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Board Characteristics and Performance of Quoted Consumer Goods Firms: Evidence from Nigeria

J. Olabisi, S. O. Kajola, D. A. Oladejo, P. I. Ojeaga, T. F. Abass

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Abstract

Corporate governance has become a worldwide concern over the year due to numerous corporate financial failures which has redirected the attention of policy makers to the significance of board characteristics. This study examined the relationship between board characteristics and performance of quoted Nigerian consumer goods firms. This study adopted historical research design and ten firms were selected from the population of twenty-seven Nigerian listed consumer goods firms, as at 2017, using simple random sampling technique. Secondary data over a period of seven years (2011-2017) was obtained from the annual reports of the selected firms. Analysis was performed on data collected adopting Auto Regressive Distributed Lag (ARDL) Regression and other post estimation techniques to determine the existence of relationship between the variables. The results of the study showed significant relationships between board independence, board diligence and performance of consumer goods firms ($p < 0.05$). However, there is insignificant

relationship between board size, board composition and performance of consumer goods firms ($p>0.05$). The study concluded that regular board meetings and board independence play significant roles in timely decision makings that affect the overall firm's objective. Hence, the study recommended a regular board meetings and board independence that will be efficient in taking vital decisions that affect the firm's overall performance.

Keywords: board independence; board size; board composition; board diligence and performance.

Introduction

The modern-day commercial environment is branded by risk and uncertainty which negatively affect forecast and control of perceptible and imperceptible elements that inhibit efficient firms' performance. It is note worth that increased demand for customers' satisfaction necessitates redirection of focus on managerial expertise and service delivery quality. In response to external pressures, firms recourse to different strategies to sustain competitive positions in the market. In a dynamic environment, board becomes very significant for effective operations as board is expected to perform diverse tasks to lessen agency costs (Roberts, McNulty and Stiles, 2005). Board has to initiate organizational revolution and ease processes that support the organizational mission (Bart and Bolton, 2008).

The impact of board on the success of organization is increasingly recognized globally, and corporate governance practices are embraced by different countries (Bathula, 2008). This attraction is in response to several corporate collapses that continue to take place over the world (Rebeiz, 2015). According to the World Bank Reports (2016), good corporate governance practice reduces borrowing costs, adds values to firm, and improves risk management, which eventually lead to sustainable growth and improved firm's performance.

The apposite criterion selected to assess firm's performance is a function of the nature of organization to be evaluated, and the purpose to be achieved. Can board of directors qualities influence firm's performance? An admissible answer to this question is provided by

examining previous empirical studies on the subject matter. However, corporate governance over the years has become a topical issue all over the world due to economic crisis, financial scandals and corporate failures (Benjamin, 2009; Fallatah and Dickins, 2012; Jones, Li and Cannella, Shahwan, 2014).

Previous studies show that good corporate governance improves firm's performance, others prove inverse relationship, while some fail to determine significant link between the variables (Ghabayen, 2012). The subject of firm's performance has received substantial attention from scholars in various areas of business endeavor. It is a major concern for business specialists since financial performance has repercussions on organization's survival. Better performance reflects efficient utilization of company's resources; hence improve the economy of the country (Roberts, McNulty and Stiles, 2005). Studies such as (Bathula, 2008) and (Ghabayen, 2012) on board attributes and firms' performance have produced varied results ranging from supporting to opposing a positive relationship leading to a conflicting empiric on board attributes and firm's performance. Hence, a problem of recognizing and clarifying the link between board characteristics and performance of Nigerian quoted consumer goods firms remains unresolved.

With respect to these divergent results, the study seeks to examine the relationship between board characteristics and performance of quoted Nigerian consumer goods firms. Specifically, the study sought to determine the relationship that exists between board independence and performance of Nigerian quoted consumer goods firms; evaluate the relationship between board size and performance of Nigerian quoted consumer goods firms; assess the relationship between board composition and performance of Nigerian quoted consumer goods firms and identify the relationship between board diligence and performance of Nigerian quoted consumer goods firms.

Methodology and Purpose of the Study

This study adopted secondary data and historical research design to determine the relationship between board characteristics and corporate performance of Nigerian quoted consumer goods firms. The purpose for adopting this research design was to evaluate and understand the past for intelligent prediction of the future. Assessing the relationship between board characteristics and firms' performance, the study gathered data on board characteristics and corporate performance

variables. Data for this research comprised data from 2011 to 2017 collected from the Annual Reports of the selected ten listed consumer goods firms.

Study Variables and Data Analytical Technique

Return on Asset (ROA) was used to measure corporate performance, while board independence, board size, board composition and board diligence were surrogates for board characteristics. The study covered a period of seven years. Inferential statistics adopted econometrics models with a concentration on panel data using regression analysis to achieve the four specific objectives of the study. Analysis was performed on data collected. Descriptive analysis was performed with descriptive statistics. Normal distribution of data was tested with the confirmation of Skewness and Kurtosis. Also stationarity test analysis was done with Augmented Dickey Fuller (ADF) and Co-integration was performed to determine the long run relationship among the studied variables. Finally, Auto Regressive Distributed Lag (ARDL) Regression and other post estimations (Jarque-Bera test) were also performed to determine the existence of relationship between the variables.

Hypotheses

- H₀₁ There is no significant relationship between board independence and corporate performance of quoted consumer goods firms
- H₀₂ There is no significant relationship between board size and corporate performance of quoted consumer goods firms
- H₀₃ There is no significant relationship between board diligence and corporate performance of quoted consumer goods firms
- H₀₄ There is no significant relationship between board composition and corporate performance of quoted consumer goods firms

Model Specification

Y is corporate performance

X is board characteristics

Return on Asset (ROA) was used to measure corporate performance

Where board characteristic was measured by:

Board Independence (BI) is represented by x_1 ;

Board Size (BS) is represented by x_2 ;

Board Composition (BC) is represented by x_3 ; and

Board diligence (BD) is represented by x_4

$X = (x_1, x_2, x_3, x_4)$

Hence, $Y = f(x_1, x_2, x_3, x_4)$1

$RoA_{it} = \beta_0 + \beta_1 BI_{it} + \beta_2 BS_{it} + \beta_3 BC_{it} + \beta_4 BD_{it} + e_{it}$2

β_0 = constant

β_{1-4} = co-efficient of independent variable

e = error term

i = cross sectional script ($i=10$)

t = time series variable script ($t=7$)

Variables measurement

Table no. 1 presents the way the variables used in the study were described and measured.

Table no. 1. Measurement of variables

Proxy	VARIABLE TYPE	MEASUREMENT
Board Characteristics	Dependent	ROA: Returns on Asset
Board Independence	Independent	Measured with the proportion of non-executive directors divided by total number of directors on the board of the company.
Board Size	Independent	Measured with the size of the board was measured with the total number of directors
Board Composition	Independent	Measured with the proportion of non-executive directors divided by total number of directors
Board Diligence	Independent	Measured with the number of board meetings.

