to viability lending in which case they obtain loans based on the viability of the business and healthy cash flow. Banks are usually reluctant to lend money to MSMEs and this is because of problems such as MSMEs' inability to meet banks' lending requirements, promoters of low education, low management and entrepreneurial skills and poor and unreliable financial records which make financial review difficult (Aderemi, 2003). There is also the problem of unsound accounting system and lack of full financial disclosures (Aderemi, 2003). Aryeefey and Ahene (2004) buttressed this assertion by listing lack of access to land, utility installations and services and import procedures as constraints to MSMEs' growth. Summarily, these problems qualify MSMEs as high-risk ventures. The reasons stated above are themselves considered as problems that impede MSMEs' growth because not only do they become obstacles in accessing financing; they are capable of hindering growth on their own. More so, in Nigeria, the major problems faced by MSMEs as posited by Chu, Kara and Benzing (2008); Oboh (2002); Okpara (2000) include astronomically high operating costs; lack of transparency and corruption and lack of interest and lasting support for MSMEs' sector by government authorities, dilapidated state of infrastructural facilities, unreliable employees and weak economy, unsafe location and undependable electricity supply as some of the challenges of MSMEs in Nigeria. These are considered as common phenomena challenging the growth and development of MSMEs in Nigeria.

Methodology

The researcher used the survey method. According to Cooper and Schindler, (2003), the survey method is a fact-finding study that involves adequate and accurate interpretation of findings. The study was carried out by gathering data from primary sources in order to achieve the research objectives.

Target Population of the study

The study targeted a population of 600 MSMEs registered under the National Association of Chamber of Commerce, Industries, Mines and Agriculture (NACCIMA), those registered under the National Association of Small Scale

Industries (NASSI) and unregistered ones in Six Geo-business Cities in Nigeria. The table below shows the distribution of the population of the study:

Table 1: Showing Target Population of the study

Geo-Business Zones	City	MSMEs registered under NACCIMA	MSMEs registered under NASSI	Unregistered MSMEs	Total	PERCENTAGE
North-Central	Abuja	40	40	20	100	16.66 %
North-West	Kano	40	40	20	100	16.66 %
North-East	Yola	40	40	20	100	16.66 %
South-West	Lagos	40	40	20	100	16.66 %
South-South	P/Harcourt	40	40	20	100	16.66 %
South-East	Onitsha	40	40	20	100	16.66 %
	Total	240	240	120	600	100 %

Source: Researcher's Design (2019)

Considering a population of this nature, a sample of 100% was drawn from the population of 600. Thus, the whole population was taken as sample and 600 questionnaires were distributed to the 600 MSMEs representing respondents in the business cities selected in the study.

Technique for Data Analysis

A Non-parametric tool (descriptive statistics) was used for analysis and interpretation of data. This tool was selected for its convenience in the interpretation of results from data collected in a research of this nature. Descriptive statistics was used in this study to compute the percentage of responses generated from MSMEs and those percentages were presented on a pie-chart.

Data Analysis and Interpretation

In a more specific term, to determine the challenges faced by MSMEs in keeping basic accounting records, a simple percentage description of the data generated from respondents was made. 600 questionnaires were administered by Six (6) appointed Research Assistants (RAs), one each in the selected city of the Six Geo-Business Zones in Nigeria. The questionnaires were administered through the National Association of Chamber of Commerce, Industries, Mines and Agriculture (NACCIMA) and the National Association of Small Scale Industries (NASSI) and for those unregistered MSMEs, directly by the Research Assistants (RAs). Very rigorous follow-ups were made and the numbers of all the questionnaires distributed were completed and returned. So, the percentage number of questionnaires completed and returned was 100%. Table 2 below shows the descriptive statistics.

Table 2: Descriptive Analysis of Factors affecting Basic Accounting Records Keeping

Questions and Responses	High Extent	Undecided	No Extent	Total
To what extent does lack of accounting knowledge affect the maintenance of basic accounting records by MSMEs?	300 (50)	258 (43)	42 (7)	600 (100)
To what extent does lack of specific accounting regulation affect the maintenance of basic accounting records by MSMEs?	210 (35)	270 (45)	120 (20)	600 (100)
To what extent does Cost factor affect the maintenance of basic accounting records by MSMEs?	60 (10)	330 (55)	210 (35)	600 (100)
To what extent does time factor affect the maintenance of basic accounting records by MSMEs?	30 (5)	270 (45)	300 (50)	600 (100)

Source: Researcher's Computations, (2019)
Note: Figures in parenthesis are percentages of the likert scale classification

Table 2 shows the responses of the respondents. From these responses, 300 respondents (out of 600) representing 50% indicated that lack of accounting knowledge affect the maintenance of basic accounting records by MSMEs to a high extent. 258 respondents (out of 600) representing 43% were undecided and 42 respondents (out of 600) representing 7% indicated that lack of accounting knowledge does not affect the maintenance of basic accounting records by MSMEs.

In respect of whether lack of specific accounting regulation affect the maintenance of basic accounting records by MSMEs or not? Table 2 reveals that 210 respondents (out of 600) representing 35 % indicated that lack of specific accounting regulation affect the maintenance of basic accounting records by MSMEs to a high extent. 270 respondents (out of 600) representing 45 % were undecided and 120 respondents (out of 600) representing 20 % indicated that lack of specific accounting regulation does not affect the maintenance of basic accounting records by MSMEs.

In respect of whether cost factor affect the maintenance of basic accounting records by MSMEs or not? Table 2 further shows that 60 respondents (out of 600) representing only 10 % indicated that cost factor affect the maintenance of basic accounting records by MSMEs to a high extent. 330 respondents (out of 600) representing 55 % were undecided and 210 respondents (out of 600) representing 35 % indicated that cost factor does not affect the maintenance of basic accounting records by MSMEs.

In respect of whether time factor affects the maintenance of basic accounting records by MSMEs or not? Table 2 further revealed that 30 respondents (out of 600) representing only 5 % indicated that time factor affect the maintenance of basic accounting records by MSMEs to a high extent. 270 respondents (out of 600) representing 45 % were undecided and 300 respondents (out of 600) representing 50 % indicated that time factor does not affect the maintenance of basic accounting records by MSMEs.

Results and Discussion

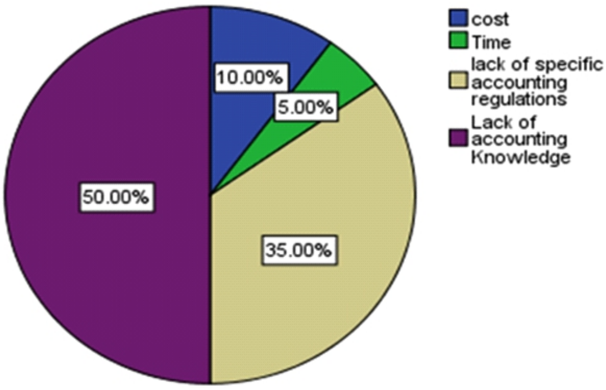
From the Survey and descriptive results presented in Table 2, the major factor which affects the maintenance of basic accounting records by MSMEs is lack of accounting knowledge by employees of MSMEs (to an extent of 50%), followed by lack of specific accounting regulation (to an extent of 35%). Whereas minor factors like Cost and time only affect the maintenance of basic accounting records by MSMEs by 10% and 5% respectively. Table 3 below shows the summary of factors which militate against the maintenance of basic accounting records by MSMEs in Nigeria.

Table 3: Summary of Factors affecting Basic Accounting Records Keeping by MSMEs

Factor	**Extent in Percentage**	**Extent of Significance**
Lack of accounting knowledge	50 %	Major
Lack of specific accounting regulation	35 %	Major
Cost factor	10 %	Minor
Time factor	5 %	Minor
Total	100 %	

Source: Generated from Table 2 (2019)

Figure 2: Factors affecting Basic Accounting Records Keeping by MSMEs.



Source: Researcher's Design (2019)

Conclusions

In conclusion of this study, the research posits that there are some major and minor factors which affect the maintenance of basic accounting records by MSMEs. In specific terms, the following findings posited:

i. Findings were made that lack of accounting knowledge by employees of MSMEs significantly affect the maintenance of basic accounting records by MSMEs to an extent of 50%, perhaps; due to the fact that most of the personnel employed by Micro, Small and Medium Enterprises in Nigeria does not have basic accounting knowledge.

ii. Findings were also made that lack of specific accounting regulation also significantly affect the maintenance of basic accounting records by MSMEs to an extent of 35%. Perhaps; due to the fact that there is no specific regulation which guides the preparations of annual reports and accounts by Micro, Small and Medium Enterprises in Nigeria like it is with incorporated and listed companies regulated by provisions of the Companies and Allied Matters Act 1990 as amended and the listing requirements issued by the Nigerian Stock Exchange (N.S.E).

iii. Findings were further made that cost factor although insignificant, affects the maintenance of basic accounting records by MSMEs by 10%. This reveals the fact that MSMEs are able to engage the services of intermediate accounting personnel to keep records and prepare annual financial statements for them, but absence of specific regulation in that regard may still be responsible for their ineptitude to do so.

iv. The study also found that time factor although insignificant, affects the maintenance of basic accounting records by MSMEs by 5%. Perhaps; due to the fact that most employees of MSMEs have all the time nut could not keep proper records and annual financial statements due to absence of specific regulation in that regard.

Recommendations

On the basis of the findings of the study, the following recommendations are made:

i. To ensure adequate accounting knowledge by employees of MSMEs, regulatory agencies like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Directorate for Employment (NDE) should provide a platform for the training and retraining of employees of MSMEs to acquire basic accounting knowledge which will aid in keeping basic records and preparation of annual reports. In addition, provide a basic baseline for the employment of at least one (1) accounting personnel with a minimum qualification of National Diploma (ND) by Micro, Small and Medium Enterprises in Nigeria.

ii. Instead of allowing MSMEs to operate indiscriminately without regulation, this study recommends that the government through regulatory agencies like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Corporate Affairs Commission (CAC) and the Financial Reporting Council of Nigeria (FRCN) should explore alternatives to provide and harmonize specific (though not stringent but soft) requirements for the operations of MSMEs in Nigeria and this should include accounting regulations.

iii. Though cost is not a major factor, MSMEs should be encourage to engage the services of intermediate accounting personnel to keep records and prepare annual financial statements for them. This can be done through moral suasion or simply by providing it as a requirement for MSMEs to meet before assessing funds disbursed to MSMEs by government under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) from time to time.

iv. Though time is not also a major factor, MSMEs should be encourage to keep records and prepare annual financial statements at least every Six (6) months after the expiration of each financial year. This can also be done through moral suasion or simply by providing Six (6) months' timeline also as a requirement for MSMEs to meet before assessing funds disbursed to MSMEs by government under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) from time to time.

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CHAPTER THREE

ENHANCING COMPETITIVENESS OF AGRO COMMODITY MARKETING IN NIGERIA: AN ISSUE TO STRENGTHEN COMMODITY EXCHANGE

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Abstract

All over the world, commodity exchanges are established to broaden an economy through investment in agriculture and serve as a platform for investors to mitigate the inherent risks in agriculture production and marketing. But in Nigeria lack of commodity exchange where agro produce can be traded with an efficient warehouse receipts system is hurting government effort to reposition agricultural sector. The objective of the study is to point out ways by which a functional commodity exchange can enhance the efficiency and competitiveness of agro commodity marketing. The study adopts the use of contents analysis and theoretical study was made on published materials. The study concluded that a vibrant commodity exchange world help stabilize agro commodity prices and protect farmers from price fluctuations and losses arising from storage wastages. The study recommended that there should be a mechanism for certification of warehouse and a high level of awareness to enhance private sectors and investor's participation.

Keywords: Agriculture, Marketing, Commodity Exchange, Warehouse, Economy, Growth.

Background of the Study

Agricultural activities in Nigeria contribute to the finances of government. The then regional governments derived much of their development finances from agriculture. Between 1954 and 1957, N144million or 42percent of the marketing boards surplus were disbursed as grants to regional governments, and another N24million and loans to regional government. Furthermore, between 1962 and 1996, 12 and 34 percent of the regional government finances depended on marketing boards surpluses (Adubi, 2001). Agricultural sector has contributed largely to the nation's foreign exchange earnings. It was the largest contribution to the foreign exchange earnings before the emergent and dominance by crude oil from the 1970s, its contribution to the total exports in 1955-59, 80 percent in 1960-64 and 57 percent in 1965-69 (Aigbokhan, 2001). Emmanuel (2016) noted that from 1970s, agricultural contribution to total export has been declining, as a result of the country's over reliance on crude oil. From 1970-74, agriculture accounted for 15.4 percent of total exports by 1975-79, it declined to 5.0 percent between 1985-89 and 1990-94, it accounted for 15.4 percent of total exports, by 1975-79, it declined to 5.0 percent, between 1985-89 and 1990-94, it accounted for 14.23 and 2.0 percents respectively and by 2004-2006, it went down to less than 1 percent. In terms of foreign exchange from non-oil export, agricultural sector contribution is prominent. It accounted for 70 percent of non-oil export in 1970 and by 1982; it was 97.4 percent of the non-oil export. It dropped to 33 percent in 2004, and moved up to 38 percent in 2006.

The various governments that came into power in Nigeria developed some agricultural policies and programme to alleviate the sector. A review of the policies reveals more of failures than success (Bawa, Peter and Ndakwesu, 2017). As an economy recovery effort in 2015, the Nigeria government launched another agricultural policy tagged “the green alternative” with the hope to position agriculture as the arrowhead of the economic recovery effort. “The green alternative” agricultural promotion policy 2016-2020 identifies two key challenges:

1. The first is the inability to meet domestic food requirements: this is a productivity challenge driven by an input system and farming model that is likely inefficient, the lack of good seeds fertilizers, irrigation, crop protection among others.
2. The second is the inability to export the level required for marketing, which is typified by an inefficient system for setting and enforcing food quality, poor knowledge of target markets, a weak inspectorate system and poor coordination among relevance agencies.

The Nigeria Commodity Exchange (NCX) formerly known as the Abuja Commodities and Service Exchange was originally incorporated as a stock exchange on June 17, 1998. It commenced electronic trading in securities in May 2001 and was converted to a commodity exchange on August 8, 2001 and brought under the supervision of the Federal Ministry of Commence. The conversion was premised on the need for an alternative institutional arrangement that would manage the effects of price fluctuations in the marketing of agriculture produce which adversely affect the earnings of farmers since the abolishment of commodity boards in 1986.

Statement of the Problem

Commodity exchange is established to broaden an economy through investment in agriculture and serve as a platform for investors to mitigate the inherent risks in agricultural production and marketing. Essiet (2018) reported that operator and experts lament that lack of a commodity exchange where agro produce can be traded and an efficient warehouse receipts system are hurting efforts to reposition the sector. They are calling for the strengthening of the commodity exchange system which they believe will push immense possibilities into farmer's hands, generate more revenue and create jobs.

Nigeria has the potential to achieve self-sufficiency in food production and consumption. The country holds the record of one of largest agricultural land areas in West Africa but marketing system, among others has continued to raise the risk of food shortage. Without a functional commodity exchange to protect farmers from price fluctuation government of Nigeria may have put the wrong foot forward in it ongoing economic diversification agenda anchored on the agricultural sector. Nigeria has been lagging behind in the area of marketing and without market transformation, growth in the agricultural sector will not be sustained.

Objective of the Study

To point out ways by which a functional commodity exchange can enhance the efficiency and competitiveness of agro commodity marketing in Nigeria.

Research Methodology

The study is a desk research therefore, content analysis was made, it explored published materials, like text books, journals and other materials related to the study.

Literature Review

Agricultural Marketing:

Business exists to transform inputs into outputs. Manufacturing or processing is the physical process of transforming procured inputs into single or multiple outputs. Logistics is the channel process key to linking the supply chain. Inventory management and customer support are chief concerns among business as they strive to improve the efficiency in their logistic system (William, 2000).

Inyanga (2008) noted that a combination of agriculture as a business and marketing will result in agricultural marketing. Abbot and Makeham (1979) noted that agricultural marketing involves asking and answering certain vital questions religiously and judiciously, among these questions are:

1. Who buys the excess that the farmer grows beyond his own family needs?
2. How does food which may be produced on thousands of small separate farms reach consumer?
3. The purchase, transport and storage of produce cost money, where does the money come from to finance the activities?
4. How is it graded, prepared and packaged for the consumer to cook and eat?
5. Who provides storage space for produce that is not immediately required by the consumer and why?
6. What information does the man who wants to run an agricultural marketing or supply enterprise require?
7. How do processing plants obtain their raw materials?
8. What are the problems he will face and how can he solve them?
9. What can consumers do to obtain a better service?
10. What can farmers do to improve the prices they receive from their products and services from the marketing system?
11. What kind of enterprises transports foods from the producer to domestic consumers?
12. What is a marketing system and why is it necessary?
13. How does the produce reach marketers in other countries?
14. What should the government do to improve the working of the marketing system as a whole?