Source: Various empirical literatures (2017)

Theoretical Framework

Stakeholder theory is adopted for this study. The stakeholder theory was developed by Harrison Freeman in 1999. The theory places premium on the importance of employees, shareholders, suppliers, business partners and their relationship with the company's managers. The theory affirms that stakeholders are concerned with the accomplishment of a corporation where they have stake which implies

that stakeholders are affected by the firm's goals. Amba (2013) posited that stakeholders provide resources for firm since every corporation needs human and capital resources to survive and create value. The external providers are crucial to the success of any firm. Therefore, firm should recognize valuable contributions of stakeholders and promote their embedding in firm's long time plan (Ali and Nasir, 2014).

Jensen (2001) asserted that firm may not exploit survive within the business environment if the interest its stakeholders are not recognized. The reason is that stakeholders and business are inseparable and intertwine. The interest of stakeholders is to be balanced over time Freeman (2004). Boone (2007) submitted that the ethical standard is to give audience to outside stakeholders for thorough corporate governance practice. Corporate governance ensures judicious and proper allocation and utilization of scarce resources to attain business objective. The corporate governance mechanisms have to attain strategic point and align the interests of owners with that of other stakeholders. Therefore, the value addition to the enterprise is closely netted to that of stakeholders. Thus, business should be strategically positioned to fulfill the interest of several stakeholders in long-term (Freeman, 2004).

Conclusively, corporate governance assists board to note the demands and aspirations of various communities concerned (Khan and Javid, 2011). Board has a responsibility for well-adjusted remunerations of every actor in the firms. Therefore, board of directors is to identify critical capitals, viz., finance, technology, society, environment, and human, before creating the long-term corporate strategies.

Literature Review

The board of directors is an ultimate management unit in a firm (Chechet, Yancy and Akanet, 2013). Kakanda, Bello and Abba (2016) asserted that organization considers board of directors as a team that works towards achieving organizational goals and board is placed in a hierarchy above other managers in an organization because the board performs strategic roles of decision making. The composition and competencies of board are important organizational resources and such resources give competitive advantage to firms and help to achieve excellent performance (Hunt, 2000). Board structure and characteristics are vital to effective decision making and performance of firms.

Kakanda, Basariah and Sitraselvi (2016) suggested that the major responsibilities of a board include formulating policy, monitoring and implementing policy that support the firm to achieve goal. Kemp (2006) asserts that directors have a clear role to formulate business strategies and make strategic decisions. This study signposts the need for board's involvement in formulating and implementing strategic policy that assists the firm's goal. While it is obvious that board performs crucial roles towards achieving strategic goal, not every board equally participates in strategic decision making. Some boards are passive while some active in participating in strategic decision making process (Bhagat and Bolton, 2008).

Previous studies indicated that board qualities have relationship with performance (Kim, 2014; Kakanda, Bello and Abba, 2016). The board of directors plays vital and integral roles in organizational survival. They are saddled with responsibility of providing oversight functions monitor and where necessary discipline CEOs (Coles, 2008; Rebeiz, 2015). Prior research establishes that board is faced with dual responsibilities that compete with each other to serve as board's major area of focus. To be precise, firms elect board to provide regulation to the firm's management team and also serve as monitoring mechanism firm's operation (Boone, 2007; Kim, 2014).

A board is independent, when the numbers of independent non-executive directors that are not associated with top executives of the firm are more (Coles, 2008; Cicero, 2013; Kim, 2014). The board comprises executives and non-executives who are either independent or non-independent directors. The non-executive directors play a role of a watch dog for the actions of the Chief Executive Officer (CEO). Executive directors ensure that the shareholders' interests are well protected and add to the mixture of skills and expertise of the directors. The board size is viewed as an essential dimension of board characteristics and this is because there are contradictory beliefs in literature regarding board size. Many theorists support large board size, whereas other suggests small size, some argue for flexibility in size while other rigidity.

Hendry and Kiel (2004) posited that board size has influence on debates and decision making and should compose sufficient numbers of directors to implement various decisions. Ali and Nasir (2014) posited that board size depends on several outside factors such as industry, legal and regulatory framework, economic system and political institution.

Benjamin (2009) argued that board oversize may lead to inappropriate coordination, while board undersized may affect making rich decision. However, Boone (2007) and Kim (2014) concluded that the boards of directors should ensure that organizations operate within the law and uphold the fiscal integrity of operations.

Board composition is the number of independent non-executive directors on the board compared with the total number of directors. Various studies over the world revealed that non-executive directors are effective in monitoring managers and protecting the interest of shareholders which result in improved performance. Kim (2014) opines that the mix of executive and non-executive directors constituting a firm's board is very important for its performance. The proportion of directors to a large extent, determine the quality of decisions since fairness plays essential role in taking good decisions.

Board diligence is the frequency of time in which the board of directors meets to deliberate on important issues that affect firm and take judicious decisions on them. Yusoff (2012) asserted that the success of a board is dependent on the frequency of time the board members meet to discuss issues confronting a firm. A regular meeting of board enhances oversight functions that bring about improved performance. Furthermore, board diligence such as preparation before meetings, attentiveness, and participation during meetings and post-meeting follow-up (Kim, 2014). Dalton (2011) observed board meetings as an avenue to improve board's effectiveness. Shahwan (2015) submitted that it is when board meets regularly that it will be able to function diligently and protect the interests of shareholders. Board characteristic is the hard core of corporate financial performance; it has received significant attention from many researchers and continues to be a topical issue. Among the notable studies on board attributes discussed are the contributions of the researchers discussed below.

The independence non-executive directors are effective tool for controlling the activities of the managers (Amba, 2013). A high proportion of independent directors on the board enhances the monitoring of managerial opportunism and reduces information asymmetries (Ilaboya and Obaretin, 2015). However, a lot of issues like familiarity, threat of replacement of auditor and provision of management advisory service seem to harm board independence. There is need to strengthen the independence of board to constantly perform oversight functions (Johl, 2013). Yusoff (2012) examined the

relationship between corporate governance and firm performance of 813 listed companies in Malaysia from 2009 to 2011. He establishes that board size significantly influences performance in relation to firm earnings per share and Return on Equity (ROE). Boone *et. al* (2012) established that board composition was negatively and significantly related to performance of deposits money Banks in Nigeria.

Gosh (2007) established a statistically significant impact of board diligence on firm performance, observing that 10% increase in diligence increases the performance of the organization by 1%. Johl (2013) adopted financial and non-financial data from companies listed on the Malaysian Stock Exchange market in 2009. The study reported a negative relationship between board diligence and corporate performance. This negative relationship is in line with Johl (2013). However, others believe that infrequent board meetings result to insignificant influence on management operations (Chechet, Yancy and Akanet, 2013).

Results

Pre- estimation

Below is the descriptive statistics and graphical analysis of the time series employed in the study. The essence was to give a cursory review of the statistical properties and trends of the variables employed.

Descriptive Analysis

The information in Table no. 2 presents the descriptive statistics for the proxies included in the dependent and independent variables. The table presents the mean, maximum, minimum, standard deviation, Skewness, Kurtosis and other descriptive results.

Table no. 2. Descriptive Statistics

	ROA	BI	BZ	BD	BC
Mean	0.1567	0.6711	10.200	5.3285	0.6289
Median	0.1300	0.6700	10.000	5.0000	0.6700
Maximum	0.9900	0.9200	16.000	11.000	0.9200
Minimum	0.0100	0.5000	7.0000	3.0000	0.0100
Std. Dev.	0.1344	0.1099	2.0962	1.4518	0.1963
Skewness	3.8010	0.1420	0.6500	1.2150	-1.5210
Kurtosis	2.4580	-0.8450	-0.2500	2.2260	2.2420

Jarque-Bera	7.3199	15.3249	115.0039	219.6502	730.287
Probability	0.0002	0.0006	0.0000	0.0000	0.0000
Sum	8.9101	10.9102	62.2322	78.1265	4.2686
Sum Sq.					
Dev.	0.0214	0.3245	3.6533	4.2094	1.5445

Source: E-Views Outputs

Table no. 2 presents the descriptive analysis of the studied variables. The mean value for corporate performance (return on assets) of the sampled consumer goods firms was 15.67%, with a standard deviation of 0.1344. The value is in a range between 0.01 (minimum) and 0.99 (maximum). This implies that for every N100 unit of asset employed by the sampled firms N15.67 was earned as return on asset. Return on assets also had positive Skewness as shown by Skewness value of 3.8010, and Kurtosis value of 2.458, this showed the normality of the data analyzed.

Board independence was measured with the proportion of non-executive directors divided by total number of directors on the board of the company. The application of board independence in the board characteristics of sampled companies was in a range between 0.50 and 0.92, and its mean value was 0.6711. Board independence had positive Skewness value of 0.142, and a negative Kurtosis value of -0.845, this showed the data for board independence data was not normally distributed. Meanwhile, the size of the board was measured with the total number of directors on board. The mean for board size was 10.2. The value of board size was in a range between 7 and 16. Board size had positive Skewness as shown by Skewness value of 0.650, and a negative Kurtosis value of -0.25, these values implied that the data for the board size was not normally distributed.

Table no. 2 also revealed that the mean value of board diligence was 5.33, while maximum and minimum values 11 and 3 respectively. The table also revealed positive Skewness for board diligence indicating that the degree of departure from symmetry of a distribution was positive, and also Kurtosis value of 2.226 which shows the degrees of Peakedness of the variable. The table also revealed the mean value of board composition as 62.89%, while maximum and minimum board composition during the study period stood at 92% and 1% respectively. It was also revealed that board composition had a negative Skewness of

-1.521 indicating negative degree of departure from symmetry of a distribution, and also Kurtosis value of 2.242 which showed the degrees of Peakedness of the variable.

In conclusion, Jarque-Bera statistics was used to further clarify the normality of the data for the variables, a critical appraisal of the Jarque-Bera statistics revealed that all the observed variables are normally distributed, with all probability values within the significance levels.

Correlation Analysis

The Pearson correlation for the dependent and independent variables are presented in Table no. 3. The table presents board independence, board size, board, board composition and board diligence as proxies for independent variable, and return on asset to measure dependent variable.

Table no. 3. Correlations Analysis

	Return on Asset	Board Independence	Board Size	Board Meeting	Board Composition
Return on Asset	1				
Prob	--				
Board Independence	0.094**	1			
Prob	0.001				
Board Size	-0.135	-0.202*	1		
	0.265	0.093			
Board diligence	-0.167	0.331***	-0.131	1	
Prob	0.866	0.005	0.278		
Board Composition	0.113	0.773***	-0.536**	0.274**	1
Prob	0.350	0.000	0.000	0.022	

Note: *, ** and *** indicate significant at 10%, 5% and 1% level respectively

Source: Author's computation with the aid of E-Views Output

Table no. 3 showed the correlation relationship between the studied variables. The table indicated that board independence was positively correlated with Return on Asset (ROA). This positive relationship implied that, the degree of board independence had positive relationship on the firm Return on Asset. The relationship between Return on Asset and board independence was significant at 5% level. It was also revealed that Return on Asset (ROA) had a positive correlation with board composition. This positive relationship implies that, the level of board composition would have positive relationship on the firm Return on Asset. The relationship between Return on Asset and board composition was not significant as the probability value is greater than the acceptable significance levels. Meanwhile, the results of the analyzed data indicated that board size has a negative correlation with corporate performance. The relationship between board size and corporate performance is not significant as the probability value is greater than the acceptable significance levels. Similarly, the correlation test indicated that board diligence has a negative correlation with corporate performance. The relationship between board diligence and corporate performance is not significant as the probability value is greater than the acceptable significance levels.

Stationarity Test Analysis

Testing for stationarity among the variables was to determine the long run relationship among the studied variables. A good technique that was used for the stationarity test is Augmented Dickey Fuller (ADF).

Table no. 4. Stationarity Analysis

Vari ables	ADF 1% Test	Critical 5% Value	Critical 10% Value	Critical Value	Order of Statio- nary	Remarks
ROA	-5.2324	-4.5653	-3.0987	-3.6655	1(1)	Stationarity
BI	-9.5658	-4.7641	-3.0881	-3.1134	1(1)	Stationarity
BZ	-2.9098	-4.6753	-3.9889	-3.9871	1(1)	Non- stationarity
BC	-5.0987	-4.0987	-3.7654	-3.8752	1(1)	Stationarity
BD	-3.4547	-4.6909	-3.6729	-3.9241	1(1)	Non- stationarity

Source: E-View outputs

The null hypothesis of the stationarity states that there is unit root among the studied variables, meaning that variables under study are not stationary, while the alternative hypothesis states that there is no unit root, that is, the variables are stationary. The results showed that there is stationarity for return on assets, board composition and board independence at first difference. This is possible since the absolute terms of Augmented Dickey Fuller for these variables are higher than their critical values. Therefore, the null hypothesis is accepted, and we rejected alternative hypothesis. Thus, conclude that the variables (return on assets, board composition and board independence) are stationary and integrated of order one. Since the stationarity was found for return on assets, board independence and board composition at first difference, this leads to the acceptance of the long-run relationship among the estimation parameters. However, the results also showed that there is no stationarity for board size and board diligence. This is obtained as the absolute terms of Augmented Dickey Fuller for these two variables are less than their critical values. Therefore, we fail to reject the null hypothesis, and we reject alternative hypothesis. Thus, conclude that the variables (board size and board diligence) are not stationary. This leads to the rejection of acceptance of the long-run relationship among the estimating parameters.

Co-integration Analysis

Co-integration was tested to determine the long run relationship among the variables. The purpose of co-integration analysis is to determine whether there is co-integration between the variables, or there is not. The summary of the result of the co-integration test is presented in Table no. 5.

Table no. 5. Co-integration Test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Probability
None *	0.767663	351.4633	225.8823	0.0023
At most 1 *	0.776921	268.6021	105.3827	0.0002
At most 2 *	0.993582	208.9545	79.82653	0.0011
At most 3 *	0.982246	81.50585	57.89902	0.0001

At most 4 *	0.218552	60.36244	49.70922	0.0021
At most 5 *	0.982371	32.85904	25.47864	0.0062

Source: E-Views Outputs

To determine the level of co-integration in the study variables, the values of Trace Statistic is compared with critical values. As revealed in table no. 5 Trace Statistic test are greater than the critical values, and all the variables are significant at 1% level. As a result, we reject that there is no co-integration in the variables. We therefore conclude that all the explanatory variables are co-integrated with dependent variables. This further clarified a position of long-run relationship between the dependent and independent variables.