What these questions and answers relationship means is that as agriculture changes or revolves from one stage to the other from one form to the other and follows one government policy and the other, marketing play vital roles and performs numerous functions to service such resolutions and development.

Commodity Exchanges

Akinyosoye (1989) noted that commodity exchanges are the closest to the theoretical perfect competitive market. Future market daily price quotations are available in the print media and up-to-the minute reports on exchange prices are available in the offices of most commodity brokers. At any point in time there are thousands of buyers and sellers of future contracts participating in the market, and there are an even greater number of potential participants. Prices are established through open trading on the floor of the exchange, where all buyers and sellers are represented either personally or via electronic communication through their brokers. Makinde (1989) pointed out that two types of commodity markets have been considered in Nigeria, namely; a market trading in both security and commodities as now planned by Abuja Securities and Commodity Exchange (ASCE); and a market dealing only in commodity, trade-multi-commodities or single commodity. In respect of the former the basic organizational framework recommended by international committee (ICT) with particular reference to integrated commodity market operation within ASCE has been accepted. Most commodity market across the world trade in agricultural products and other raw materials and contracts can include spot prices, forwards, future and options on future.

Stock Exchange Market Verse Commodity Exchange Market

Stock exchange market is a specialized market for buying and selling of securities. These securities are stocks and shares which represent ownership interest in businesses, debentures and government bonds. The stock market is an economic institution which promotes efficient capital formation and allocation that enables both government and industry to raise long-term capital for financing new projects, expanding and modernizing industrial and commercial concerns (Deferrighie & Charlie, 2012). Kimani and Mujuku (2013) noted that stock exchange markets fuel economic growth through diversification, mobilization and pooling of savings from different parties and availing them to companies for optimal utilization. In any economy it is reputable to perform functions that will attract foreign investment. Commodity exchange on the other hand works like the stock exchange market, it provide the much needed platform for commodity marketing. It is the platform where sellers and buyers of agricultural commodities meet and transact business. It is designed to help mitigate farmers' risks and ensure that payments are made through reliable financial service providers. The exchange involves the use of warehouses with modern facilities where farmers and traders can take their produce to minimize wastages and exploitation by middlemen. A combination of trading platform, warehouses and logistics with credit reputation strengthen the commodity exchange. Ethiopian Commodity Exchange (ECX) was a success because of a functional warehouses structure that improves its accessibility for farmers across the country particularly around major agricultural hubs.

Theoretical Framework

The Linear Growth Theory

Is one of the first growth theories that was proposed by American economic historian Walt Rostow in the early 1970s. As a vigorous advocate of free market capitalism, Rostow argued that economics must go through a number of developmental stages towards greater economic growth. He argued that these stages followed a logical sequence; each stage could only be reached through the completion of the previous stage.

Stages:

i. Traditional society, dominated by agriculture and barter exchange, and where science and technology are not understood or exploited.
ii. Pre-take-off stage, with the development of education and an understanding of science, the application of science to technology and transport, and the emergence of entrepreneurs and a simple banking system, and hence rising savings.
iii. Take-off, with positive growth rates in particular sectors and where organized systems of production and reward replace traditional methods and norms.
iv. The drive to maturity, with an ongoing movement towards a diverse economic with growth in many sectors.
v. The stage of mass consumption, where citizens enjoy high and rising consumption per head, and where rewards are spread more evenly.

Rostow's work, like many other accounts of growth, point to the significance of the accumulation of savings to achieve take-off-in this case a necessary condition for the movement from traditional to developed societies.

The New Growth Theory

A central proposition of new growth theory is that, unlike land and capital, knowledge is not subject to diminishing returns.

The Importance of Knowledge

Indeed, the development of knowledge is seen as a key driver of economic development. The implication is that, in order to develop, economies should move away from an exclusive reliance on physical resources to expanding their knowledge base, and support the institutions that help develop and share knowledge.

Government should invest in knowledge because individuals and firms do not necessarily have private incentives to do so. For example, while knowledge is a merit good, and acquiring it does not deny anyone else that knowledge, its usefulness to individuals and forms may be undervalued, and yet knowledge can generate increasing returns and drive economic growth. Government should, therefore, invest in human capital, and the development of education and skills. It should also support private sector research and development and encourage inward investment which will bring new knowledge with it.

Public Utilities and Infrastructure

Essential utilities like electricity, gas and water are natural monopolies, and in many countries are provided by the public sector. However, if these utilities are under-supplied due to inadequate public funds, the private sector will suffer and growth will be limited. This is because the industrial sector relies on energy and water for its production and distribution, without which it will not produce efficiently or competitively. The accumulation of private capital, therefore, depends up the correct level of expenditure by government.

Similarly, new growth theories argue that government should also finance, or seek finance for, infrastructure projects, such as road, rail, sea, and air transport. Such projects involve the creation of quasi-public goods, and the theory of market failure suggests that they would be under-supplied without government. The huge fixed costs and the difficulty of charging users prevents the private sector supplying, and the state may choose to act like a producer and financier, and provide necessary legislation for and co-ordination of such project.

The significance of these theories to this study is that sales volume is one of the parameters for measuring a company's performance which is achieve by stimulating demand. An agric marketer can stimulate demands by either increasing the willingness to buy or increasing the ability to buy. So long as the government put emphasis on boosting production and investing in agriculture for economic growth, it should not lose sight of the marketing aspect. There is need for transformation in the knowledge of agric marketing for a better prosperity to share for the farmers. This is the position adopted by this study.

Discussion of Findings

Commodity Exchanges and Certified Warehouses

A functional commodity exchange is designed in such a way that farmers deposit their agro commodities in certified warehouses and are issued receipts, which are recognized by financial institutions in the country. A farmer can use the receipts as collateral to procure loans or other financial services. Farmers can also sell the receipt on the commodity exchange market without transferring their agro commodities from the warehouses. With this, farmers need not worry about price fluctuation and they can keep their commodities in the warehouse until prices stabilize. Efficient warehouse receipt system is a key mechanism in translating agriculture into tangible benefits for farmers. Under a warehouse receipts system, farmers or traders who subscribe to the platform are granted a receipt covering their goods after depositing them at the various warehouses set up by the exchange. The receipt can then be presented to the banks to serve as collateral in the event that holders want to access loans. With warehouse receipt finance, a farmer or trader delivers his produce to a warehouse that has been approved by a bank or other lenders. The warehouse or collateral management company in charge of it then issues a receipt vouching for the quantity and quality of produce being stored. The bank then takes the receipt and provides financing to the farmer or trader typically up to 70 percent of its current market value against it. The receipt acts as collateral for the bank, giving it the right to take ownership of the stored produce if the loan is not repaid.

But without a full-fledged commodity exchange, farmers cannot transact business on their agro products using the receipts, let alone approach banks for facilities. A commodity exchange is also complimented by an electronic or e-warehouse receipt system, this allows farmers to easily access finance. The e-warehousing registry manages warehouse receipts issued across the country just as equity traded in the stock market. E-registry provides transparency and tracking of commodities in every single way and gives comfort to the banks. The registry keep record of goods deposited with the warehouse and removed from the warehouse. Banks financed farmers against warehouse receipts of agricultural commodities issued by certified warehouses and collateral managers. In these ways, it enhances the efficiency of agro commodity market.

Conclusion and Recommendations

In conclusion, a well established commodity exchange will be able to improve farmers' access to markets and improve their earnings. A vibrant commodity exchange would help stabilize agro commodity prices and protect farmers from price fluctuations and losses arising from storage wastages.

This study therefore proffers the following recommendations;

1. A commodity exchange should be founded of a solid legal and institutional framework and a mechanism for certification of warehouses.
2. There should be a high level of awareness to encourage farmers and encourage private sectors and other investors participation.
3. The warehouse should be run by capable, certified and insured warehouse service providers.

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CHAPTER FOUR

CONCEPTUAL REVIEW OF THE BENEFITS AND CHALLENGES OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN NIGERIA

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Abstract

This paper made a conceptual review of the benefits and challenges of adopting the International Financial Reporting Standards (IFRS) in Nigeria. The study is a post-adoption review of benefits and challenges evidenced from existing empirical literature. The methodology adopted was content analysis where secondary source of information was used. This study deduced that the difference that hitherto existed in financial reporting practices across the globe, ranging from countries to regions, coupled with the growth of Multi-National Corporations (MNCs), globalization and trade liberalization is overcome by the adoption of International Financial Reporting Standards (IFRS). In view of the foregoing, this paper recommends that despite its challenges, IFRS adoption sought to address globally and locally issues related to divergence in financial reporting practices. Hence, regulatory body such as the Financial Reporting Council of Nigeria (FRCN) should set up a committee that would be charge with a responsibility of checking the activities of listed companies to ensure timely and compulsory implementation of IFRS in all sectors of the Nigerian economy.

Key words: *IFRS, IASB, FASB, FRCN, Adoption, Divergence, Harmonization, Uniformity.*

Background to the Study

Financial reporting practices differ in different parts of the globe, ranging from countries to regions. Historically, there are diversities in financial reporting practice in various countries due to divergence in culture, legal systems, tax systems and business structures and environment. These differences raise challenges for uniformity and comparability of financial reporting among different countries (Kamal & Bhuiyan, 2013). The foregoing fact necessitated the standardization of financial reporting systems and practices globally. Similar developments ranging from growth of Multi-National Corporations (MNCs), globalization and trade liberalization saw the world becoming a global village, since business organizations now operate beyond their national boundaries. Consequently, with the globalization of business and capital markets, there has been an ever growing need for global comparability of financial statements (Shawn & Malley, 1992). These factors summed together stimulated the development of globally applicable and acceptable accounting standards, aimed at harmonizing these diversities by making it more comparable and easier for analysis, promoting efficient allocation of resources and reduction in capital cost. Those globally applicable and acceptable accounting standards came to be known as International Financial Reporting Standards (IFRS). Hence, IFRS emerged as a result of the need to harmonize and consolidate corporate accounting practices that will ensure uniformity and high quality of financial information. The global regulatory body; the International Accounting Standards Board (IASB) issued IFRS to be adopted in global and international capital markets in the preparation of financial statements. It is however, worthy to note that an unparalleled mark of compromise was reached between the two most powerful accounting standards setting bodies: the Financial Accounting Standards Board (FASB) based in the United States of America and the IASB based in United Kingdom in 2002, known as the Norwak agreement.

The Norwak Agreement of 2002 was a major record achievement in that it brought together the FASB and the IASB to agree to develop a set of high quality accounting standards for both local and international transactions and these standards are the IFRS. Similarly, keeping pace with global developments and to ensure that Nigeria is not left out from the wave of globalization, on 28th July 2010, the Federal Executive Council of Nigeria approved 1st January 2012 as the effective date for convergence of accounting standards in Nigeria with IFRSs (and International Public Sector Accounting Standards (IPSAS) for public sector entities). The Council subsequently, directed the Nigeria Accounting Standards Board (NASB) now Financial Reporting

Council of Nigeria (FRCN) under the supervision of the Federal Ministry of Industry, Trade and Investment (FMITI) to take further necessary actions to give effect to the Council's approval by replacing the Nigeria's locally General Accepted Accounting Principles (GAAP) with IFRSs.

Since accounting is commonly referred to as a "language of business, " it is assumed that with the adoption of IFRS, the medium in which the performance and position of corporate entities are communicated to the outside world is now one. With IFRSs, there has been improvement in uniformity and comparability of financial information in different countries (Uwadiae & Oduware, 2012). Prior to the adoption of IFRS in Nigeria, the statement of accounting standards (SASs) was popularly perceived to be incomplete because there are many accounting issues not covered in it, which was addressed by the IFRSs. A comparative review of IFRS and the then SAS revealed that some major accounting considerations were not be reflected in the SASs, large sections and paragraphs in IFRSs which are newly included are not found in the SASs. More recently, there have been debates in the financial accounting literature with regards to the relevance of accounting information for firms of the so-called new economy (Lopes, 2011).

In similar developments, financial analysts over the years have observed with dismay that most financial statements prepared under different local GAAPs had witnessed series of problems ranging from the processes of reconciling with other GAAPs especially when the companies involved carried financial activities outside their territories. These processes, to a large extent were considered to be tedious and time consuming to the experts involved in the reconciliation processes.

In Nigeria, considering the relative newness of the presence of IFRSs and also in other Sub-Saharan African countries, its benefits have not been taken seriously. Thus, only about twenty (20%) of the 54 countries in Africa have adopted IFRSs as a principle based financial reporting framework (Ismaila, 2010). This confirms their ignorance of the benefits which IFRSs can bring to a more transparent and credible financial reporting practice or their unwillingness to be part of the global economy. Consequently, accurate comparison may not be possible between those financial statements prepared under IFRSs framework and those prepared in compliance with local standards.

Several studies have been conducted on IFRSs across the globe but in Nigerian context, but this area is yet to be accorded adequate research attention. Thus, most of the researches conducted on IFRSs are in countries like U.S., U.K., Greece, Canada and so on. For instance; Brochet, Jagolinzer and Riedl (2002) examined the effect of mandatory IFRSs adoption on financial statements in U.K., Dimitrios (2013), examined the effect of IFRS implementation on financial ratios of listed companies of Athens in Greece, Blanchette et al (2013) conducted a comparative study of accounting figures and financial ratios computed under IFRSs and GAAP in Canada. Covbella, Florio and Rossignoli (2013) also examined IFRSs transition with specific reference to IFRSs and GAAP in Italy and Bhargava and Shikha (2013) investigated the impact of IFRSs on financial statements and ratios using a sample companies in India. It can be seen that none of these studies or similar ones were conducted in Nigeria. It is in view of the foregoing that this work seeks to examine the benefits and challenges of IFRS adoption in Nigeria. This is a conceptual paper which examined the benefits and challenges of IFRS adoption. It is necessitated by the fact that the official mandate effective for IFRSs adoption in Nigeria was January 2012.

Conceptual Considerations

This section covers the conceptual framework, which is designed to review scholarly opinions, views and facts, which may be tentative and conclusive in nature. This section discussed concepts related to IFRS, benefits and challenges facing IFRSs adoption in Nigeria.

Concept of Accounting Standards

Accounting standards are authoritative statements of how particular types of transactions and events are reflected in the financial statements preparation and presentation (Igben, 2009). An accounting standard is a statement issued by the appropriate standard-setting body locally or internationally on a specific area or topic in financial accounting, the acceptance or application of which is mandatory for preparers and users of financial statements. Accounting standards are issued at the international level by the IASB formerly International Accounting Standards Committee (IASC) while they are issued in Nigeria by the NASB. The standards issued by the IASB are known as IFRSs formerly International Accounting Standards (IAS) while those issued by the NASB are known as SASs. In Nigeria, the NASB was established on September 9, 1982 to develop and issue accounting standards for preparers and users of financial statements in Nigeria. In other words, the NASB does for the Nigerian business community what to the IASB does for the international business community (Igben, 2004).

Framework for Development of Accounting Standards

The first attempt made towards the convergence of accounting standards was the proposal to create the-Accountants International Study Group (AISG) by the professional accountancy bodies in Canada, the United Kingdom and the United States in 1965. This was formed in order to develop comparative studies of accounting and auditing practices in the three nations, as a result the foregoing; the AISG was eventually created in 1967. The AISG published 20 studies until it was disbanded in 1977. Sir Henry Benson of the AISG put forward the proposal for the setting up of the IASC at the 40th World Congress of Accountants in Sydney in 1972. After discussions and signature of approval by the three AISG countries and representatives of the professional accountancy bodies in Australia, France, Germany, Japan, Mexico and the Netherlands, the IASC was established in 1973. Sir Henry Benson was the first elected Chairman while Paul Rosen field was the first secretary of the IASC. By the beginning of the 21s century in only one of the nine original IASC countries Germany did even a relatively small number of listed companies used lASs to report to domestic Investors. The primary goal of IASC formation *was* to develop a single set of high quality lASs to replace national standards, Between 1973 arid 2001, the IASC issued 41 standard or IASs before it replaced by the International Accounting Standards Board IASB. All listed companies in France, Germany, the Netherlands and the UK and other 21 countries were mandated by the European commission to adopt IASs or the IFRSs from 2005. The Australian government and standard setter had put up an adoption policy of IAS by 2005. The US roadmap for adoption is 2014-2016; Canada and Japan are also considering convergence with IFRSs.