Regression Analysis

Regression analysis between board characteristics and corporate performance for listed consumer goods firms in Nigeria are presented in the Table no. 6. which showed the regression results between dependent variable (corporate performance) and independent variable (board independent, board size, board meeting and board composition).

Table no. 6. Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.247	0.148	1.664	0.101
BI	2.061	0.340	5.767	0.000
BZ	-0.009	0.010	-0.950	0.346
BC	-0.017	0.163	-1.107	0.915
BD	-0.022	0.012	-1.834	0.007
R-squared	62.5%			
Adjusted R-squared	52.1%			
F-statistic	1.241	**		
Prob(F-statistic)	0.0030			
Durbin-Watson	1.877			

Note: *, ** and *** indicate significant at 10%, 5% and 1% level respectively

Source: E-View Output

The results showed that board independence had positive and significant relationship with corporate performance of consumer goods firms. This result is supported by the t-statistic of 5.767 at a p-value of 0.000 which was lower than the acceptable significance levels. The regression result between board size and corporate performance also indicated negative and insignificant relationship. This relationship is supported by the t-statistic of -0.950 at a p-value of 0.346 which is greater than the acceptable significance levels. In addition, it was shown that board composition had negative and insignificant relationship with corporate performance of consumer goods companies used in the study. This result is supported by the t-statistic of -0.107 at a p-value of 0.915 which is greater than the acceptable significance levels.

On the other hand, the regression results also revealed that board diligence has negative and significant relationship with the dependent variable. This negative and significant relationship has been supported by t-statistic value of -1.834 at a p-value of 0.007 which is less than the 5% significance level. Therefore, the relationship between board diligence and corporate performance is significant at 5% significance level.

The value of R-square is the coefficient of determination in the study which measures the goodness fit of the model. R-square indicates that 62.5% of the variations observed in the corporate performance were explained by variations in the independent variable. The reported Adjusted R-square was 52.1%, meaning that 52.1% of explanatory variables explained the dependent variable (board characteristics) of the selected consumer goods firms used for the study. The Durbin Watson statistics test was conducted to measure the power of the residual, in order to ascertain the presence or otherwise of autocorrelation in the model. The Durbin Watson (D.W) statistics for the studied variables was found to be 1.877. This indicates that there is no presence of autocorrelation in the model, and consequently the model does not have any element of bias. F-statistics results indicated that regression model used in this study is good for prediction purposes. F-statistic of 1.241+ and supported by the P-value of 0.0030 indicated that the overall model applied statistically predicted the dependent variable. Since the probability is less than the specified 5% level of significance, the overall determinant of the explanatory variables on the board characteristics is statistically significance. Hence, the null hypothesis that the overall effect is not significant is rejected and the alternative hypothesis is accepted.

Discussions

The empirical evidence of this study provided an insight to Nigerian listed consumer goods firms with regard to board characteristics and financial performance. The study revealed the correlation between board characteristics and performance of Nigerian listed consumer goods firms with the anticipation of grasping the attention of business community, the regulators and other stakeholders. It directed the attention of firms to the need of taking into consideration the independence, size, composition and diligence of board to build effective management team. The results that revealed a significant relationship between board independence and performance was in line with the studies of Ilaboya and Obaretin (2015) who submitted that a high proportion of independent directors on the board enhances the monitoring of managerial opportunism and reduces information asymmetric. However, issues like familiarity threat, threat of replacing auditor and provision of management advisory service seem to harm board independence.

Also, Board diligence has a positive and significant relationship with financial performance. Board diligence implies the frequency of board meetings, was discovered to be positive and significant with Return on Asset of Nigerian listed consumer goods firms. According to Yusoff (2012), the success of a board is dependent on the frequency of time the board members meet to discuss issues confronting a firm. However, Johl (2013) established a negative relationship between board diligence and corporate performance. Shahwan (2015) submitted that it is when board meets regularly that it will be able to function diligently and protect the interests of shareholders. The study revealed that the more the number of board meetings, the better for a firm, because boards have more and better chances to make good decisions that galvanize the performance of business. In summary this study alludes to the fact that a regular board meetings and board diligence enhance oversight functions that bring about improved performance.

Conclusion

Regular board meetings serve as an avenue for effective decision making. Board of directors holds meetings to discuss issues of past, present and future potential opportunities that may situate the firm at a competitive advantage and quickly pass resolutions about them during the meetings. Also, board independence is crucial to the success of

firms as it directs the attention of business to the importance of taking into consideration effective building of management team. Therefore, the study concluded that there should be regular board meetings as stipulated by the company' laws as such could positively affect the corporate performance of listed consumer goods firms in Nigeria. Also, the board independence should be strengthening so that it can constantly perform oversight functions.

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Age and Work Experience as Antecedents of Ethical Decision Making of Managers: Nigerian Experience

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Abstract

Cognitive moral development theory posits that an individual's cognition, emotion and judgment changes as one move through stages of moral development. Age and work experience have been suggested as determinants of ethical ideology which in turn influences ethical behavior. This study examined age and work experience as antecedents of ethical decision making of managers. Ethical judgment and ethical intention were used to measure ethical decision making. The findings indicate that older managers are not necessarily more ethical than younger managers. But the evidence demonstrated further that more experienced managers are more ethical than less experienced managers. It can be concluded that work experience rather than mere age is the real antecedent of ethical behavior. Further analyses showed that this conclusion may be due to the evidence that more experienced managers are more

idealistic and less relativistic than less experienced managers.

Keywords: Age; Ethical Judgment; Ethical Intention; Idealism and Relativism; Work Experience.

Introduction

Theories of ethical decision making have identified age as a key individual characteristic that significantly influences the ethical decision making of managers, Kohlberg (1981), Ferrell (1985), Hunt and Vitell (1986), Trevino (1986), Dubinsky and Loken (1989). Furthermore, several empirical studies have confirmed the role of age in ethical decision making of managers Beltramini, Peterson and Kozmetky (1984), Meising and Preble (1989), Jones and Gautschi (1988), McCabe, Dukerich and Dutton (1991), Nyaw and Ng.(1994), Ruegger and King (1992), Singhapakdi, Salychivin, Virakul and Veerayangkur (2000), Iyiegbuniwe, Ogbojafor and Kuye (2016), Iyiegbuniwe (2015). More specifically, Ruegger and King (1992) found that age is relevant in making ethical judgments and asserted that older students were more ethical than younger students. Ruegger and King (1992) further stated that students who have worked for a long period of time appear to be more ethical than those with limited work experience. It concluded that “the longer the length of work experience the lower the selfish interest, for the survival of the fittest and the belief in absolutes”.

Jones (1991) demonstrated that ethical dilemma is not a univariate, but a multidimensional construct. The construct was named moral intensity with six dimensions. Hence, the appropriate study of ethical decision making should be carried out in the context of moral intensity construct. The studies of ethical decision making cited above, except Singhapakdi et al (2000), did not consider the relevance of the dimensions of moral intensity in ethical decision making. Furthermore, previous studies of ethical decision-making used between-subject survey research design which did not experimentally manipulate the decision scenario. The exception was Frey (2000a and 2000b). Frey (2000) demonstrated that “with-in scenario manipulation of all six Moral Intensity dimensions should yield cleaner data and effect” and is a “more sensitive” survey research design. This study revisited the influence of age and work experience on ethical decision making of

managers in the context of moral intensity framework and with Nigerian managers as the referent population.

Literature Review

Ferrell et al (1985) presented a contingency model of ethical decision making. In this model, the social and cultural environment generates the ethical issues or dilemma, which are perceived or recognized by the decision maker. Personal characteristics (knowledge, values, attitudes, intentions), significant others (differential association, role set configuration), and opportunity (professional codes, corporate policy, rewards/punishment) affect the ethical/unethical behavior decided by the decision maker. The evaluation of the decided behavior leads to a feedback to personal characteristics, significant others, and opportunity, which will be transmitted to future decision making. The main contribution of the model is the recognition of the influence of individual characteristics and organizational factors as determinants of ethical decision making.

Hunt and Vitell (1986) developed a comprehensive ethical decision-making model, in which cultural, industry and organizational environments and personal experiences of the decision-maker are the sources of perception of ethical problems, alternate solutions to the ethical problems and their perceived consequences. These factors also have a direct influence on the decision maker's evaluation of deontological norms, consequences and the importance of stakeholders. The perception of ethical problems leads to the perception of alternative behavior options, which, in turn, leads to the perception of consequences. The latter has a direct influence on the decision maker's evaluation of the probability and desirability of consequences. The foregoing factors directly lead to both deontological and teleological evaluations, respectively, which, in turn, directly impact the decision-makers ethical judgment. The introduction of the decision-makers moral philosophical evaluation is an important and major feature of this model. Ethical judgment directly impacts on ethical intention, which, in turn, directly impacts on ethical/unethical behavior. Another important feature of the model is that teleological evaluation directly affects ethical intention. The implication of this is that the decision-maker feels that a particular behavioral alternative may be the most ethical but decides (intends) to choose a different behavioral option because its consequences are preferable. The new feature in this model is the

inclusion of the individual's philosophical evaluation as a component of the ethical decision-making process. The rationale is that an individual may intend to choose a different behavioral option because of preferred consequences, McMahon (2002).

Ferrell, Gresham and Friedrich (1980) provided a synthesis of Ferrell and Gresham (1985) and Hunt and Vitell (1986) with the inclusion of theory of cognitive moral development Kohlberg (1981). This synthesized model attempted the integration of the important features of the incorporated models. This model has an elaboration of the ethical judgment phase with the inclusion of the effects of cognitive moral development and moral philosophy (deontological and teleological) evaluations. The contingent factors (organizational culture and individual moderators) have an influence on the decision maker's ethical awareness, cognition, moral evaluations and ethical intentions, which directly impacts on ethical behavior. It also includes opportunity (to behave ethically or unethically) as a variable representing the influence of professional codes, corporate policy and rewards/punishments. The model provides for a feedback from behavior to the situational variables, the effects of which will reflect on future ethical decisions. A unique feature of this model is that it clarifies the influence on the ethical decision-making process of the individual and situational factors, as identified in Ferrell and Gresham (1985). Specifically, it indicates that individual and situational factors affect each of the five stages in the linear process of ethical decision-making: awareness, cognition, philosophical evaluation, intentions and behavior.

Jones (1991) reviewed extant models of ethical decision-making and remarked that though "each of these models has something to contribute to the understanding of ethical decision-making; none, however, does more than a hint that characteristics of the moral issue itself will affect the moral decision-making process". It presented an issue-contingent model of ethical decision making and behavior, arguing that "ethical decision-making is issue contingent, that is, characteristics of the moral issue itself, collectively called moral intensity, are important determinants of ethical decision making and behavior" and defined moral intensity as "a construct that captures the extent of issue-related moral imperative in a situation" and noted that "its component parts are characteristics of the moral issue, such as magnitude (seriousness) of consequences (MC), social consensus (SC),

probability of effect (PE), temporal immediacy (TI), proximity (PR), and concentration of effect (CE)”.

Research Methods

The research design for this study is the cross-sectional within-subject survey design. Most previous studies of ethical decision-making of managers used between-subject survey design. This study used within-subject survey design because, as demonstrated by Mc Mahon (2002), “it is only in within-subject survey design that the researcher is able to truly test the effect of moral intensity on ethical judgment”. This is because within-subject survey design enables the researcher “to control for the referent a participant uses in making a judgment”.

The population of this study consisted of managers that are enrolled in the Executive Master of Business Administration (MBA) programme in Nigerian universities, and their immediate senior managers in the organizations where they work. The MBA programme typically runs in two modes: (1) Full-Time, comprising mostly recent graduates who do not have much post-graduation work experience, and are enrolled in full time study; (2) Executive, consisting of persons who are typically employed and engaged in MBA programme on part-time (weekday evening or weekend) study. The Executive MBA students typically possess some work experience that qualifies them as junior managers. The immediate senior managers of the MBA students, covered in this study, are included to increase the breadth of working experience of the respondents.

Sample and Sampling Techniques

In this study, the sample was drawn using two-stage sampling procedures. At the first stage, the cluster sampling method was used and the Executive MBA programme (Weekday evening and Weekend) of the University of Lagos, Lagos was selected. The University of Lagos is ideal for the study given that the Lagos metropolitan area is the industrial and commercial capital of Nigeria and has the highest concentration of managers in Nigeria. The University of Lagos has the oldest and biggest MBA Programme in Nigeria. It runs both Full-Time and Executive classes. The Executive variety has two modes – Weekday Evening (770 registered students in 2012/2013 session) and Weekend (109 registered students in 2012/2013 session). Therefore, at the second stage of the sampling, stratified random sampling method was used to

proportionally draw a sample of four hundred and fifty students, from both the first year and second year strata of the MBA Executive students. The sub-strata, therefore, consist of: (1) First-year weekday students (163), (2) Second-year weekday students (231), (3) First-year weekend students, and (4) Second-year weekend students, Rugger and King (1992). Within each sub-stratum, simple random sampling scheme is adopted. The corresponding immediate senior managers of the selected-MBA students constitute a complementary subsample of 450 respondents making the total sample of 900 respondents. The determination of the sample size was done with Sample Size Table (Research Advisors). Given one to one pairing of Executive MBA students and their senior managers, the number of registered Executive MBA students for 2012/2013 session (879) multiplied by two is the sampling frame for this study, which is 1758. The sample size corresponding to this sampling frame in the sample size table, at 95% confidence level and 2.5% margin of error is 869, which is rounded up to 900 (Kothari, 1992; Akpa, 2011).

Research Instrument

The appropriate data for this research is the primary type generated from the administration of a structured questionnaire. The questionnaire has three sections: section A presents two ethical scenarios which describe business decision situations of an arguably ethical nature (vignette). In this section, respondents are requested to read the two scenarios (low and high moral intensity scenarios, respectively) and thereafter answer eight questions from Multidimensional Ethics Scale (MES) to express their opinion on ethical judgment and ethical intention, about the decision presented in each scenario, respectively (Reidenbach and Robin, 1990). Section B measures the Personal Moral Philosophy (PMP) of the respondents, while in section C the demographic characteristics (Work Experience and Age) of the respondents are measured.