A Memorandum of Understanding (MOU) was signed between the United States FASB and IASB, towards the convergence of US GAAP and the IFRSs in 2002. In the Norwalk Agreement, both the FASB and IASB pledged their Joint commitment towards the development of high quality, compatible accounting standards for both domestic and cross border financial reporting. It is argued that charges made in the US GAAP can be expected to influence the international environment (Tarca, 2004). Gannon and Ashwal (2004) argued that the convergence efforts of the FASB and the IASB already have changed US. GAAP and more effects are expected as the efforts to narrow the differences between the IFRSs and US GAAP continue.

Institutions Fostering IFRS Adoption

On the international front, the World Bank, the International Monetary Fund (IMF), the G8, the G7 Finance Ministers and Central Bank Governors, International

Organization of Securities Commissions (IOSCO), Basel Committee on Banking Supervision (BCBS), the United Nations (UN) and the Organization for Economic Co-operation and Development (OECD) have publicly recommended the adoption of a single set of global accounting standards or the IAS. The US SEC Concept released in 2000 on the IASs also encouraged the convergence towards a high quality global financial reporting framework internationally that will enhance the vitality of capital markets. The European Commission saw in 2002 a common set of accounting standards as a critical pillar in building a united capital market in Europe (McCreevy, 2006). On the national level, many government and tax authorities want a global accounting standards to regulate and tax businesses that operate within their countries. In Nigeria, besides the government's readiness, the NASB, (now FRCN), Nigerian Stock Exchange, (NSE) and Central Bank of Nigeria (CBN) were among the major proponents for IFRSs adoption in 2012.

Basically, a country's accounting and disclosure system is part of its financial system and more generally its institutional infrastructure. This is geared towards the informational and contracting needs of the key parties in the economy and its role in corporate governance and the capital markets. Since the accounting system is complementary to other elements in the institutional framework, a fit between them is likely what results in different accounting system and infrastructural regimes across countries (Obaezee, 2007). The institutional framework impacts on the form and content of financial reporting (Zeff, 1972) and the use of international standard (Nobes & Parker, 1998, Zarzeski, 1996).

IFRS Adoption in Nigeria

The IFRSs is regarded as a global GAAP and a set of principles-based and globally accepted standard published by the IASB to assist those involved in the preparation of financial statements all over the world to prepare and present high quality, transparent and comparable financial statements. According to Akinmutimi (2011), the major strength of 1FRSs is that it" offers a lot of benefits to corporate and public entities in terms of cost; easy consolidation of financial statements; better management control of internal consistencies of reporting; improved access to global financial capital markets; ability of international investors to make meaningful comparisons of investment portfolios in different countries and promotion of trade within regional economic groups.

According to Izedonmi (2011), the need and feasibility for a uniform global financial reporting framework has been on for many years. He identified the following factors supporting the adoption of IFRSs: i) Continuous integration of world economy; ii) Increased interdependence of the international financial markets; iii) Absence of barriers of capital flows across national boundaries; iv) Increased mobility of capital across national boundaries; v) Multiple listing by companies in capital markets within and outside their home jurisdiction; vi) Demand by stakeholders for quality information and greater disclosures. More so, government policy may not be in support of international standards. Adams (2004) claimed that where an accounting standard conflicts with government policy, the standard is revised. For instance, LIFO is not allowable for tax purpose in stock valuation. Another problem inherent with the adoption of IFRSs is the universal tendency to resist change. Too often, cooperation comes only from compromise and sometimes to the detriment of quality (NASB, 2010).

After few years of vacillation, Nigeria in 2010 formally decided to align her financial and accounting computations and reporting standards with what obtains in most futuristic economies across the world by setting January 1, 2012 as the commencement date for corporate and public entities to adopt the IFRSs. Having weighted the challenges and benefits associated with IFRSs, some reporting entities in Nigeria especially those with global operations such as Deposit Money Banks and International Oil Companies have taken steps toward its development and implementation. To facilitate the adoption of IFRSs in Nigeria; the NASB, investors, commercial enterprises and government regulatory agencies, in collaboration with other professional bodies involved in financial reporting have organized series of workshops and seminars across the country as part of their efforts to create awareness about IFRSs project conversion. The implications of this decision are as numerous as they are profound. Akinmutimi (2011) stated that corporate entities need to build capacity to drive the process and revisit their operational and internal control systems. More so, the laws need to be amended and the transition processes need to be handled efficiently, effectively and professionally in order to sustain the confidence of users of accounting services on the confidence of users of accounting services on the skills of professional accountants.

Gambari (2010) stated that the successful adoption of IFRSs entails assessing technical accounting, tax implications, internal processes, and statutory reporting, technology infrastructure, and organizational issues. Furthermore, details of IFRSs 1……15 issued and adopted in Nigeria are as follows:

IFRSs1= First time adoption of international financial reporting standards
IFRSs2 =Share based payment
IFRSs3 = Business combination
IFRSs4 = Insurance contracts
IFRSs5 = Non-current assets held for sale and discontinue operation
IFRSs 6 = Exploration for and evaluation of minerals assets
IFRSs 7 = financial instruments: disclosure
IFRSs 8 = operating segments
IFRSs 9 = financial instruments
IFRSs 10 = consolidated financial statements
IFRSs 11 = joint arrangement
IFRSs 12 = disclosure of interest in other entities
IFRSs 13 = fair value measurements
IFRSs 14 = regulating deferred accounts
IFRSs 15 = revenue from contracts with customers

Benefits of IFRS Adoption

Most of the proponents of IFRSs advocated that its adoption will lead to: greater uniformity and comparability, lower cost of capital to companies and higher share prices (due to greater confidence of investors and transparent information), reduced national standard-setting costs, ease of regulation of securities markets, easier comparability of financial data across borders and increased FDIs and credibility of domestic markets to foreign capital providers and potential foreign merger partners. In a nutshell, it will facilitate easier international mobility of FDIs across national boundaries. For the multinational companies, it will help them to fulfill the disclosure requirement for stock exchanges around the world (Armstrong, Barth, Jagolinzer & Riedl, 2007, Covrig, Defond & Hung, 2007, Daske et al 2008).

In specific terms, adoption of IFRS has potential benefits that Nigeria stands to gain in the following areas:

(i) IFRS adoption will promote the compilation of meaningful data on the performance of various reporting entities at both public and private levels, thereby; encouraging comparability, transparency, efficiency and reliability of financial reporting in Nigeria.

(ii) It will enhance assurance of useful and meaningful decisions on investment portfolio in Nigeria. Investors can easily compare financial results of corporation and make investment decisions.

(iii) IFRS adoption will also attract more direct foreign investment (FDIs). Countries attract investment through greater transparency and a lower cost of capital for potential investors. For example, cross-border listing is greatly facilitated by the adoption of IFRSs.

(iv) It will enhance assurance of easier access to external capital for local companies.

(v) IFRS adoption will enhance reduction of the cost of doing business across borders by eliminating the need for supplementary information from Nigerian companies.

(vi) IFRS adoption will facilitate of easy consolidation of financial information of the same company with offices in different countries. Multi-nationals companies avoid the hassle of restating their accounts in local GAAPs to meet the requirements of national stock exchange and regulators, making the consolidation of accounts of foreign subsidiaries easier and lowering overall cost of financial reporting.

(vii) IFRS adoption will facilitate easier regulation of financial information of entities in Nigeria.

(viii) IFRS adoption will enhance knowledge of global financial reporting standards by tertiary institutions in Nigeria.

(ix) Additional and better quality financial information for shareholders and supervisory authorities.

(x) Government to be able to better access the tax liabilities of multinational companies.

Challenges of IFRS Adoption in Nigeria

With all the beauty of IFRS adoption, it doesn't come without some practical challenges that are faced in Nigeria. These challenges have been evidenced by previous studies conducted by scholars such as: (Alp & Ustundag, 2009): potential knowledge shortfall (Li & Meeks, 2006); legal system effect (Shleifer & Vishny, 2003); tax system effect (Irvine & Lucas, 2006); education and training, (Martins, 2011); enforcement and compliance mechanism. The challenges are discussed as follows:

(i) Level of awareness campaign

The transition plan to IFRSs and its implications for preparers and users of financial statements, regulators, educators and other stakeholders have to be effectively coordinated and communicated. This should include raising awareness on the potential impact of the conversion, identifying regulatory' synergies to be derived and communicating the temporary impact of the transition on business performance and financial position. The implementation of IFRSs requires considerable preparation both at the country and entity levels to ensure coherence and provide clarity on the authority that IFRSs will have in relation to other existing national laws.

(ii) Shortage of Manpower for adoption

Practical implementation of IFRSs requires adequate technical capacity among preparers and users of financial statements, auditors and regulatory authorities. Countries that implemented IFRSs faced a variety of capacity-related issues, depending on the approach they took. One of the principal challenges Nigeria may encounter in the practical implementation process, shall be the shortage of accountants and auditors who are technically competent in implementing IFRSs. Usually, the time lag between decision date and the actual implementation date is not sufficiently long to train a good number of professionals who could competently apply international standards.

(iii) Lack of training resources

Professional accountants are looked upon to ensure successful implementation of IFRSs. Along with these accountants, government officials, financial analysts, auditors, tax practitioners, regulators, accounting lecturers, stock-brokers, preparers of financial statements and information officers are all responsible for smooth adoption process. Training materials on IFRSs are not readily available at affordable costs in Nigeria to train such a large group which poses a great challenge to IFRSs adoption.

(iv) Need for amendment to existing laws

In Nigeria, accounting practices are governed by the Companies and Allied Matters Act (CAMA) 1990, and the SAS issued by the NASB and other existing laws such as "Nigerian Stock Exchange Act 1961, Nigerian Deposit Insurance Act 2006, Banks and Other Financial Institution Act 1991, Investment and Securities Act 2007, Companies Income Tax Act 2004, Federal Inland Revenue Services Act 2007. All these provide some guidelines on preparation of financial statements in Nigeria. IFRSs do not recognize the presence of these laws and the accountants have to follow the IFRSs fully with no overriding provisions from these laws. Nigerian law makers have to make necessary amendment to ensure a smooth transition to IFRSs.

Summary and Conclusion

This study deduced that the difference that hitherto existed in financial reporting practices across the globe, ranging from countries to regions, coupled with the growth of Multi-National Corporations (MNCs), globalization and trade liberalization stimulated the development of International Financial Reporting Standards (IFRS). Two main globally recognized bodies; the International Accounting Standards Board (IASB) based in United Kingdom and the Financial Accounting Standards Board (FASB) based in the United States of America met in 2002, to deliberate on the adoption of the IFRS, which came to be known as the Norwak agreement 2002. The adoption of IFRS was seen as an application of a common "language of business," across the globe. Prior to the adoption of IFRS in Nigeria, the statement of accounting standards (SASs) was popularly perceived to be incomplete because there are many accounting issues not covered in it, which was addressed by the IFRSs. This paper also discussed concepts related to IFRS, benefits and challenges facing IFRSs adoption in Nigeria.

In conclusion, the paper revealed that adoption of IFRSs has significant benefits of Promoting the compilation of meaningful data on the performance of various reporting entities; enhance assurance of useful and meaningful decisions on investment portfolio in Nigeria; attract more direct foreign investment (FDIs); enhance assurance of easier access to external capital for local companies; enhance reduction of the cost of doing business across borders; facilitate of easy consolidation of financial information of the same company with offices in different countries and so on. Though not without challenges which ranges from lack of awareness campaign; shortage of Manpower for adoption; lack of training resources and need for Amendment to existing laws. In view of the foregoing background, this paper recommends that despite its challenges, IFRS adoption sought to address globally and locally, issues related to divergence in financial reporting practices. Hence, regulatory body such as the Financial Reporting Council of Nigeria (FRCN), should set up a committee that would be charge with a responsibility of checking the activities of listed companies to ensure timely and compulsory implementation of IFRS in all sectors of the Nigerian economy.

Frontiers for Further Studies

Despite the insights this research has made in relation to adoption this paper suggests lines of enquiry for further research in this area should encouraged by Universities, Polytechnics, Colleges of Education and Research institutions in Nigeria. And research variables or other performance indicators need to be established that may test the effects of IFRSs adoption in Nigeria.

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CHAPTER FIVE

PHYSIOLOGY OF CRIME AND URBAN WELL BEING: THE COST BENEFIT TECHNIQUE

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Abstract

Our cities are changing every day and the Estate Surveyor & Valuer is at the centre of it all. He is there when the city is being planned, develops and even falls sick. He recommends appropriate therapies and may be the one to administer the medicine. Thus he is expected to know the underlying factors and forces that propel the city to remain sustainable, secure and crime free. Crime is prevalent in the world today. Notwithstanding the angle from which it is examined, crime represents a premeditated and actionable act from one against the other intended to deprive, cause harm and even in the extreme reduce the quality of life of the other. Crime is exogenous and in its very essence dwindle the integrity of the party committing the crime while at the same time reducing the outlook to life of the party affected. This paper examined the cost - benefit technique of assessing crime in our cities. It analyzed the physiology of crime and critically investigated its relationship with urban wellbeing as well as its social and economic indicators. The paper is of the opinion that crime and insecurity in our urban environment is a reflection of the human discontent over the recalcitrance of our leaders to pay heed to the quality of life of citizens. The paper concluded that through the cost –benefit technique, the Estate Surveyor & Valuer is equipped empirically to formulate plans and policies that will enhance the quality of life of people and improve urban wellbeing.

Keywords: City, Crime, Deprivation, Urban well-being, Policies.

Background to the Study

The city which is synonymous with the urban environment is a concentration of people from different nationalities, tribes and tongues. It develops as a result of a variety of functions such as industry, finance and administration but basically as a result of economic processes that determine land use patterns; social processes such as segregation and administrative processes such as planning. No city is perfect no matter how well planned. Notwithstanding the foregoing however, it is expected that a city should be sustainable which non-the-less presupposes that there should be a good mix of land uses, good infrastructure services and other quality of life indicators such as parks and green spaces. Collectively, these could be categorized as constituting physical planning which Witzling (1979) defines as the spatial distribution of goals, objects, functions and activities in urban areas. According to Okoronkwo (2007) physical planning is the bolts and nuts of the way the built environment is conceived as it determines the spatial distribution of human actions and conditions to achieve predetermined goals (Catanesse, 1979). Studies have proved that crime rates are higher where physical planning was not considered appropriately.

City, Crime and Insecurity

Our cities today, contain more people than is appropriate for them. Freud (1977) argued that civilization is to blame as it guarantees discontent with its institutional restraints and the repression of human nature. The basic assumption is that the urban setting with its abundance of wealth and goods provides ample opportunities for various types of crimes. Freud's vision of the human condition suggests that man by nature is destructive and could be very dangerous when organs of government pay no heed to better the quality of life of the citizens. Acts of violence of anti-social nature are almost of infinite variety – homicide, vandalism, arson, looting, burglary, larceny, destructive rage and other expressions of essentially irrational urge to strike at someone or something. This is the cost of urbanization and the wrath within. In Marrakech (Orwel, 1981) the situation of urban living came to the fore

> *.... when you walk through a town like this, two hundred thousand inhabitants of which at least twenty thousand own literally nothing but the rags they stand up in; when you see how people live, and still more how easily they die, it is always difficult to believe that you are walking among human beings.*
>
> *.... They are only allowed to own land in restricted areas and after centuries of this kind of treatment, they cease to bother about overcrowding. As a matter of fact, there are thirteen thousand of them all living in a space of a few acres.*

> *.... Many of the streets are a good deal less than four feet wide, the houses are completely windowless, and sore eyed children cluster everywhere in unbelievable numbers like cloud of flies. Down the centre of the street, there is generally running a little river of urine....*

In almost all cities of the world, the picture depicted by Orwel (1981) is replete with its attendant subterfuges and variations. Terrorism and other forms of crimes and criminality have arisen due to the vulnerability of our modern civilization. Indeed, as Singh (1977) observed, today's urban guerrillas view the modern city as the battle ground. Merighella (1986) exhibited considerable insight into the delicate nature and the interrelationship of vital services in our modern cities. He also provided detailed list of terror tactics and their most efficient usage including but not limited to political kidnapping, selective assassination, bombings, high jacking and robbery. The dominant forms of crime and insecurity today reflects the politics of our time. Just as the national independence movements were the natural products of colonialism, these forms of crime and insecurity symbolize resistance against discrimination, exclusion, suppression and abusive power and privileges all too common and manifest in the social, economic, ethnic, cultural and political environment of our society. These are exacerbated by our politicians, technocrats, bureaucrats, and professionals of all categories who are equipped technically and academically to synthesize and guarantee the quality of life of the people. They are the voters, political office holders, business elites, organized labour, citizen organizations and interest groups who constitute the principal protagonists in the urban political process.