Consistent with convention, the reliability and validity of the questionnaire used in this study were checked through a pilot test. The questionnaire was administered on a sample of sixty junior managers on the MBA programme, University of Lagos, Lagos. From the responses made by fifty-six of the respondents, the following reliability measures were obtained:

Table no. 1. Validity and reliability of questionnaire

VARIABLE	CRONBACH'S α
Ethical Sensitivity	0.885
Ethical Judgment	0.901
Ethical Intention	0.871
Personal Moral Philosophy (a) Idealism	0.942
(b) Relativism	0.915

Although the different segments of the questionnaire were adapted from previous studies, they were moderated for content validity by a panel of experts comprising senior academics at the University of Lagos, Lagos.

Ethical Decision Scenarios

The operationalization and measurement of Ethical Judgment and Ethical Intention in research on ethics is typically done with description of business decision situations of an arguably ethical nature, referred to as scenario. The use of scenarios in ethical business research allows the provision of a greater amount of background information and allows detail into an ethically arguable decision situation (Fritzsche and Becker, 1982). Scenarios are therefore considered more adequate for eliciting a higher quality of data in business ethics research than is possible from simple questions. Scenarios allow for systematic variations of realistic characteristics and provide a standardized social stimulus across respondents (Alexander and Becker, 1978). The scenarios used in this study depict business-decision situations which are familiar to managers (including Executive MBA Students) given their academic and industry managerial experience. Hence, the respondents are capable of assimilating and evaluating the ethical issues of the business-decision scenarios. Business-decision scenarios developed and applied in business ethics study by Frey (2000a and 2000b), were pre-tested and adapted in this study.

Most ethical decision-making studies used a single description of an ethics scenario. This study has improved on this by incorporating construct of moral intensity, Jones (1991). It manipulated each of the six moral intensity dimensions (MC, SC, PE, TI and PX, CE) to reflect two different levels (Low, High) of Moral Intensity. Only one of the six dimensions of moral intensity is manipulated in each scenario, to change one or more characteristics in the business decision scenario.

This yielded: (1) Low Moral Intensity Scenario – includes a description of low moral intensity for all the dimensions of moral intensity, and (2) High Moral Intensity – includes a description of the high moral intensity of a dimension of moral intensity the scenario is designed to manipulate. This procedure yielded one low moral intensity scenario and six different high moral intensity scenarios, each representing one of the six dimensions of moral intensity. Two scenarios, the low moral intensity scenario and one of the six manipulated high moral intensity scenarios, were presented in each questionnaire. This produced six different questionnaires. The respondents were randomly assigned to the six questionnaires.

Research Variables

Ethical Judgment (EJ)

The degree of moral intensity, depicting the ethicality of decision scenarios was measured using the 8-item Multidimensional Ethics Scale (MES), Reidenbach and Robin (1990). McMahon (2002) concluded that the 8-item MES is a “better predictor of overall ethicality” and suggested that “future research into the ethical decision-making process should use the MES to measure ethical judgment rather than the one-item measures that are endemic in the literature but are questionable in terms of reliability”. In this study, ethical judgment was measured with the 8-item statements, on a five-point scale. The respondents were requested to indicate, on a five-point Likert-Type Scale, their degree of agreement or disagreement with the statements, respectively; ranging from strongly agree (1) to strongly disagree (5). Since the manipulated decision scenario is unethical, higher MES score indicates an ethical judgment disposition since the respondent disagreed with the unethical decision/action. An example of the eight statements is “The manager’s decision is Just”.

Ethical Intention (EI)

Ethical Intention was measured by a single item per scenario. Respondents were requested to indicate their agreement or disagreement with the statement “I would act in the same manner as the decision maker in the above scenario”. A four-point Likert-type scale (1 = Strongly Disagree to 4 = Strongly Agree) was used to measure ethical intention. Given that all the manipulated scenarios depict unethical behavior, higher score implies lower Ethical Intention (that is a higher

tolerance for unethical behavior). This operationalization of Ethical Intention is consistent with the practice in previous studies such as that of Vitell and Hunt (1990).

Personal Moral Philosophy

In Section B of the questionnaire, the respondents were requested to indicate their degree of agreement or disagreement with a range of statements meant to reveal their personal moral philosophy: Idealism and Relativism. Personal Moral Philosophies were measured by an adaptation of Ethical Position Questionnaire (EPQ), Forsyth (1980), as used by Fernando and Chowdhury (2010), Fernando, Dharmage and Almeida (2008) and Karande, Rao and Singhapakdi (2002). The adapted EPQ consists of eight items measuring Idealism and seven items measuring Relativism. An example of an idealism item is “a person should make certain that his/her actions never intentionally harm another person even to a small degree”, while an example of a Relativism item is “what is ethical varies from one situation and society to another”. Responses were indicated on a 5 – point Likert Scale (1 – Strongly Disagree to 5 – Strongly Agree). A higher score reflects a higher level of idealism or relativism. For each respondent, the idealism and relativism scores were computed by averaging the responses to the items of each construct. A Malaysian study, Johari, Sanusi and Ismail (2012) demonstrated that though Forsyth’s Ethics Position Questionnaire was developed in the west, it is relevant and valid for research application in other cultures/countries (Malaysia).

Demographic Variables

In this study, the influences of Age and Working Experience on ethical decision making were investigated. Section E of the questionnaire contains questions to elicit information on Working experience and Age, of the respondents. Age and post-graduation working experience was measured in years.

Findings

Age and Ethical Decision Making

This study has as one of its objectives the determination of the difference in the ethical intention of older managers, (greater than or equal to thirty-one years) and younger managers (below thirty-one years). The results of independent sample t-test of difference in the

mean scores of ethical decision making of the two groups of managers, for the six dimensions of moral intensity construct, are presented in tables no.1 and 3.

In terms of ethical judgment (MES scores) shown in table no. 2, there are three (out of six) dimensions of moral intensity with a significant difference between older and younger managers. Younger managers have ethical judgment scores that are significantly higher than that of older managers in two out of the three dimensions with a significant difference in ethical judgment. This finding suggests that younger managers may be more ethical than older managers. Older managers exhibited the same level of ethical intention as the younger managers. As shown in table no. 3, four out of the six dimensions of Jones' moral intensity dimensions have a significant difference in the level of ethical intention of the older and younger managers. Each category of managers had two dimensions (fifty per cent) of significant difference in ethical intention in which it had the lower ethical intention score which represents ethical disposition. Therefore, this study concluded that older managers do not appear to exhibit a higher level of ethical intention, than younger managers.