Physiology of Crime and Urban Well Being

Crime is classified by the Nigerian Police Force (NPF) and the Directorate of Military Intelligence (DMI) into violent and property crimes. While violent crimes are those against persons and include homicide, rape, assaults (with the intention to maim or kill whether or not dangerous weapon is used) and robbery (the taking of property from a person by use or threat of force with or without a weapon), property crimes do not involve threats or actual injuries to persons but include burglary, theft and larceny. Crime rates are higher in urban areas than rural because of undue concentration of wealth, people and poverty in urban areas. It has been proved that the higher a community's income, the more goods there are and the more valuable are the goods available to be stolen. Our urban areas contain a greater number of affluent people in the society as well as the society's poor. It is therefore not surprising that urbanization, crime and poverty go hand in hand. An examination of crime statistics indicates that most crime is economically motivated in the sense that the objective of committing the crime is to acquire property including money in order to enhance the criminal's standard of living. Other reasons for committing crime include hatred, envy, jealousy and the desire to act irrationally not knowing whatever the outcome may be. Although studies Pardini (2003), Olds (2006), Raine (2013), have identified that certain brain characteristics may predispose some people to violence, the preponderance of opinions is that crime has its causes, costs and benefits.

Okoronkwo 2011 is of the opinion that notwithstanding the psychiatric background of most criminals, committing crime shows and tilts towards discontent with the way things are in the society. The Nigerian example is pathetic. Though Nigeria is one of the richest countries in Africa the economic condition of the people is appalling. Unemployment is so perverse that the government is urging university graduates to establish their own small scale businesses rather than expect government employment. Out of frustration many graduates are turning to menial jobs such as refuse collection with push carts, vulcanizing and commercial motor cycling among other things to support their families. Manufacturers have warehouses of unsold stock because people cannot afford to buy. Foreign currencies especially the Dollar, Pound and Euro are exchanging so exorbitantly against the Naira thereby further decreasing the purchasing power of citizens. Inflation which in 2017 stood at 9.98% rose to 11.4% in 2018 according to the Central Bank of Nigeria (CBN) and is expected to rise to 13.4% in 2019 according to the International Monetary Fund (IMF). As overcrowded as most of our cities are, people still leave our rural areas for the city in search of better prospects. Men and women roam the streets begging for arms in the belief that urban misery is better than rural woes. People are dying of curable diseases because there are no hospitals and the few available charge unusually high rates. This has been the case that African Development Bank confirmed Nigeria as a country where about seventy percent (70%) live below one dollar (US$1) a day. Nigeria is an archetype of “Rich Country, Poor Citizens”.

The relationship between crime and urban well being is better understood by examining quality of life as a precise indicator. This is a term used to denote a measure of how the city fulfils its primary function of providing a living, safe and prosperous environment for its inhabitants. Jacobs (1989), having once portrayed the city as an inherently human space where sociability and friendliness are a natural consequence of social and economic organizations within the neighbourhoods provided a yardstick for measuring the quality of life. Smith (1975), further developed criteria for social well being and variables for the study of the quality of urban life. Knox (1978) improved on this by weighting the indicators according to prevailing local values. Okoronkwo (2006) adjusted the indicators for the Nigerian situation.

The assessment of quality of life is usually based on the domains of life – health, housing, employment opportunities, education, income and consumption, leisure, social and political participation, and access to amenities, environmental quality, social stability and more importantly personal security. The quality of life of a people determines their social economic status. Where the quality of life is high, social economic status is high and crime is less. Where quality of life is medium, social economic status and crime are average. Where however the quality of life is low, social economic status is also low while crime is high. To prevent crime therefore plans should be formulated and implemented to increase the social economic status of the people. The first step in this process is the examination and determination of the social costs and benefits of crime such that an efficient allocation of the country's resources to crime prevention could be achieved. Once efficiency is attained, attempts to lower the amount of crime further would decrease the country's benefits while additional costs would exceed the additional benefits generated. This is essentially the basics of the cost benefit technique.

The Cost Benefit Technique

The duty of the Estate Surveyor & Valuer is not only to ensure that the city is ordered and sustainable but also that it is safe to prosper its inhabitants. To perform this assignment appropriately, the Estate Surveyor & Valuer must be aware of the costs and benefits associated with crime and criminality. The cost of crimes against persons is obviously difficult to measure especially where the crime is grave such as murder. One way to approach the measurement problem is to estimate the loss of production caused by crime. Where for instance aggravated assault causes a loss of work to the victim, part of the cost of the crime can be measured by loss in wages. There may also be measurable costs such as medical bills as well as un-measurable costs such as pain suffered by the victim and his family. There may be permanent injury and a reduced ability to work (a loss of human capital) in which case the present value (PV) of future wage losses may be considered. Other crimes could be assessed accordingly. Arson results in the destruction of physical capital thus reducing society's total resources. Theft of money or property may be regarded as a forced redistribution of income and property. Shoplifting results in an increase in the prices paid for goods and services and thus a decrease in the purchasing power since the affected outfits must recoup losses or increase the amount of security and insurance. Car theft increases insurance rates, etc.

Crime has its benefits. This may seem ridiculous but true. If crime is not beneficial, no one will indulge in it. The benefits to individual criminal are the expected gains (income) from committing criminal acts. Depending on the criminal's preferences, the private benefits may be greater or less than the income received from the crime. The private benefits will be higher if the criminal receives satisfaction from committing the crime itself. They will be less if the criminal feels guilty about spending his illegally obtained income. The benefits from each additional criminal act referred to as the marginal private benefit (MPB) are weighed against expected costs of the act – marginal private cost (MPC). Where the marginal private cost (MPC) exceeds marginal private benefits (MPB) and the criminal is rational with full knowledge of the costs and benefits involved, he will be deterred from committing a crime.

Presentation and Analysis of Data

In the presentation following field data were obtained between 2009 and 2014 that is, five (5) years. The following assumptions were made in the analysis

a) Income tax and interest accumulation is at 25%
b) Annual income (MUSA) N250,000 per annum that is a little above N20,000 per month.; (OGHENA) N1,250,000 per annum that is a little above N100,000 per month; and (BAYO) N600,000 per annum that is N50,000 per month.
c) 5% personal discount rate
d) All characters used in the analysis are fictitious although they represent Nigerians
e) The three most thriving crimes were examined – robbery, kidnapping and assassination.

Table 1: Bank Robbery (Musa)

S/No.	Description	Value (N)
1	PRIVATE BENEFITS A. Expected value of money received from armed bank robbery	6,000,000
2	PRIVATE COSTS	
	i) Probability of getting caught	0.5
	ii) Probability of conviction	0.6
	iii) Probability of being arrested and convicted	0.3
	iv) Expected jail term	10 yrs
	v) Annual forgone earnings from legal occupation while in prison	250,000
3	B. Undisclosed private costs {(i) x (ii) x (iv) x (v)} or {(iii) x (v)}	750,000
4	PERSONAL DISCOUNT RATE	5%
	C. Present Value (PV) of private costs at the personal discount rate (0.77283 x 750,000	579,750
5	UNDISCOUNTED NET PRIVATE BENEFITS (A– B)	5,550,000
6	NET PRESENT VALUE (PV) OF NET PRIVATE BENEFITS (A – C)	5,420,250

Table 2: Kidnapping (Oghena)

S/No.	Description	Value (N)
1	PRIVATE BENEFITS A. Expected value of money received from armed bank robbery	3,000,000
2	PRIVATE COSTS	
	i) Probability of getting caught	0.5
	ii) Probability of conviction	0.6
	iii) Probability of being arrested and convicted	0.3
	iv) Expected jail term	10 yrs
	v) Annual forgone earnings from legal occupation while in prison	1,250,000
3	B. Undisclosed private costs {(i) x (ii) x (iv) x (v)} or {(iii) x (v)}	3,750,000
4	PERSONAL DISCOUNT RATE	5%
	C. Present Value (PV) of private costs at the personal discount rate (0.77283 x 750,000	2,898,113
5	UNDISCOUNTED NET PRIVATE BENEFITS (A– B)	750,000
6	NET PRESENT VALUE (PV) OF NET PRIVATE BENEFITS (A – C)	851,887

Table 3: Political Assassination (Bayo)

S/No.	Description	Value (N)
1	PRIVATE BENEFITS	1,000,000
	A. Expected value of money received from armed bank robbery	
2	PRIVATE COSTS	
	i) Probability of getting caught	0.5
	ii) Probability of conviction	0.6
	iii) Probability of being arrested and convicted	0.3
	iv) Expected jail term	10 yrs
	v) Annual forgone earnings from legal occupation while in prison	600,000
3	B. Undisclosed private costs {(i) x (ii) x (iv) x (v)} or {(iii) x (v)}	1,800,000
4	PERSONAL DISCOUNT RATE	5%
	C. Present Value (PV) of private costs at the personal discount rate (0.77283 x 750,000	1,391,094
5	UNDISCOUNTED NET PRIVATE BENEFITS (A– B)	-800,000
6	NET PRESENT VALUE (PV) OF NET PRIVATE BENEFITS (A – C)	-391,094

Discussion of Findings

Table 4: Marginal benefits and costs of specific criminal acts

S/NO.	CRIMINAL	INCOME P/A	BENEFITS	COSTS	NET PRESET VALUE
1	Musa (Bank Robbery)	250,000	6,000,000	750,000	5,420,000
2	Oghena (Kidnapping)	1,250,000	3,000,000	3,750,000	851,000
3	Bayo (Assasination)	600,000	1,000,000	1,800,000	-391,094

Source: Field work and analysis

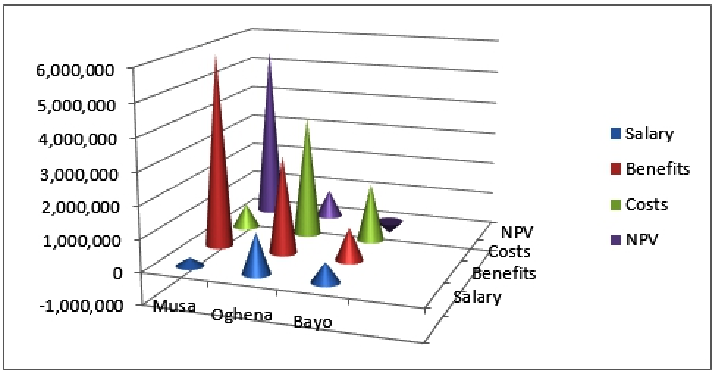

Fig 1: Marginal benefits and costs of specific criminal acts.

It is clear from the foregoing that

a) Considering the annual income of MUSA in the sum of N250,000.00 (Two Hundred & Fifty Thousand Naira) it is obvious that he is a poor man. The benefits of committing the crime are enormous compared with the associated costs (Table 1). All things being equal therefore, MUSA would commit the crime.

b) OGHENA earns an appreciable income using Nigeria's standards. His private costs of being involved in kidnapping are greater than the expected benefits (Table 2). OGHENA would rather not get involved.

c) BAYO is neither that poor nor well off. He earns just N50, 000.00 per month. This amount represents what most Nigerians earn. BAYO would either be involved in the crime of assassination or refrain from getting involved in the crime.

An important scenario in our analysis is the realization that most crimes are related to the causes and symptoms of poverty. People like MUSA who have low stock of human capital have much less to loose from committing crime than those who have higher legal earnings and other opportunities. Crime is therefore expected in an environment with large number of members of the society with lower opportunity costs of committing crime. Furthermore, people with higher discount rates will not find crime attractive because the result will be a negative Net Present Value (NPV).

Conclusion and Recommendations

Crime in any society is a reflection of planning, organization and governance. The Estate Surveyor and Valuer finding himself as the coordinator, organizer and controller of the economic dome of a society should embrace his responsibility appropriately and see to it that the social, economic and political life of citizens are well catered for through orderly development of infrastructures in a way that a high degree of quality of life is attainable. The cost benefit technique offers the platform for the examination and determination of the social costs and benefits of crime such that an efficient allocation of the country's resources to crime prevention could be achieved.

Having thoroughly examined the physiology of crime and urban well being it is recommended that a country as crime bedeviled as Nigeria should

a) Implement an innovation-driven strategy and promote economic restructuring and upgrading. This is important if we should give the youths a sense of belonging and tactful engagement.
b) Enhance the capability for independent innovation by relying on universities and research institutions to take various measures through international cooperation, military and civilian integration in quickening the pace of industrialization of scientific and technological wares.
c) Seek coordinated development and promote the construction of a new-type of urbanization. This could be achieved through appropriate urban and rural planning, construction and management; while building a smooth and convenient transportation system in our cities.
d) Build prosperous cities with a culture of vitality by elevating the scientific and cultural quality of its residents, as well as their spiritual enrichment too. It is important to cultivate the core values of democracy among the inhabitants and strengthen their ideological and moral enrichment.
e) Improve people's livelihoods by letting them share the fruits of development; implement people-centered development thinking and safeguard people's basic livelihoods, while enhancing the basic public services thus letting residents live happier and more prosperous lives.
f) Engage our women wholesomely. As the engine of every successful economy women must take the front seat in actualizing an improved socio economic status. They do not belong to the kitchen and the other room but everywhere. Women must be recognized and encouraged else we are doomed.

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CHAPTER SIX

A REVIEW OF ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA: AN ISSUE FOR EMPLOYMENT AND POVERTY ERADICATION

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Abstract

Over the years, the level of government interest in entrepreneurship and small business development as potential solutions to flagging economic growth and rising unemployment has increased. One of the most crucial challenges facing Nigeria economy today is the formulation of effective policy measure that will drastically reduce unemployment and poverty. The objective of this study is to examine entrepreneurship development in Nigeria and point out various opportunities abounds in entrepreneurship practice. The study adapts a qualitative contents analysis; the researchers develop themes relevant to entrepreneurship. The major sources of the data were from a vast array of relevant literatures that deals with entrepreneurship. It was recommended that the development of entrepreneurship should be seen as a basic criterion for economic revitalization and creation of employment.

Keywords: Poverty, Entrepreneurship, Unemployment, Development, Economy.

Background of the Study

The desire to stimulate economic and job growth via the application of entrepreneurship and innovation has been a common theme in government policy since at least the 1970s. The origins of this interest can be traced back to the report produced by Professor David Birch of MIT "the job generation process" that was published in 1979. A key finding from this work was that job creation in the United States was not coming from large companies, but small independently owned business. It recommended that government policy should target indirect rather than direct strategies with a greater focus on the role of small firms. Today, starting and owning one's own business is no longer perceived as activities for those who are culturally, socially or educationally disadvantaged, but as an attractive route to the success, wealth creation, independence and fame. As such the need for entrepreneurship development for economic development of a nation. Job creation in Nigeria today is a hot topic. The new regime give speeches about it, citizens protest about it, and government officials scratch their heads about how to get back to work. Still, company-wide layoffs and lack of innovation have displaced many Nigerians. The question that begs for answers is: how do we solve Nigeria's growing unemployment problem? One word that repeatedly comes up during these discussions is entrepreneurship.

According to the World Bank's World Development Report 2013, around 600 million new jobs will be required in the next 15 years to support a growing workforce. It is important to note that in most emerging economies, 9 out of 10 jobs are created by private sector, which is the foundation of any thriving economy. In the coming years, developing countries must rebalance their economies towards great domestic consumption, import demand and higher value business activity and hence, entrepreneurship is vital to the future of developing countries. The final communiqué of the 2014 G20 leaders' summit called for enhanced economic growth that could be achieved by the "promotion of competition, entrepreneurship and innovation". There was also a call for strategies to reduce unemployment, particularly amongst youth, through the "encouragement of entrepreneurship". Over the past 35 years the level of government interest in entrepreneurship and small business development as potential solutions to flagging economic growth and rising unemployment has increased. It helped to spawn a new field of academic studies and research of this nature.

Statement of the Problem

One of the most crucial challenges facing Nigeria economy today is the formulation of effective policy measures that will drastically reduce unemployment and poverty. The inability of government at various levels to tackle the problem of unemployment has made this government to popularize the saying that "government alone cannot produce jobs for everybody, and people should learn to be self-employed". It is apparently clear that no country would allow this episode of unemployment to uninterruptedly proceed without mitigation.

The Objectives of this Study are

i. To examine entrepreneurship development in Nigeria.
ii. To point out various opportunities abounds in entrepreneurship practice.
iii. To examine the challenges hindering entrepreneurship development.
iv. To recommend solution necessary to curb the issue of unemployment.

Research Methodology

The study used secondary data and the major sources of the data were from a vast array of relevant literatures that deals with entrepreneurship and marketing. Therefore, books, published and electronic materials, journals, seminar paper and other related materials related to the study were used. This enables the researchers to use both deductive and inductive reasoning to arrive at conclusion.

Literature Review

Many countries of the African continent see the development of entrepreneurship as the only way of achieving industrialization and economic development. As a result, they are making serious efforts to ensure the development of indigenes entrepreneurship. Entrepreneurship is the involvement of an individual or a group of individuals in innovation, risk bearing and organization, for the purpose of establishing a venture, managing it to fruition and reaping the resultant benefit (Ottih, 2011). Entrepreneurship comprised of the entrepreneur, entrepreneuring and enterprise. The entrepreneur is the individual or group of individuals who combines resources based on new ideas so as to add value to a new/existing product and/or add innovation in services rendered. Entrepreneuring is the entrepreneurial process in entrepreneurship development, while the enterprise is the outfit through which the products/services and delivered to the society (Kenneth and Godday, 2011). Hisrish (2002) view entrepreneurship as the process of creating something different with value by devoting the necessary time and effort assuming the accompanying financial, psychological and social risk; and receiving the resulting reward of monetary and personal satisfaction.

This means that Entrepreneurship is the visualization and realization of new ideas by individuals, who are able to use information and mobilize resources to implement their visions. This view does not require entrepreneurs to be highly skilled in generating new ideas, but instead emphasizes promotion and implementation of radical change. Although entrepreneurs who excelled in this endeavour often are highly creative, they just as often base their entrepreneurship on the ideas of others. At the same time, entrepreneurs with original ideas of their own are usually highly motivated to succeed, but whether they do so depend on their ability to market their ideas, and well as their sensitivity and openness to other people's view points and challenges of the economic environment.

Small Business

Thurik and Wennekers (2004) argue that entrepreneurism is as important as 'small business' concluding that entrepreneurship is acknowledged as a driver for economic growth, competitiveness and job creation, and that governments' central role in entrepreneurialism for the economy is by its very nature, enabling. Nkamnebe (2011) liberally and loosely defined a small business as a business with limited scope of operation resulting from smallness' of capital, workforce,' knowledge or resource base among others. In like manner, entrepreneurship is loosely defined as the act of seeing and acting on opportunities before others with ability to take appropriate risks. Entrepreneurship is not necessarily synonymous with small business as it can occur in even larger business. But since entrepreneurship often leads to new venture creation usually in the form of small business, some perspectives tend to see both constructs to be the same or at least highly related. Ossai, (2008) defined entrepreneurship as the process of creating some new or different values by devoting the necessary time, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of most personal satisfaction. Dollinger (2008) sees entrepreneurs as those who have insatiable desire for accomplishment of anything that fascinates their minds (idea) which requires single mindedness and an obstinate refusal to give up; even when the situation looks impossible. They are those who see visions and translate their visions into economic and commercial activities that are capable of enhancing the well-being of the citizens. Indeed, they are persons with over-riding will to engage in economic and commercial activities that of benefit to the society, without regard to the difficulties that are encountered.

Poverty and Unemployment

Unemployment occurs in the economy if there are people who are capable of working and who are qualified by age, law, custom and other factors to work but who cannot find job. Hence, the degree of unemployment varies from country to country. The higher the unemployment rate in an economy, the higher the poverty level and associated welfare challenges. This is in agreement with Central Bank of Nigeria (1991) which view poverty as a state where an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter, is unable to meet social and economic obligation, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, and sanitation; and consequently has limited chance of advancing his or her welfare to the limit of his or her capabilities. The term unemployment could be used in relation to any of the factors of production which is idle and being utilized for production. However, with reference to labour, there is unemployment.

It is not possible to find job for all citizens who are eligible and able and willing to work. Unemployment refers to a situation where people who are willing and capable of working and unable to find suitable paid employment (Fajana, 2000). A cursory look around Nigeria will readily bring one face-to-face with poverty at its peak. With deteriorating standard of living, per capital income, GNP and GDP etc; there is, therefore, no gainsaying the fact that poverty is a stark reality in Nigeria. The economic health of a nation generally depends on its GDP performance. Entrepreneurs, through the jobs and businesses they create are vital to the GDP equation. Having a healthy economy makes people confident to invest, live and work in that place even in terms of recession.

Opportunities Created by Small and Medium Enterprises Development Agency (SMEDAN) for Entrepreneurship Development

1. **Entrepreneurship Development Programmes:**
   The Agency organized a fish culture forum in collaboration with other government agencies. And also organized capacity Building programme on fish farming, Bee-Keeping/Honey processing, hats and Beads, poultry farming, waste recycling and snail farming for prospective entrepreneurs. The objectives of the programmes were to create awareness of business opportunities in those areas; impart on prospective entrepreneurs the basic knowledge/principles of the business; prepare prospective entrepreneurs for effective business entry and lead them to practical demonstration of certain aspects of the business.

2. **Faith-Based Initiative for SME Development:**
   Under the faith-based initiative, the agency introduced in 2005 a scheme that is expected to trigger entrepreneurial activities among various religious groups. Efforts to promote entrepreneurship through this initiative were intensified.

3. **Cluster Development:**
   The pivot of the programme is the co-location of different size of enterprises within a geographical location. This affords the enterprises the opportunities to pool resources in order to reap the benefits of economy of scale, gain knowledge spill-over, specialize skills and achieve greater innovation capabilities. The cluster study that was earlier conducted by the Agency was one of the bases of deployment of BDSPs to specific locations across the country. These clusters are: Kano leather, Aba footwear, Abeokuta and Oshogbo tie and dye, Aba Garment and fashions; and Otigba information and technology cluster. An aggressive cluster development programme was pursued to facilitate the establishment of new clusters around the country.

The Agency embarked on a strategic action of developing enterprise clusters at different parts of the country. The rationale behind it is that working with MSMEs located within a cluster allows the Agency to impact on a larger group of entrepreneurs than dealing with individual enterprises. To this end, the Agency commenced Business Development Service with the following clusters:

i. The Aba garment cluster
ii. The Bida/Baddegi rice clusters
iii. The Otigba computer village
iv. The Nnewi auto parts cluster
v. Fish clusters in Akwa Ibom and Cross River States

4. **Business Development Service Provisions (BDSP):**
   In line with the mandate of the Agency to provide Business Development Services (BDS) to Micro, Small and Medium Enterprises (MSMES). Business Development Service providers (BDSPs) were appointed and assigned to specific locations to mentor, counsel, provide entrepreneurship training, information on markets machinery or equipments to micro, small and medium enterprises (MSMEs).

5. **Manpower Development and Training:**
   The agency believes in sharpening the skills and developing the competence of its staff to deliver the much needed services in this regard, international training programmes, workshops, seminars and conferences were attended by its staff.

6. **Corpers Entrepreneurship Programme (CEP):**
   The programme aims at equipping graduates from tertiary institutions of learning with entrepreneurial competence and requisite skills to effectively start-up and run an enterprise profitably.

Empirical Studies

Anyadike, Emeh and Ukah (2012) studied entrepreneurship development and employment generation in Nigeria. It was concluded that unemployment should be eradicated through remodeling of curriculum in school, and practical teaching. Mbam and Nwibo (2013) studied entrepreneurship development as a strategy for poverty alleviation among farming households in Igboeze North Local Government Area of Enugu State Nigeria. The findings reveal that the development skills among the farmers were constrained by inadequate market opportunities, poor access to credit facilities and inadequate market information.

Ezegbe (2013) carried out a study on the effect of poverty alleviation among Nigerian youths via entrepreneurial education. The study found that there is relevance of entrepreneurship education in alleviating poverty among Nigerian youths and the challenges inherent in the implementation of entrepreneurship education in Nigeria. Raomi and Sofoluwe (2013) researched on entrepreneurship education and stimulation in Nigeria. The study found out that entrepreneurship development could be effective tools for poverty reduction, stimulating employment as well as fast tracking realization of universal primary education and promoting gender equality.

Challenges

From the empirical studies it could be seen that entrepreneurship have not made the desired impact on the Nigerian economy inspite of all the efforts and support of succeeding administrations and government this gives a cause for concern. It underscores the belief that there exists fundamental issues or problems, which confront entrepreneurs but which hitherto have either not been addressed at all or have not been wholesomely tackled.

In the developed countries, the environment is almost ideal for entrepreneurship. Similarly, the presence of aggressive entrepreneurs has made the society in these countries realize their vital importance in economic advancement. Unfortunately in most less developed nations like Nigeria, the role of entrepreneurship in the progress of the country has not been fully realized (Ndubuisi, 2004). A review of literature and empirical studies reveals the following problems which are enormous, fundamental and far-reaching:

1. High incidence of multiplicity of regulatory agencies, taxes and levies that result in high cost of doing business and discouraged entrepreneurs. This is due to the absence of a harmonized and gazette tax regime, which would enable manufacturers to build in recognized and approved levies and taxes payable.
2. Lack of suitable training and leadership development. In spite of the fact that training institutions abound in Nigeria, they rarely address the relevant needs of entrepreneurs especially in the areas of Accounting, marketing, information technology, technological process and development, international trade, administration and management of entrepreneurs. Essentially, entrepreneurs are left most often on their own to take out success amidst the avalanche of operational difficulties inherent in the Nigerian environment as well as the operational shortcoming which characterize institutions set up to facilitate entrepreneurs.
3. Arbitrary changes in the administration of law by the government which spread the elements of uncertainty among entrepreneurs.
4. Lack of scientific and technological knowledge and know-how, i.e the prevalence of poor intellectual capital resources, which manifest as:-
    a. The inability to penetrate and compete favourably in export markets either because of poor quality of products, ignorance of export market strategies and networks or lack of appropriate mechanism and technology to process, preserve and package the products for export.
    b. Lack of equipment, which have to be imported most times at great cost (capital flight) and which would require expatriate skills to be purchased at high costs.
    c. Inability to meet stringent international quality standards, a subtle trade barrier set up by some developed countries in the guise of environmental or health standards.

d. Lack of process technology, design, patents, etc. which may involve payment of royalties, technologies transfer fees, etc and heavy capital outlay.

5. Lack of easy access to funding/credits, which can be traceable to the reluctance of banks to extend credit to them owing, among others, to poor and inadequate documentation of business proposals, lack of appropriate and adequate collateral, high cost of administration and management of small loans as well as high interest rates.
6. Widespread corruption and harassment of entrepreneurs by some agencies of government over unauthorized levies and charges.
7. Lack of appropriate and adequate managerial and entrepreneurial skills with the attendant lack of strategic plan, business plan, succession plan, adequate organizational set-up, transparent operational system etc. on the part of many entrepreneurs in Nigeria. As fallout of this, many entrepreneurs purchase obsolete and inefficient equipment thereby setting the stage abinitio for lower level productivity as well as substandard product quality with repercussion on product output and market penetration and acceptance.
8. Weakness in organisation, marketing, information-usage, processing and retrieval, personnel management, accounting records and processing, etc. arising from the dearth of such skills in most entrepreneurs due to inadequate educational and technical background on the part of the entrepreneurs.
9. Inadequate, inefficient and at times, non-functional infrastructural facilities, which tend to escalate cost of operation as entrepreneurs are forced to resort to private provisioning of utilities such as water, electricity, transportation communication among others.

Creating Jobs

Entrepreneurs can create jobs as they make their efforts into the creation of small businesses. Aside from providing products, services, and technologies that fill industry gaps, they have the opportunity to lessen unemployment and have an impact on our society as a whole starting with their local community. Onmonya (2011) assert that "Entrepreneurship leads to creation of new values, fashion, taste and preference. Every year, a new design emerges; new or existing products and services are being developed or modified with greater value; customers are satisfied, boredom or familiarity is minimized. A new fashion, a new drug, new electronic device or automobile with many features, a new communication system, new brand of soft drink, new form entertainment, new home video, new dancing style and so on".

Borrowing from this view, a company with an innovative idea has the power to stimulate the economy and create opportunities for Nigeria Labour force. The effort of entrepreneurs and small business owners may not be a quick fix to unemployment, but their innovation can lessen unemployment in the long run.

Conclusion

In conclusion, the development of entrepreneurship should be seen as a basic criterion for economic revitalization and in creation of employment, increase in gross national product and creation of variety of goods, will go along to improve the standard of living in the nation.

Recommendations

In this regard, this study made the following recommendation:

1. There is need to cultivate a better entrepreneurial culture among the Nigerian populace. Positive perception should be encouraged by public towards local products. While the entrepreneurs should also try and produce quality products in every circumstance.
2. Prospective business operators should conduct extensive feasibility studies to evaluate the viability of any proposed business to avoid investment in unprofitable ventures.
3. The entrepreneurship development education introduced in Nigerian institutions of higher learning should be extended to secondary and primary schools
4. All administrative bottle necks which make funds inaccessible to entrepreneurs should be mitigated.
5. Financial institutions especially the commercial banks and microfinance banks should come up with good policies of developing entrepreneurship through liberal lending policies.
6. Government should restrict the importance of certain commodities into the country so as to encourage the development of the infant industries.
7. Governments needs to improve on the existing infrastructure and provide new ones where non exist. It is also important for the government to provide industrial layouts in different communities to enhance reduction in the cost of production, cost of rent, support services and other social amenities to encourage the young entrepreneurs.

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CHAPTER SEVEN

DIGITAL LITERACY AND ENTREPRENEURIAL RETURNS AMONG SMALL BUSINESS OWNERS IN LAGOS STATE, NIGERIA

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Abstract

Digital literacy is fundamentally changing business models, how work is performed and managed, and the kind of skills needed in the workplace. It is also changing the expectations we have of business owners' traditional leadership skills and models which are no longer enough to foster market-leading innovation and entrepreneurial returns. In view of this, the study set out to assess the effect of digital literacy on the entrepreneurial returns of small scale business owners in Lagos State. Data were gathered through a researcher's constructed structured questionnaire titled "Digital Literacy and Entrepreneurial Returns of Small Business Owners. Three research questions were raised, analyzed and tested for the study. Findings from the study revealed that digital literacy has a great influence on entrepreneurial returns of small scale business owners in Lagos State. The study employs a cross-sectional survey using a self-report questionnaire, Analysis of variance ANOVA, linear regression and multiple regression Analysis techniques to examine 250 survey responses. The reliability of the instrument was established with Cronbach Alpha method which yielded a reliability coefficient of 0.839. The result is consistent with earlier researches that digital literacy has a significant influence on small business owners' entrepreneurial returns. The study also finds out that social networking services have a positive significant effect on entrepreneurial returns of small business owners. In the same vein, digital literacy influence on the productivity of small scale business. Based on the findings of the study, therefore, recommended that small business owners need to go for technology development through either technology transfer or technological innovations through seminars and workshop this will increase the entrepreneurial return digital literacy on employee productivities. The government should reinvent the future of small business owners, by extending her current education reforms to make it more functional, digital literacy, relevant, need-oriented and driven. Emphasis should be on social networking services (such as Face book, Whatsapp, You tube) on how they can be used to foster entrepreneurial returns among SBOs.

Keywords: Digital Literacy, Productivity, Entrepreneurial Returns, Small Business Owners.

Background to the Study

Digital literacy is fundamentally changing business models, how work is performed and managed, and the kind of skills needed in the workplace. It is also changing the expectations we have of business owners. Today we live in an information society in which more people must manage more information, which in turn requires more technological support, which both demands and creates more information. These developments have affected the whole essence of an individual's life. Every individual uses digital devices from cell phones to digital camera and computers; they are changing our everyday lives, Apulu & Ige (2011). Computers are used for virtually every aspect of life. They are also used in banking, mass media, publishing, communicating and they bring about quality in music, photography, marketing, film making and other businesses. Ongori & Migir (2010).

Although there have been various arguments on what digital literacy should be, Buckingham (2006:3) referred to it as a set of skills that enables individuals operate effectively in information retrieval task in technology-oriented environment. Chong (2012) posits that digital literacy is critical for a nation's workforce within today's digital world. UNESCO (2011) defines digital literacy as the ability to access, use and disseminate information in the digital age.

Digital literacy as used in this study referred to as the use of e-business technologies in conducting and exploiting business opportunities in other to achieve higher entrepreneurial returns. In order words, digital literacy is about understanding information when it is presented in different formats, and figuring out how to use it in secure and productive ways. For instance, in running their businesses, digital technologies can be used to: sell goods or services (e-commerce, including apps), source materials, manage their finances and employees and market businesses online (including social media) in order to boost their entrepreneurial returns.