Table no. 2. Age and Ethical Judgment

SCOREMEAN			t-test for Equality of Means (Unequal Variance)			
Moral Intensity Types	Younger Managers	Older Managers	t-value	df	Significance (2-tailed)	Mean Difference
SC	2.0581	1.8114	2.512	107.79	0.014×	0.2467
MC	1.9884	1.8001	0.8831	26.25	0.412	0.1862
TI	0.9714	0.9486	0.145	111.26	0.885	0.229
LE	2.1424	1.1424	2.806	65.84	0.007××	03181
CE	1.736	1.8176	-1.044	155.67	0.398	-0.0816
PR	1.6300	2.000	-4.597	11.000	0.001××	-0.3700

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

Table no. 3. Age and Ethical Intention

MEAN SCORE			t-test for Equality of Means (Unequal Variance)			
Moral Intensity Types	Younger Managers	Older Managers	t-value	df	Significance (2-tailed)	Mean Difference
SC	1.4828	1.4759	0.073	201	10.943	0.0069
MC	2.1818	1.7925	2.132	179	0.034×	0.1827
TI	1.5000	1.4524	0.365	138	0.715	0.0476
LE	1.4634	1.7333	-2.350	66	0.022×	0.2699
CE	1.7795	2.0556	-2.628	189	0.009××	-0.2760
PR	2.0000	1.6667	2.345	11	0.039××	0.3333

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

Work Experience and Ethical Decision Making

Varied exposure to ethical decision situations should impact on the ethical decision making of managers. Hence, a stronger impact on ethical decision making by work experience should be expected that is the case with age because work experience can be viewed as age weighted by exposure to practical decision-making.

To determine if managers with long work experience are more ethical than managers with short work experience, independent sample t-test of difference in mean scores of ethical judgment was employed. Seven years work experience is the cut-off point. The results are presented in table no. 5. Only five moral intensity dimensions were considered because the proximity dimension could not be computed due to insufficient data. In four of the five (eighty per cent) dimensions, the mean ethical judgment score of the more experienced managers was significantly higher than the corresponding mean ethical judgment score of the less experienced managers. Hence, the results clearly show that more experienced managers are more ethical than less experienced managers.

With age as a differentiating factor, it was observed that older managers displayed the same level of ethical intention as the younger managers. The same analysis was done with work experience as the differentiating factor using independent sample t-test of difference in the mean scores of ethical intention. The results are shown in table no. 6. The difference in mean score of ethical intention of more experienced and less experienced managers are significant in four out of five

dimensions of moral intensity. In all the four dimensions, more experienced managers had lower mean ethical intention scores than that the less experienced managers. Since the referent ethical decision scenarios were manipulated to depict unethical behavior, higher ethical intention scores imply lower ethical intention (that is a higher tolerance for unethical behavior). Hence, it is concluded that managers with longer work experience are more ethical than managers with less work experience. These results are more emphatic than the results with age as the differentiating factor. It clearly leads to the conclusion that more experienced managers are more ethical than less experienced managers.

Table no. 4. Work Experience and Ethical Judgment

MEAN SCORE			t-test for Equality of Means (Unequal Variance)			
Moral Intensity Types	More Experience	Less Experience	t-value	df	Significance (2-tailed)	Mean Difference
SC	2.1886	1.7102	5.283	139	0.000	0.4785
MC	2.3289	1.6139	4.086	63	0.000	0.7156
TI	1.0556	0.8400	1.350	212	0.180	0.2156
LE	1.8846	1.4333	3.571	84	0.001	0.4153
CE	2.1901	1.8107	2.998	62	0.004	0.3794

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

Table no. 5. Work Experience and Ethical Intention

MEAN SCORE			t-test for Equality of Means (Unequal Variance)			
Moral Intensity Types	More Experience	Less Experience	t-value	df	Significance (2-tailed)	Mean Difference
SC	1.1832	1.3797	2.596	144	0.020	-0.1965
MC	1.0870	2.0870	2.659	176	0.009	-0.3597
TI	1.3871	1.5000	0.890	132	0.375	-0.1129
LE	1.5167	1.8077	3.411	109	0.001	-0.2910
CE	1.926	2.2067	1.981	247	0.049	-0.2799

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

The Role of Personal Moral Philosophy

This analysis will be incomplete if it does not determine why there exists a difference in the ethical disposition of: (i) Older and Younger managers; (ii) Managers with long work experience and short work experience. As earlier indicated, it was asserted by Singhapakdi, Vitell and Franke (1999) and Fernando and Chowdhury (2010) that personal moral philosophy of people has an important influence on their ethical judgment and intention. It is, therefore, necessary to investigate if there is a statistically significant difference in the personal moral philosophies of (i) Older and Younger managers; (ii) Managers with long work and short work experience. To achieve this objective, independent sample t-test was used.

The results of independent sample t-test of statistical difference in the idealism of older and younger managers are exhibited in tables 6 and 7. In table 6, five out of the six moral intensity dimensions exhibited a significant difference in idealism scores of older and younger managers. In four (80%) of these five significant dimensions, older managers are more idealistic (higher idealism score) than younger managers. It is then concluded that older managers have higher level of idealism than younger managers.

In terms of relativism, in table no. 7, four dimensions of moral intensity show a significant difference between older and younger managers. Older and younger managers have the same level of relativism (each has a higher relativism score in two of the four statistically different dimensions). Therefore, it can be concluded that older and younger managers display the same level of relativism. From these results, this study concluded that older managers have a higher level of idealism, but the same level of relativism as younger managers.

Independent sample t-test was employed to determine if there is a significant difference in idealism and relativism, respectively, of the more experienced managers and the less experienced managers. The results of the difference in idealism and relativism are presented in table 8, and 9, respectively. In table 8, three (out of the five) dimensions of moral intensity exhibited a significant difference in mean idealism scores. Managers with longer work experience had a significantly higher level of idealism than the less experienced managers in all the three dimensions of moral intensity. It can, therefore, be concluded that idealism of managers' increase with work experience, and that

managers with longer work experience are more ethical because they have higher levels of idealism than less experienced managers.

Table no. 6. Age and Idealism

MEAN SCORE		t-test for Equality of Means (Unequal Variance)				
Moral Intensity Types	Younger Managers	Older Managers	t-value	df	Significance (2-tailed)	Mean Difference
SC	4.0643	4.9363	-1.943	154	0.050 ×	-0.8720
MC	3.4209	4.2081	-4.213	23	0.000 ××	-0.7872
TI	3.879	4.0001	-1.343	128	0.187	-0.1023
LE	2.4744	4.3970	-8.486	27	0.000 ××	-1.9226
CE	4.2429	4.0360	2.683	107	0.008 ××	0.2069
PR	2.2500	3.6267	-3.374	11	0.006 ××	-0.3767

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

Table no. 7. Age and Relativism

MEAN SCORE		t-test for Equality of Means (Unequal Variance)				
Moral Intensity Types	Younger Managers	Older Managers	t-value	df	Significance (2-tailed)	Mean Difference
SC	2.8888	3.4548	-3.831	131	0.000 ××	-0.5660
MC	2.8586	3.0465	-0.0901	23	0.377	-0.1929
TI	3.3414	3.712	-.0300	134	0.764	-.0298
LE	3.4567	2.0445	9.619	51	0.000 ××	1.4122
CE	3.5003	3.3519	1.990	119	0.049 ×	0.1484
PR	2.5700	3.3233	-4.261	11	0.001 ××	-0.7533

Source: Field Survey 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

The results of the difference in relativism are presented in table 9. Three (out of the five) dimensions of moral intensity exhibited a significant difference in mean relativism scores. The more experienced managers exhibited lower mean relativism scores in all the three dimensions of moral intensity that had a significant difference in mean scores of relativism.