Entrepreneurial returns are the benefit derived by business owners as a result of investing their time, money and education into their business (Ojeomogha (2014). These benefits could be measurable in terms of gaining more customers, having more business outlets and making more profit. In developed countries, research has shown that both large enterprises and small businesses have successfully adopted digital literacy or skills to gain competitive advantage, transform business models and improve relationships with customers and suppliers Olakunle, Apulu & Latham (2009). These skills are essential success factor for many successful small business owners (SBOs). Digital literacy continues to be one of the major challenges faced by developing countries Babandi, (2017). Numerous research studies have been conducted on SBOs, and most findings maintained that despite their significant importance and contribution to economic growth, SBOs across the world over, and in Nigeria in particular, are still faced with numerous challenges that inhibit entrepreneurial growth. For instance, Kayode & Ilesanmi (2014) stated that despite the efforts of the government in creating small business development agencies in Nigeria, small businesses continued to face the challenges that threatened their survival. Although numerous interventions have been launched in Africa, specifically in Nigeria, to assist these entrepreneurs to grow sustainable businesses and become more digitally literate. Various agencies were created to do the job of stimulating the development of the small business sector of the Nigerian economy including Small and Medium Enterprises Development Agency (SMEDAN) (Babandi, 2017). Others are National Directorate of Employment (NDE), Peoples Bank of Nigeria (PBN), Microfinance Banks, National Economic Reconstruction Fund (NERFUND), and National Bank of Commerce and Industry are the agencies with the mandate to develop the SBOs sector. In spite of the effort of the government in Nigeria, small businesses continued to face the challenges that threatened their survival. A study by Apulu & Ige (2011) stated 80% of small businesses fail within the first five years of formation.

The key issues affecting the SBOs include: Lack of fund, low entrepreneurial and managerial capabilities; poor unreliable infrastructure; harsh business environment; poor services delivery and lack of access to modern technology Ojeomogha (2014). Furthermore, through the Central Bank of Nigeria (CBN) the government provide intervention programme through the provision of fund to channel low interest funds to the SBOs.

Contributing to the issues affecting the SBOs Adeniran and Johnston (2016) note that SBOs cannot only have ICT or dynamic capabilities. They must rather have a combination of the two to become successful in their businesses. A small business is defined as a small organization, corporate and non-governmental structure that is mostly managed by the owner. Small businesses are categorized according to their sector and size, as well as their income and asset value. They are further categorized as micro, very small, small or medium enterprises. This study focuses on micro-enterprises or entrepreneurs that are categorized as having no more than five employees. For this study; however, turnover and total asset value were never determined. Thus, only entrepreneurs or micro-enterprises with five employees and less were considered. SBOs are recognized as an important economic driver in the economy. People in this sector have been providing economic and job stability and employment to a significant proportion of the workforce the world over. Today, traditional leadership skills and models are no longer enough to foster market-leading innovation and entrepreneurial returns. This changing business environment presents particular challenges for SBOs in terms of their responsiveness to the market, globalization, and keeping abreast of technological advances.

There is an increased need for small businesses to employ digital literacy to enhance their entrepreneurial returns. Digital Information Society and Media Group, (2008, p. 4) maintained that addressing digital competence within this workforce would potentially bring about productivity gains. Furthermore, there have been many efforts to enumerate and describe the various initiatives and opportunities aimed at enhancing digital skills in this sector. Developing such capabilities within this sector however is not a trivial matter. In line with their key role as economic drivers, SBOs are encouraged to acquire digital skills in order to both foster entrepreneurship, innovation, and job creation and promote their competitiveness in a global context. Research shows that SBOs using digital literacy to conduct business have higher revenues (Nobre & Silva, 2014). On the other hand, there are also research findings that do not support the establishment of innovation in business leading to SBOs growth and productivity (Jagongo & Kinyua 2013). Productivity is a ratio to measure how well an organization (or individual, industry, country) converts input resources (labor, materials, machines etc.) into goods and services. Productivity is per unit of output produce by number of employee employed at a period of time. Employee productivity relates to the ability of an individual or employee to produce the standard amount or number of products, services or outcomes as described in a work description (Umoru & Yaqub, 2013).

Productivity is the value added per employee divided by the average number of employees during the year converted into full-time equivalents (Bloom & Humair, 2010). It refers to the output relative to the inputs per person or system with reference to a point of time. Stated more clearly, productivity refers to the amount of goods and services produced with the resources used. Productivity is measured with the help of a formula which runs as follows:

$$\text{Productivity} = \frac{\text{Quantity of goods and service produce}}{\text{Amount of the resource use}}$$

If it is required to know the result in percentage then it is to be multiplied by 100. It gives the clear idea about the output because we are more familiar with percentage. Employee Productivity is the efficiency with which output is produced by a given set of inputs. Employee Productivity is generally measured by the ratio of output to input. An increase in the ratio indicates an increase in productivity. Conversely, a decrease in the output/input ratio indicates a decline in productivity.

A number of research studies have also focused on these barriers and have attempted to explain why SBOs will or will not adopt a technology. However, little research has been performed on their digital literacy and entrepreneurial returns.

Statement of the Problem

Small businesses are a driving force of our economy, and new technologies and online services are becoming an everyday part of how SBOs run their businesses. To this end, small businesses are expressing a strong need for basic skills and knowledge about how to use technology safely, securely, ethically and productively, given the role of small businesses in our economy. The question becomes: is it worth the time and effort for small businesses to invest in digital literacy? It is against this background that this study sought to examine the effect of digital literacy on the entrepreneurial returns of small business owners in Lagos State.

Research Questions

To achieve the objectives of the study, the following research questions were raised:

1. Does digital literacy have significant effect on SBOs productivity?
2. Which digital literacy is effective to foster entrepreneurial returns among SBOs?
3. Does digital literacy influence entrepreneurial returns of SBOs?

Methodology

The study adopted survey method by employing questionnaire to gather data. The survey instrument for this study consisted of a self–administered questionnaire. The questionnaire was designed to capture digital literacy and entrepreneurial returns among small business owners in Lagos state. Descriptive survey method was adopted to investigate the study. This study was conducted on 250 small business owners in the informal sector in Lagos State, Statistical Package for Social Sciences (SPSS) was used to analyze the data ANOVA and regression methods were used for analyzing the data collected. The reliability of the instrument was established with Cronbach's Alpha method which yielded a reliability coefficient of 0.839.

Data Analysis, Results and Discussion

Table 1: Distribution of the Respondents Demographic and Personal Information

Demographic and Personal Information		Population of Respondents	
Variable	Information	Frequency (N)	Percentage (%)
Gender	Male	53	21.2
	Female	197	78.8
Total		250	100
Age	Below 26 years	16	6.4
	26- 30 years	51	20.4
	31- 35 years	64	25.6
	36- 40 years	52	20.8
	41-45 years	44	17.6
	46 Above	23	9.2
Total		250	100
Marital Status	Single	61	24.4
	Married	168	67.2
	Divorced	21	8.4
Total		250	100
Educational Qualification	SSCE	42	16.8
	OND/NCE	53	21.2
	B.Sc/B.ED/HND	137	54.8
	MSc / MBA	15	6
	PHD /DBA	3	1.2
Total		250	100
Level of the Business	5 years and below	121	48.4
	6 – 10years	91	36.4
	11 – 15 years	29	11.6
	20years above	9	3.6
Total		250	100

Source: Field Survey, 2019

From table 1, demographic and personal data of the respondents as shown by gender revealed that 53 (21.2%) of respondents were male, while 197 (78.8%) were female. This shows that female respondents participated more in the study than male respondents. This signifies that female is more into SBOs than male. Demographic data for age also shows that 16 (6.4%) of the respondents were below ages of 26 years, 51 (20.4%) were in the age group of 26-30 years, 64 (25.6%) were between the ages of

31-35 years, 52 (20.8%) were between the ages of 36-40 years, 44(17.6%) were between the ages of 41-45 years, while 23 (9.2%) were above 46 years of age. The age that participated more in the survey fall between 31-35 years.

Profile of respondents by marital status shows that 61 (24.4%) of the respondent surveyed were single, while 168 (67.2%) surveyed were married, and 21 (8.4%) were divorced by implication most respondents were married. Demographic and personal data of the respondents for educational qualification of respondents shows that 42 (16.8%) possessed West African Senior School Certificate also 53 (21.3%) of respondents possessed the Ordinary National Diploma (OND), 137 (54.8%) had the Bachelor's degree and Higher National Diploma, 15(6%) were Master degree holders, 3 (1.2%) of respondents are PhD/DBA holders. Therefore, it could be inferred that majority of the respondents that participated in this research are Bachelor's degree and Higher National Diploma. Demographic data of respondents by length of service also shows that 121 (48.4%) of the respondents were below 5 years, 91 (36.4%) were between the group of 6-10 years, while 29 (11.6%) were between the group of 11-15 years while 9 (3.6%) were above 20 years of length of Business.

Table 2: Reliability Analysis

Variable	Number of Valid items	Cronbach's Alpha	Cronbach's Alpha Comments
Digitalliteracy	4	0.881	Accepted
Entrepreneurial Return	5	0.872	Accepted
SBOs Productivity	5	0.765	Accepted

Overall Average Alpha for the instrument (α) 0.839

From the results as shown in Table 2 the constructs used in the study were for every objective which formed a scale. Amin (2005) established the Alpha value threshold at 0.7, thus forming the study's benchmark. The table shows that digital literacy schedules had the highest reliability (α=0.881), followed by Entrepreneurial Return (α=0.872) and small business productivity (α=0.8). In the same vein, the overall average Alpha for the instrument (α) is 0.839. This illustrates that all the three variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

Question 1: Does digital literacy have significant effect on SBOs Productivity?

Table 1: Linear Regression Analysis of Digital literacy and SBOs Productivity.
ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Between groups	227.043	1	227.043	35.386	.000
Within group	2406.098	375	6.416		
Total	2633.141	250			

Source: Field Survey, 2019
P<0.05= significant.
Dependent Variable: SBOs productivity **; Predictor:** Digital literacy

Table 3 above indicate that the output of the AVOVA analysis has a statistically significance between groups since the f(cal)35.386 is greater than the f(tab) 1.960. Also, the calculated significance level 0.000 is less than the default significance level of 0.05. This implies that digital literacy has significant influence on small business owners' productivity.

Table 4: Analysis between Digital literacy and SBOs Productivity

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	9.778	.867		11.280	.000
digital literacy	.330	.055	.294	5.949	.000

Source: Field Survey, 2019
P<0.05= significant

Table 4 shows that there is positive significant effect between digital literacy and employee productivities, the P value of well-being is 0.000 which is less than 0.05. This implies that digital literacy is significant. The coefficient value reported from the analysis which is (.330) shows that there is a positive effect between digital literacy and SBOs productivity. The value of Beta which captures the correlation value also indicates positive relationship between literacy and SBOs entrepreneurial returns. A constant value (alpha) of 9.778 which is the predicted value of the dependent variable measure (SBOs productivity) when the predictor is set at 0 and the coefficient of independent variable (beta = 0.33) the size of the coefficient of independent variable measure giving that the size of the effect it has on the dependent variable is 0.330. The prediction component as shown in Table 4 is the t-value and significance. The t-statistic is the coefficient divided by its standard error. If 95% of the t-distribution is close to the mean than the t- value, then the coefficient will have a p-value of 5%. The p-value indicates that the independent variable measures the digital literacy. It must be noted that the size of the p-value for coefficient says nothing about the size of the effect of that variable on the dependent variable. It also shows that the F-value which is the mean square model divided by the mean square residual yielded F=35.386.

Question 2: Which digital literacy is effective to foster entrepreneurial returns among SBOs?

Model		**Un-standardized Coefficients**		**Standardized Coefficients**	
	B	**Std. Error**	**Beta**	**T**	**Sig**
(Constant)		0.307	0.520	0.590	0.556
Social networking services (e.g; Face book, , Watzapp, Youtube	0.431	0.135	0.312	3.203	0.002
Blogs (e.g. Blogger)	0.118	0.120	0.091	0.983	0.328
Photo sharing sites (e.g Picasa)	0.350	0.095	0.316	3.683	0.000
Web search engines (e.g Google)	0.209	0.043	0.296	4.880	0.000

Source: Field Survey, 2019
Dependent Variable: Entrepreneurial Returns

The findings from the study uncover that majority of the respondents have adequate knowledge of digital literacy. Table 5 shows how each of the variables used to capture digital literacy affect entrepreneurial returns. All the variables are significant except Blogs has the level of significant that is more than 0.005. The result shows that social networking services are the most effective to foster higher entrepreneurial returns among SBOs.

Question 3: Does digital literacy influence entrepreneurial returns of SBOs?
Similarly, the result from Table 5 shows that all the variables have positive effect on entrepreneurial returns, but social networking services (e.g; Face book, Watzapp, You tube) have a strong influence on entrepreneurial returns The p-value (0.002) was lower than the significance level. This can be statistically given as P-value $0.002 < \alpha = 0.05$ and this is significant.

Discussion of Findings

The first objective of the study was to determine the significant effect of digital literacy on employee productivity. The output of the AVOVA analysis has a statistically significance between groups since the f(cal) 35.386 is greater than the f(tab) 1.960. Also, the calculated significance level 0.000 is less than the default significance level of 0.05. This implies that digital literacy has significant effect on small business owners' productivity. This corroborates the finding of Peng (2017) that juxtaposed that digital literacy has significant influence on SBOs productivity. In addition, Ferreira (2009) confirms that online social networking has positive effect on workers' productivity.

The second objective is to determine what digital literacy is required to foster entrepreneurial returns among SBOs. In order to achieve this objective, the multiple regression shows that all the variables (Face book, Watzapp, You tube) have significant effect on entrepreneurial returns expect one, (Blogs). In same vein, the finding of Awolusi (2012) revealed that social networking services have positive significant effect on small business owners' entrepreneurial returns.

The last objective of the study states that: Does digital literacy influence entrepreneurial returns of small business owners? Result from the finding, revealed that digital literacy has a positive influence on entrepreneurial returns. This means that when there is increase in digital literacy of the small business owners, there will be an increase in their entrepreneurial returns. Buick & Ian. (2003) findings affirm that digital literacy has significant effect on their entrepreneurial returns.

Conclusion and Recommendations

From the theoretical findings and empirical findings above, the research objectives of embarking on this research has been achieved and then the following recommendations are made based on the findings of this study:

1. Universities should open their doors to small business owners for technological development and innovations through diploma programmes,

seminars and work shop. This can help to increase their entrepreneurial returns.

2. Government should reinvent the future of small business owners, by extending her current education reforms to make it more functional and need –oriented driven.
3. Emphasis should be on social networking services (such as Face book, Whatsapp, You tube) and how they can be use to foster entrepreneurial returns among SBOs.

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CHAPTER EIGHT

AN ASSESSMENT OF THE OPERATIONS AND ACTIVITIES OF MICROFINANCE BANKS IN PROMOTING ENTREPRENEURSHIP, SMALL AND MEDIUM ENTERPRISES IN NIGERIA

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Introduction

A nation's first goal must be to end poverty by putting in place a well-focused programme like microfinance policy that provides for the setting up of private sector driven microfinance banks for the purpose of making finance accessible for entrepreneurship development and small and medium enterprises to undertake productive investment and expand their businesses.

It was in the light of the above and in an attempt to promote Micro, Small and Medium Enterprises (MSMEs) the federal government of Nigeria was prompted to make a policy that established microfinance in 2004. This government effort in consideration of the high level of unemployment, poverty, crimes and poor standard of living among others in the country will not be unconnected with the belief that SMEs sector and entrepreneurship development all over the world have become known as the major engines of growth of economies.

Microfinance is defined as the provision of very small loans (Micro-Credit) to the people to help them engage in new productive business activities and/or to grow/expand existing ones (Kimotho, 2005). It involves giving small loans to entrepreneurs, small and medium enterprises owners and other people for productive ventures without collateral security.

Microfinance Policy Targets

The policy targets as given in CBN (2005) are as follows;

i. To cover the majority of the poor but economically active populations by 2020 thereby creating millions of jobs and reducing poverty.
ii. To increase the share of micro credit as percentage of total credit to the economy from 0.9 percent in 2005 to at least 20 percent in 2020 and the share of micro credit as percentage of GDP from 0.2 percent in 2005 to at least 5 percent in 2020.
iii. To promote the participation of at least two-third of state and local governments in micro-credit financing by 2015.
iv. To eliminate gender disparity by improving women's access to financial services by 5% annually and
v. To increase the number of linkages among universal banks, development banks, specialized finance institutions and microfinance banks by 10 % annually.

Importance of Microfinance Bank (MFB)

1. It improves socio-economic development of a country
2. It provides financial assistance to the vulnerable people without collateral
3. It increases employment opportunities and empowerment of people
4. It provides the platform for low income earners to gain economic independence and self-sustenance
5. It nurtures banking culture and inculcate financial discipline among the low income groups
6. It encourages asset accumulation which results into wealth creation
7. It enables people to invest in viable enterprises and earn profit for their sustenance
8. It improves social development such as health, education and housing
9. It improves the potential of entrepreneurs to graduate from micro to small and medium enterprises through provision of finance for entrepreneurial activities
10. Microfinance banks have high potential to create positive impact on the poor by encouraging investment in social and physical infrastructure

Factors that determine the actual operation and contribution of Microfinance banks to the performance of SMEs

The following are the factors that determine the actual operation of MFBs and their contributions to SMEs sector according to (PhD Thesis, 2012) Unpublished.

1. The accessibility of SMEs to microfinance facilities
2. The contribution of microfinance to the output level of SMEs over time
3. The contribution of microfinance to the socio-economic conditions of Entrepreneurs
4. The contribution of microfinance facilities to the asset base and infrastructural facilities of SMEs
5. The average contribution of microfinance facilities to the annual income of SMEs
6. The impact of microfinance facilities on the number of workforce of SMEs
7. The extent to which MFBs finance the economic activities of low income groups and the poor to eventually generate employment
8. Its contribution to the provision of the needed opportunity to promote the development of savings habits that would be attractive to rural clients and improve the savings level in the economy
9. The extent to which MFBs stimulate enterprises culture within the society.

Factors Militating against the Performance of SMEs in Nigeria

The following factors are considered as hindering the progress of SMEs in Nigeria:

a. Lack adequate finance as a result of low capital base at the disposal of microfinance banks since the banks cannot issue shares to public and raise their capital.
b. Poor awareness of SMEs operators on the existence and the activities of microfinance banks in Nigeria.
c. Poor attitude of SMEs to save with microfinance banks where they can easily get loan without collateral and improve their businesses.
d. Poor infrastructures such as electricity and good roads.
e. Low patronage of the products produced by these SMEs which rendered most of the SMEs out of service or totally closed down
f. Multiple taxes that carried away the little profit of SMEs
g. Inadequate business plan that easily results in early death of quite a lot of businesses.

Operations and facilities offered by MFBs

This section discusses the information obtained from the Microfinance Bank Executives of the sampled MFBs (see appendix) in North-western Nigeria about operations and facilities offered by MFBs as contained in (PhD Thesis, 2012) Unpublished. It is considered necessary to determine the actual existence, operations and services offered to SMEs by microfinance banks that have been in operation since 2005 as follows.

Services/Products offered by MFBs

It was gathered from the responding bank executives of the sampled MFBs that the banks offered a wide range of services to Small and Medium Enterprises in their domain. Among the services or products offered at the request of the SMEs are enumerated as follows:

i. Personal loan/Individual loan
ii. Group lending
iii. Micro loan
iv. Small and Medium Enterprises loan
v. Agricultural loan
vi. Commercial loan
vii. Women empowered facilities
viii. Overdraft facilities
ix. Yanzu-Yanzu (immediate) overdraft facility to augment working capital
x. Revolving Overdraft facility
xi. Term loan
xii. Special savings deposit
xiii. Asset Acquired facility
xiv. Equipment leasing
xv. Working capital loan
xvi. Trade boost facility
xvii. Local Purchase Order financing
xviii. Savings Account
xix. Current Account
xx. Fixed deposit
xxi. Target savings
xxii. Daily contribution Account
xxiii. Commodities trading
xxiv. Pilgrims Account

xxv. Food stuff loans
xxvi. Motorcycle loans
xxvii. Salary Account

It should be noted that MFBs offered the above services to both registered and unregistered SMEs with either CAC or Ministry of Commerce and Industry in the States. It is also important to note that the MF facilities are open mostly to registered trade associations that have concrete business proposal and adequate business experience.

Average Amount of Loan Granted to SMEs

Information obtained from bank executives revealed that the loan granted to SMEs depends on the nature of SMEs' business in terms of capital required and the capital base of the bank, while more than 80% bank executives complained about the inadequate capital base, only very few of the bank executives were satisfied with their capital base and had their capital base above N20m. The inadequacy of their capital base was attributed to lack of proper financial support and patronage by the local and states government. However, the average amount of loan granted to SMEs on individual bases ranges from N100, 000 to N500, 000, while group lending ranges from N200, 000 to N2, 000,000. The loan was to be repaid with reasonable interest within agreed period of time.

Outreach Performance

This means the number of clients (SMEs) served and the socio-economic level of clients the MFBs reached. Outreach performance depends on the capital base of the banks. It was gathered from the questionnaire that most of the banks that were satisfied with their capital base reached more SMEs than those with inadequate capital. It was also reported that the socio-economic conditions of the most of the clients in terms of average balances of outstanding savings and loans was considered adequately satisfactory by the banks. The SMEs responded positively when it comes to repayment of outstanding loan, most especially, group lending SMEs. It was further gathered that the repayment attitude of group lending customers was easier to monitor and collect as at when due than that of individual customers. Therefore, we can draw conclusion from the above assessment on the operations and activities of MFBs that the banks are actually in operation and up to the task of promoting entrepreneurship, small and medium enterprises in Nigeria. Meanwhile, it could be deduced from the assessment above that most of the banks lack adequate capital as a result of poor funding, inadequate support and patronage from the relevant stakeholders. This in essence, limits the outreach performance of the banks.

Another conclusion which may be drawn from the assessment is the socio-economic conditions of the SMEs in terms of average balances of outstanding loans and savings that were considered satisfactory by the MFB executives. Therefore, if microfinance activities are properly harnessed, it would pave way for the less privileged to engage in economically viable activities and would go a long way in achieving the goals of empowering the people and moving them out of poverty

Recommendation

To further ensure the growth and sustainability of MFBs, entrepreneurship development and SMEs performance towards achieving the goal of poverty reduction policy of microfinance in Nigeria, the author developed the model below

$$PR = f(L + A + I + TR)$$

Where,

PR = Poverty Reduction/Removal

L = Liquidity (i.e. improve liquidity of MFBs in order to increase their outreach performance)

A = Awareness (i.e. proper awareness should be created on the availability of MFBs facilities to ensure SMEs have free access to adequate finance)

I = Investment (i.e. entrepreneurs should initiate viable opportunities and invest in productive ventures that yield profitable returns)

TR = Tax Relief (i.e. both the MFBs and the SMEs should be granted tax relief for the first five years of their operations (PhD Thesis, 2012) Unpublished

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Appendix: Sampled Microfinance Banks

a. Nagarta Microfinance Bank Nigeria Limited, Abdullahi Fodio Road, Sokoto
b. NPF MFB Ltd, Sokoto*
c. Yabo MFB Nig. Ltd, No3 Shehu Shagari Road, Yabo
d. Gwadabawa MFB Nig. Ltd, Gwadabawa
e. Rima MFB Nig. Ltd, Sambo Road, Goronyo
f. Women Development MFB Ltd, Niger Street, Kano
g. North Bridge MFB Ltd, Yankura, Kano
h. Grassroot MFB Ltd, Maiduguri Road, Kano*
i. Danbata Makoda MFB Ltd, kano Road, Danbata
j. Gidauniyar Alheri MFB Ltd, Aminu Kano Way, Goron Dutse, Kano
k. Abokie MFB Ltd, Independent Road, Kaduna
l. Fahinta MFB Nig. Ltd, Muh'd Buhari Road, Kaduna
m. Kada MFB Ltd, Tudunwada, Kaduna
n. Kadpoly MFB Nig. Ltd, Central Administration, Kaduna
o. Banawa MFB Ltd, Banawa-kaduna

* = **State Microfinance Banks**

CHAPTER NINE

CHALLENGES AND PROSPECTS OF IMPLEMENTING PENSIONS AND GRATUITY POLICIES IN NIGERIA

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Abstract

Pensions and gratuities are crucial components of retirement benefits that ensure the financial security and well-being of retired individuals in Nigeria. While these schemes are intended to provide a safety net for workers after years of service, various challenges have emerged over the years, raising concerns about their effectiveness and sustainability Pensions are a form of retirement savings plan designed to provide individuals with income during their retirement years. These plans are typically sponsored by employers, governments, or other organizations. Given the economic hardships faced by retirees in Nigeria, there are debates on the effectiveness of the policies. This paper examines the challenges and prospects of implementing pension and gratuity policies in Nigeria. it is desk research. Data are obtained from secondary successes and examined through reviews and content analysis. the study concludes that Nigeria can strengthen its pension system and provide retirees with the dignified retirement they deserve.

Keywords: Pensions, Gratuities, PenCom

Introduction

Pensions play a crucial role in retirement planning, providing retirees with a stable source of income after they stop working (Adam, 2005). However, the availability and structure of pensions vary widely across different countries and industries. When the individual retires, they receive regular payments from the pension fund, usually monthly. The amount of pension payments depends on various factors, including the individual's contributions, the performance of the pension fund's investments, and the specific terms of the pension plan (Klumpes and Mason, 2000). Pensions can take different forms, including defined benefit plans and defined contribution plans.

Pensions are means by which individuals accumulate savings over their working life to finance their consumption needs in retirement, either using a lump sum or by provision of annuity, while also supplying funds to end users such as corporations or governments for investment purposes (Adebayo, 2006 and Rabelo, 2002). The Administration of Pension in Nigeria has experienced inconsistency in policies due to its many challenges since inception- delay in payment of pensions and gratuities to deserving retirees in Nigeria fueled by lack of accountability, poor leadership, embezzlement of the pension fund, inaccurate pensioners records and gross incompetence on the path of Pension Administrators (Adebayo, 2006, Rabelo, 2002). However, the issue of pension has received global attention in recent times, with many policymakers in different countries of the world, simplifying privately subsidized retirement revenue (Odia and Okoye, 2012). The pension has thus become a pension system that has become not only a significant multi-pillar scheme for the alleviation of poverty, principally in developing nations but also plays an important role in the countries' transformation agenda, over "its impact on state budgets, financial and monetary sector, productivity and infrastructural investment (Oladeinde, 2021).

According to the Law Dictionary & Black's Law Dictionary 2nd Ed, Pension is "a retirement fund that is partial compensation in the future for work performed by employees and may contain some portion contributed by employees with a contribution from the employer". Contributory pension, as the name implies, is a pension arrangement whereby the employer and employee contribute certain percentages of the employee's income towards the employee's pension at retirement. This situation condemned many pensioners of the civil service into untold hardship, abject poverty, and squalor. Many pensioners have resorted to begging for survival while some have died waiting for the payment of their pensions and gratuities. The forgoing led to the enactment of the Pensions Reforms Act 2014 to repeal the 2004 Act.

Over time, the implantation of the policy leaves doubt in the minds of Nigerian on the objective and impact of the policies to enhance the wellbeing of retirees. Like most national policies, implementing pension and gratuity policies is faced with challenges. This paper attempts to examine the challenges and prospects of implementing pension and gratuity policies in Nigeria.

Objectives of the paper

The paper aims to examine the problems with the old Pension Scheme in Nigeria. specifically, it seeks to,

1. Explain the history of the Nigerian Pension Industry
2. To examine the problems with the old Pension Scheme in Nigeria
3. Assess the objectives of the new Pensions Reform Act of 2004
4. Identify the rights of employees to Pension Benefits
5. Identify the challenges and prospects of implementing pension and gratuity policies in Nigeria.

History of the Nigerian Pension Industry

One of the oldest documents to discuss social support was the Code of Hammurabi by King Hammurabi of Babylon in the 18th century (Momoh and Idomeh,2008). For instance, the code defined the rights of evildoers and orphans to the estates of their relations. According to Bloom (2005), one of the first publicly financed social security systems was developed in the late 16th century in England from a series of legislature Acts known as "poor laws". Under these laws, local governments built large alms-house facilities that housed the people too old or unfit for work. Poor laws also established workhouses and facilitated public housing for the employed. Moreover, these laws gave rise to social insurance in Europe and social security in the United States (Momoh and Idomeh, 2008). The pension system was introduced into Nigeria by the Colonial Administration. The first legislative document on pension in Nigeria was the 1951 Pension Ordinance which has retroactive effect from January 1, 1946. The Ordinance provided public servants with both pension and gratuity (Ahmed, 2006). The National Provident Fund (NPF) scheme established in 1961 was the first legislation to address pension matters of private organizations in Nigeria. This was the first social protection scheme for no pensionable private sector employees in Nigeria. It was mainly a saving scheme where both employee and employer contributed the sum of N4 every month. The scheme provided for only one-off lump sum benefit (Ahmad, 2006).

The NPF was followed by Armed Forces Pension Acts No. 103 also of 1972 and by the Pension Acts No. 102 of 1979, 18 years later. The Pension Acts N 102 of 1976 which commenced on 1st April 1974 encompassed the recommendation of the Udoji Commission which included all consolidated enactments and circulars on pension as well as repealing existing 113 pension laws hitherto in force. Other Pension Acts included: the Pension Rights of Judges Act No. 5 of 1985, the Police and Other Government Agencies Pension Scheme enacted under Pension Acts No.75 of 1987, and the Local Government Pension Edict which culminated in the setting of the Local Government Staff Pension Board of 1987. In 1993, the National Social Insurance Trust Fund (NSITF) scheme was set up by Decree No. 73 of 1993 to replace the defunct NPF scheme with effect from 1st July 1994 to cater to employees in the private sector of the economy against laws of employment men in old age, invalidity or death (Balogun, 2006).

In 1997, parastatals were allowed to have individual pension arrangements for their staff and appoint Boards of Trustees (BOT) to administer their pension plans as specified in the Standard Trust Deed and Rules prepared by the Office of Head of Service of the Federation. Each BOT was free to decide on whether to mention an insured scheme or a self-administered arrangement. It must be recalled that the first private sector pension scheme in Nigeria set up for the employees of the Nigerian Breweries was in 1954. The United African Company (UAC) scheme was followed in 1957.

A pension scheme is broadly divided into the defined contribution plan and the defined benefits plan. In a defined contribution plan, a contribution rate is fixed. For instance, in Nigeria, an employee contributes 7.5% of his monthly emolument while the employer also contributes the same amount or more depending on the category of employee. The retirement benefit is variable depending on the performance of the investment selected. In a defined benefit plan, the retirement benefits are stipulated usually as a percentage of the average salary, but the contribution will vary according to the percentage of the average compensation a participant receives during his or her three earning years under the plan (Owojori, 2008).

The two pension plans create very different investment problems for the plan sponsors. While the defined benefit plan creates a liability pattern that must be anticipated and funded, the defined contribution plan creates a liability only as long as there is investment at any point in time. Investment is often left to the people who benefit from the decision or suffer from the consequences (Anthony and Bubble, 2017).

Problems with the old Pension Scheme

A major problem of the pension fund administration in Nigeria was the non-payment or delay in the payment of pensions and gratuities by the Federal and State governments. For instance, the pension backlog was put at about N2.56 trillion as of December 2005. Pension fund administration became a thorny issue with millions of retired Nigerian workers living in abject poverty and they were often neglected and not properly cared for after retirement (Orifowomo, 2006). Sadly, retirees went through tough times and rigorous processes before they were eventually paid their pensions, gratuity, and other retirement benefits. At one time the money to pay their benefits was not available; and at another time, the Pension Fund Administrators were not there to meet the retirees' needs.

The old scheme has been beset with a lot of challenges and problems. Besides, other problems were demographic challenges funding outstanding pensions and gratuities and merging of services to compute retirement benefits. These problems coupled with the administrative bottlenecks, bureaucracies, corrupt tendencies and inefficiencies of the civil service, and the economic downturn have resulted in erratic and non-payment of terminal benefits as at when due (Orifowomo, 2006; Ezeala, 2007, Abade, 2004). Other problems were a gross abuse of pensioners and pension fund benefits which were politically motivated in some cases, extended family and other traditional ways have already broken down due to urbanization and increased labour and human mobility.

Moreover, considering Statement of Accounting Standard (SAS) No. 8 “on accounting for employees' retirement benefits” the problems of the old pension scheme which led to the pensions reforms of 2004 include wrong investment decisions, wrong assessment of pension liabilities, arbitrary increases in a pension without corresponding funding arrangements, non-preservation of benefits, some were mere saving schemes and not pension schemes, and serious structural problems of non-payment and non-coverage. There was no adequate safeguard of the funds to guarantee prompt pension and other benefits payments to retirees. The old scheme was characteristically defined benefits, unfunded mostly pay-as-you-go, discriminatory, and not portable. The employee was not entitled to pension benefits if he was dismissed from service. Also, there was no adequate provision to secure the pension fund. Following the unsatisfying nature of the old scheme, the unpleasant experiences faced by retirees and pensioners, and the huge pension liabilities, it became apparent the need for reform and change. Therefore, the need for the Federal Government to guarantee workers' contributions and accruing interest in the event of failure of the PFA was advocated. Besides, it was estimated that over N600 billion ($4.5 billion) of investible assets could be amassed annually through the pension scheme in Nigeria. Hence, the government could not only pay the retirement benefits as they become due but also utilize the saved pension fund for long-term development purposes.

The New Pensions Reform Act of 2004

The Pensions Reform Act (PRA) of 2004 is the most recent legislation of the Federal Government of Nigeria which is aimed at reforming the pensions system in the country. It encompasses employees in both the public and private sectors. The PRA of 2004 came into being to reduce the difficulties encountered by retirees in Nigeria under the old pension scheme.

It is believed that the new scheme will:

1. Guarantee the prompt payment of pensions to retirees,
2. Eliminate queues of aged pensioners standing hours and days in the sun to collect their pensions and also increase their standard of living.

But the fear is whether the programme will actualize the set objectives by the “power and people that be” when we call to remembrance the abysmal failure of the National Housing Fund which was set up by Decree No3 of 1993.

Nevertheless, before the enactment of the PRA of 2004, the three regulations in the Nigerian pension industry were:

1. Securities and Exchange Commission (SEC),
2. National Insurance Commission (NAICOM) and
3. The Joint Tax Broad (JTB).

The new scheme is regulated and supervised by the National Pension Commission. The Commission has the power to formulate, direct, and oversee the overall policy on pension matters in Nigeria. It also establishes standards, rules, and regulations for the management of pension funds. It approves, licenses, sanctions, and promotes capacity building and institutional strengthening of the PFA and PFCS

Objectives of the Pension Reforms in Nigeria

The Pensions Reforms Act 2014 was designed to achieve the following goals.

1. Establish a uniform and sustainable pension system in Nigeria
2. Ensure efficient and transparent management of pension funds.
3. Promote a saving culture among Nigerian workers.
4. Promote wider coverage of Nigerian workers.
5. Establishes a strong regulatory and supervisory framework to secure through the activities of the National Pension Commission.

The 2014 Act makes provisions targeted at the promotion of the welfare of workers after retirement from active service either in the public or the private sector of the economy by introducing new features to ensure the attainment of the set goals and objectives. Increase in Pension Contribution rate – the provision for an increased pension contribution rate from 15% to 18% of monthly emolument, where 8% will be contributed by the employee and 10% by the employer. This will boost the amount that accrues to the Retirement Savings Account. Where an employer decides to pay the full contribution- the minimum contribution is 20% of the employee's monthly emolument. While safeguarding the future by boosting the retirement benefits of workers- there is a neglect of what the employee takes home after making the contribution of 8% and paying taxes among other lawful deductions. In the storm of hyperinflation and non - non-compliance by many employers with the current national minimum wage.

The burden of employees can be lessened by the reduction of their contribution to a minimum of 5% of their monthly emolument. The burden on employers can be addressed by the introduction of Incentives and reliefs to employers in total compliance with pension contributions. Employees of organizations with less than 3 employees as well as self-employed persons can voluntarily participate in the CPS under the Micro Pension Plan (MPP). This is commendable and the ability of the employee to voluntarily make additional contributions to the scheme will encourage the saving culture (Momoh and Idomeh,2008).

The Act provides for heavier punishments for pension-related offenses. The legislative intention was to deter pension partners against mismanagement and discourage corruption in the pension industry in Nigeria. Recurring events show that pension-related offenders are yet to be dealt with to the full extent of the law. The Probe and prosecution of Abdul-Rasheed Maina, the Chairman of the Presidential Pension

Reform Task Team, which was set up to restructure the pension system, in Nigeria, and the Mismanagement of the Police Pension Fund are instances where grievous pension offenses are yet to be established. The option of fine should be removed from pension-related offenses – This will send a strong stakeholder on the huge responsibility involved and the significant effect of pension fund management on the welfare of retirees and the Nigerian Economy Powers of the Commission (Bloom, 2005).

Objectives of the New Pension Scheme

The objectives of the Scheme according to Section 2, Part 1 of the PRA of 2004 include to:

1. Ensure that every person who worked in either the public service of the federation, federal capital territory, or private sector receives his retirement benefits as and where due.
2. Assist improvident individuals by ensuring that they save to cater for their livelihood during the old age.
3. Establish a uniform set of rules, regulations, and standards for the administration and payment of retirement benefits for the public service of the federation, federal capital territory, or private sector.
4. Stem the growth of outstanding pension liabilities.
5. Secure compliance and promote wider coverage.

It is envisaged that the various reform measures put in place, which are also clearly spelled out in the objectives of the new PRA of 2004, would be able to remedy the situation by adequately tackling the difficulties in the old scheme by being adequate, affordable, sustainable and robust (Balogun,2006). It must also prevent old-age poverty and be able to smoothen life-time consumption for most of the population. It must be able to withstand major shocks including economic, demographic, and political volatility. Ahmad (2008) remarked that as part of the implementation efforts increased registration of contributions in the public and private sectors, membership of Contributory Pension Fund Administrators (CPFAs) and Custodians (CPFCs), growth in total Pension Fund assets to about $6.08billion in December 2007

Comparison between the Old and New pension scheme

	Characteristics Old	**Scheme New Scheme**
1	Type Largely defined benefit	Defined contribution
2	Funding Mostly unfunded and pay as you	Contributory and fully funded go (PAYG)
3	Membership Voluntary in private sector	Mandatory for all employees in public and private sector except pensioners and those with 3 years to retire
4	Pension portability	Not portable Personalized and very profitable
5	Management Largely State and management union -	Private sector and individual choice
6	Retirement benefit	Discriminatory Uniform application
7	Supervision Fragmented and unregulated (SEC, NAICOM and JTB)	Strictly regulated by PENCOM.
8	Pension liability Implicit and not transparent	Explicit through retirement bond and capped
9	Tax exemption Limited	Contribution and retirement benefits
10	Dismissal from service No pension benefits	Full pension rights
11	Gratuity Provided to those qualified	Provision for lump sum withdrawal

The Nigerian Pension Commission is empowered to ensure the sanctity of pension assets and that entitled workers and pensioners get what they deserve in due season. These powers include;

1. The power to regulate the promotional activities of Pension Fund Administrators to ensure that representations made to the public are true and in compliance with the Act.
2. The power to supervise and examine the activities of stakeholders in the pension industry
3. The Nigerian Pensions Commission has the power to order a special investigation into the affairs of Pension Fund Administrators and Pension Fund Custodians and Employers of Labor to ensure compliance with the provision of the Act.

PenCom is also empowered to impose additional sanctions on individuals and corporate bodies in breach of the act, guidelines, or regulations issued by the commission. Take proactive corrective measures on licensed operators whose situations, actions, or in-actions jeopardize the safety of pension assets. PenCom is empowered subject to the fiat of the Attorney General of the Federation to also prosecute pension-related offences.

The expansion of the Pension Scheme to Cover Employees in the Informal Economy, especially in the private sector is provided for under the Act. Many workers in the informal sector of the Nigerian Economy are yet to be covered by the Pension Contributory Scheme Benefits.

Rights of Employees to Pension Benefits

Employees are empowered to gain control over the pension fund through the creation of a Retirement Savings Account (R.S.A.) the act also mandates Employers of labor to open temporary Retirement Savings Accounts on behalf of employees who neglect to open an RSA within three (3) months of assumption of duty. In the event of loss of job, an employee can access benefits by employees after four (4) months waiting period and pending securing another employment.

1. The employee has the power to change pension fund administrators.
2. Entitlement to social security under the Nigeria Social Insurance Trust Fund. NSITF.
3. An employee or beneficiary of a Retirement Saving Account not satisfied with the decision of his pension fund administrators or employer about his account can make a formal to PenCom for the review of such decision and ensure compliance with the Act.
4. Employees are empowered to institute criminal proceedings against Employers for Persistent Refusal to remit pension contributions.

Ensuring income security for people during their old age is a crucial objective among the welfare goals of modern societies and public pension systems have become a foundation on which income security for older persons rests. Social security for the working class and older people is a huge responsibility that must be safeguarded like every fundamental human right. The Pension Reforms Act, Regulations, and Guidelines can only set the standards. Our commitment to social security for the working class and retirees is a collective responsibility of the partners by ensuring the beneficiaries of contributory pension rip the fruit of their labor.

Types of Pensions

In Nigeria, according to Ahmed (2006), pensions and gratuities are vital components of employee compensation and retirement benefits. These benefits provide financial security to workers upon retirement or separation from service. There are various types of pensions and gratuities in Nigeria, each governed by specific regulations and applicable to different categories of workers. These are: -

1. Defined Benefit Pension Scheme (DB): This is a traditional pension scheme where the amount of pension benefits an employee receives is per-determined based on factors such as years of service, final salary, and age at retirement. This type of pension scheme is common in the public sector, particularly for civil servants. The payment is usually a percentage of the final salary multiplied by the years of service.

2. Contributory Pension Scheme (CPS): The Contributory Pension Scheme was introduced in 2004 by the Pension Reform Act (PRA) to address the limitations of the defined benefit scheme and ensure sustainable pension provision. Under this scheme, both the employer and the employee contribute a percentage of the employee's salary to a pension fund. The contributions are invested, and the employee receives the accumulated funds plus returns upon retirement. This scheme applies to employees in the public and private sectors, excluding the military and other security agencies.

3. Gratuity: Gratuity is a one-time payment made by an employer to an employee upon retirement or completion of a specified period of service. It is typically a lump sum payment and is often calculated based on the employee's length of service and final salary. Gratuity is more common in the public sector, particularly for employees covered by the defined benefit pension scheme.

4. Death Gratuity: In the event of an employee's death while in service, a death gratuity may be paid to the deceased employee's beneficiaries. The amount of death gratuity is usually a multiple of the employee's annual salary or based on other predetermined factors.

5. Retirement Savings Account (RSA): This is a personal retirement account opened for employees under the Contributory Pension Scheme. Both the employer and the employee contribute to the RSA, and the funds are managed by Pension Fund Administrators (PFAs) appointed by the employee. Upon retirement, the accumulated funds in the RSA, including returns on investment, are used to provide retirement benefits to the employee.

6. Voluntary Pension Scheme: In addition to the mandatory Contributory Pension Scheme, there are voluntary pension schemes available for individuals who wish to make additional contributions towards their retirement. These schemes allow individuals to save more for retirement beyond the mandatory contributions required under the CPS.

Types of Pension Plans

In the Nigerian context, pensions refer to retirement benefits provided to individuals who have contributed to a pension scheme during their working years. The Nigerian pension system has undergone significant reforms in recent years to ensure better coverage, sustainability, and transparency. There are two main types of pension schemes in Nigeria:

1. Defined Benefit Scheme (DBS): This is a traditional pension scheme where the retirement benefit is based on a formula that considers factors such as the employee's salary and years of service. In this scheme, the employer bears the investment risk and guarantees a specific retirement benefit to the employee.

2. Defined Contribution Scheme (DCS): This is a pension scheme where both the employer and the employee contribute to the pension fund, and the eventual retirement benefit is based on the contributions made and the investment performance of the pension fund. The employee bears the investment risk in this scheme.

In Nigeria, the pension system operates through the contributory pension scheme, which was established by the Pension Reform Act of 2004 and later amended in 2014. Under this scheme, both employees and employers contribute a percentage of the employees' salary to a Retirement Savings Account (RSA) managed by Pension Fund Administrators (PFAs). Upon retirement, the accumulated funds are used to provide a monthly pension to the retiree. Gratuity, on the other hand, is a one-time lump sum payment made to employees upon retirement as a form of appreciation for their years of service. Unlike pensions, gratuity is not funded through regular contributions but is usually borne by the employer.

Challenges of implementing pensions and gratuity policies in Nigeria

Despite the existence of the contributory pension scheme, several challenges persist, casting doubts on its effectiveness in providing adequate retirement benefits. One of the primary concerns is the delay and sometimes outright non-payment of pensions and gratuity to retirees (Balogun, 2006). Many retirees face excruciating waits, sometimes lasting years, before receiving their entitlements. This delay not only causes financial hardship but also undermines the trust and confidence in the pension system. Orifowomo, (2006) stated that another issue is the inadequacy of pension benefits. The current pension contributions may not be sufficient to provide retirees with a comfortable standard of living, especially considering the rising cost of living and inflation rates in Nigeria. As a result, many retirees find themselves struggling to make ends meet, despite years of service and contributions to the pension scheme.

Furthermore, there are cases of mismanagement and misappropriation of pension funds, leading to losses and erosion of retirees' savings. Instances of corruption and embezzlement within the pension sector have been reported, highlighting the need for greater transparency and accountability in the management of pension funds. Orifowomo, (2006) opined that despite the reforms introduced through the CPS, the Nigerian pension system still faces several challenges which are:

1. Delayed Payments: One of the most significant issues is the delay in the remittance of pension contributions by employers and the subsequent payment of pensions to retirees. This delay often results in financial hardship for retirees who depend on their pensions for sustenance.
2. Corruption and Mismanagement: There have been cases of mismanagement and embezzlement of pension funds by administrators and government officials, leading to the loss of funds meant for retirees.
3. Inadequate Coverage: Many workers, particularly in the informal sector, are not covered by any pension scheme, leaving them vulnerable in their old age.
4. Low Returns: The returns on pension investments have sometimes been inadequate to provide retirees with a decent standard of living, especially considering inflationary pressures.
5. Lack of Awareness: There is a general lack of awareness among workers about the importance of pensions and how the pension system operates, leading to low participation rates.

Prospects of implementing pensions and gratuity policies in Nigeria

Addressing the challenges facing pensions and gratuity in Nigeria requires a multifaceted approach involving stakeholders from both the public and private sectors. Here are some recommendations to improve the system:

1. Ensuring that individuals are financially supported after retirement from active service. In Nigeria, like in many other countries, the issue of pensions and gratuity has been a subject of concern due to various challenges faced by retirees and the pension administration system. Understanding the current landscape is essential for addressing these challenges and exploring opportunities for improvement (Adebayo and Dada, 2012). The current landscape of pensions and gratuity in Nigeria reflects a mix of challenges and opportunities. While the pension system has undergone significant reforms, there are still issues regarding delayed payments, corruption, inadequate coverage, and low returns. Addressing these challenges will require concerted efforts from stakeholders, including government agencies, employers, pension administrators, and workers themselves. By implementing reforms aimed at enhancing regulation, expanding coverage, improving investment strategies, leveraging technology, and promoting financial literacy, Nigeria can build a more robust and inclusive pension system that provides security and dignity for retirees in their old age. There are opportunities for improving the Nigerian pension system:

i. Enhanced Regulation and Oversight: Strengthening regulatory bodies such as the National Pension Commission (PenCom) to ensure compliance with pension laws and prevent malpractices. Regulatory bodies such as the National Pension Commission (PenCom) should be empowered to exercise stricter oversight over PFAs and pension funds. Measures should be implemented to detect and prevent fraud, corruption, and mismanagement of pension funds.
ii. Increased Coverage: Expanding pension coverage to include more workers, especially those in the informal sector, through innovative schemes tailored to their needs.
iii. Improved Investment Strategies: Adopting more robust investment strategies to maximize returns on pension funds while minimizing risks.
iv. Technology Integration: Leveraging technology to streamline pension administration processes, enhance transparency, and improve access to information for contributors.
v. Financial Literacy Programs: Implementing educational programs to raise

awareness about pensions and financial planning among workers, empowering them to make informed decisions about their retirement.

vi. Timely Payments: Government agencies and private companies must prioritize the prompt disbursement of pensions and gratuity to retirees. Delays should be minimized, and mechanisms should be put in place to ensure that retirees receive their entitlements without unnecessary bureaucracy.

vii. Review of Contribution Rates: There is a need to review the pension contribution rates to ensure that they are adequate to provide retirees with a decent standard of living. Adjustments may be necessary to reflect the current economic realities and inflation rates.

viii. Public Awareness and Education: There is a need for greater public awareness and education about pension rights and benefits. Retirees should be informed about their entitlements, the procedures for accessing them, and their rights in case of delays or disputes (Ezenwa and Obiagwu, 2020).

ix. Alternative Investment Options: Consideration should be given to diversifying pension investments beyond traditional financial instruments. Exploring opportunities in real estate, infrastructure, and other viable assets could enhance returns and improve the sustainability of pension funds.

Conclusion

The paper aimed to examine the challenges and prospects of implementing pension and gratuity policies in Nigeria. from the literature, it has been established that pensions and gratuities play a vital role in ensuring the financial security and well-being of retirees in Nigeria. However, the challenges facing the pension system, including delays in payments, inadequate benefits, and mismanagement of funds, need to be addressed urgently. By implementing reforms and adopting best practices, Nigeria can strengthen its pension system and provide retirees with the dignified retirement they deserve.

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