Table no. 8. Work Experience and Idealism

MEAN SCORE			t-test for Equality of Means (Unequal Variance)			
Moral Intensity Types	More Experience	Less Experience	t-value	df	Significance (2-tailed)	Mean Difference
SC	4.1090	5.0154	-1.438	208	0.152	-0.9064
MC	4.5176	3.9643	6.054	85	0.000	0.5533
TI	3.8906	3.9987	-1.210	115	0.229	-0.1082
LE	4.4453	2.7708	5.530	19	0.000	1.6744
CE	4.2839	4.1173	2.249	146	0.004	0.1666

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

Table no. 9. Work Experience and Relativism

MEAN SCORE			t-test for Equality of Means (Unequal Variance)			
Moral Intensity Types	More Experience	Less Experience	t-value	df	Significance (2-tailed)	Mean Difference
SC	3.1695	3.3580	-1.217	208	0.225	-0.1835
MC	3.0189	3.0333	- 0.144	176	0.886	-0.1005
TI	3.2864	3.4661	-2.015	131	0.046	-0.1797
LE	3.1433	3.2142	-3.691	26	0.001	-1.0031
CE	2.7358	3.3926	-5.149	55	0.000	-0.6563

Source: Data Analysis 2018

× = Significant at 0.05 level of statistical significance

×× = Significant at 0.01 level of statistical significance

Discussion

Some studies indicated that age has an influence on ethical judgment and intentions of managers, Akpa (2011); Rugger and King (1992); Frey (2000); Fernando et al. (2008); Hall (1976); Singhapakdi (1999) and Terpstra, Rozell and Terpstra et al. (1993). In particular, the results of these studies suggested that “people tend to become more ethical as they grow older”. In particular, Frey (2000) found that age is inversely related to ethical judgment and intention, respectively and interpreted this to suggest that younger people may be likely to support a decision that is ethically questionable. The findings of this study, however, indicate that older managers are not necessarily more ethical than younger managers. This appears consistent with the assertion in the

Holy Bible that “Wisdom belongs to the aged and understanding to those who have lived many years” Job (32 vs 12), but “sometimes the elders are not wise. Sometimes the aged do not understand Justice Job (32 vs 7 and 8).

Conclusion

Hence, it is not just age that matters in ethical conduct, but work experience. This study found unequivocal evidence that managers who have long work experience are more ethical than managers with shorter work experience. Managers with longer work experience can be described in the words of Iyiegbuniwe (2015) as “those who are mature, who have trained themselves to recognize the difference between right and wrong and then do what is right”.

These results are consistent with the observation by Fernando et al. (2008) that “Australian managers show decreasing relativism with age”. It is also consistent with the assertion by Singhapakdi (1999) that “idealism generally increased perceptions of moral intensity (ethical sensitivity and intention), and relativism lowered them”, and the observation by Singhapakdi et al (2000) that “our survey results indicate that idealism influences ethical intention in a positive way; the idealist Thai managers tend to be more likely to have an ethical intention than their less idealistic counterparts”.

The above results particularly on the relationship between working experience and ethical judgment, and between working experience and ethical intention were statistically significant in all the moral intensity dimensions, but one (Temporal Immediacy). Hence, the results can be seen as exhibiting a high level of consistency across moral intensity dimensions (different characteristics of the moral issue). It can be concluded therefore that managers with longer work experience are more ethical than managers with shorter work experience because idealism of managers increases with work experience.

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Subcontracting and Multinational Firms Performance in Nigeria Manufacturing Industry

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Abstract

This study sought to investigate the effect of subcontracting on the Performance of Manufacturing Multinational Firms (MNFs) in Nigeria. The study employed a survey research design, through the administration of structured questionnaire to a sample of 397 management staff of the three selected firms. The validity of the instrument was tested using content validity index (CVI) through the assessment of five academics and five top staff of MNFs service firms and it was rated on a two-point scale (relevant and not relevant) which gave a value of .8819. A pilot study was conducted through test re-test method to ascertain the extent of consistency of the research instrument; the result gave a Cronbach alpha of 0.82 which indicated that the instrument is reliable. The findings revealed that, performance elements (cost reduction, production enhancement, market expansion and risk sharing) have both individual and combine effect on subcontracting, with t-value of 7.02 (0.0000), 9.88 (0.0000), 5.86 and

5.42 (0.0000) respectively. While the F-value of (63.29*0.000), (96.96*0.000), (34.52*0.000) and (29.49*0.000) respectively, suggests that the model is reliable for decision and policymaking. It further indicated that subcontracting has a positive and significant effect on MNFs performance. It is therefore recommended that, MNFs should continuously improve and adopt subcontracting policy towards sustainable performance and the government through the ministry of trade, commerce and industry should encourage both poly and geo centric orientations in subcontracting practices of MNFs.

Keyword: Subcontracting; Firms Performance; Multinational Firms; Social Network Theory; Transactional Cost theory.

Introduction

Recession in Japan led to the origin of subcontracting and this brings about the discovery of solution to the key challenges faced in the manufacturing sector. This was done in order to enhance the development of Japanese economic system before and after the Second World War. Kawasaki (1998) opined that by adopting a collaborative network approach, it was easy to structure the manufacturing challenges with presumed competitive advantage such as: cost reduction, quality assurance, effective risk sharing and compensation for subcontractors. Because of this, smaller firms were advised to engage in subcontracting methods of producing to improve the delivery period and specialization.

The need to mitigate business challenges pose by global competition, production cost, safety of product component, physical assets, information technology (IT), infrastructure risk, technical efficiency and general business risk borne out of economic and non economic environment has induce firms to embrace subcontracting as a diversification approach to enhance performance. Nwokocha, Madu, Ocheje and Olerum (2015) itemize reasons multinational firms (MNFs) opt for subcontracting to include: cost reduction, production and supply flexibility and market expansion, in order to create significance sustainable value. However, subcontracting is a long term risk sharing

and contractual relationship towards commercialized operation or task. Kawasaki (1998) noted that the prime contractor (parent firm) order the subcontractor (mostly smaller firm) with specification and quality to produce or supply component part required for the finished products.

Scholars have explore the effect of subcontracting practices on firms performance (Xayphone and Yoshi, 2010; Lew et al., 2012; Hwang and Han, 2015; Nwokocha et al., 2015) and most of the studies found that subcontracting has a positive and significant effect on firms' performance. However, studies examining the effect of subcontracting on multinational manufacturing firms (MNFs) performance in Nigeria are few and the few studies on the subject matter in Nigeria has not been able to empirically examine how subcontracting has led to cost reduction, market expansion, production enhancement and operational risk reduction. In addressing this research gap, this study empirically investigates the effect of subcontracting on manufacturing MNFs cost reduction, market expansion, production enhancement and operational risk reduction.

Theoretical Framework

There are various theories that aid the exploration of the effect of subcontracting on firms' performance. However, this study adapts social network theory and transactional cost theory.

Social Network Theory

Social networks theory was originally developed by Bourdieu (1985). The emphasis was on firms' ability to access actual or potential resources, such as information via relationship which could be formal or informal. Portes (1998) opined that firm's ability to receive economic benefits and gain access to resources base on collaborations influences interactions, even as they relate with other enterprises.

Coleman (1990) emphasized the role of social networks consisting of different entities (for example, suppliers, buyers, agencies, labor associations, enterprises). It has been argued that the theory could serve as a good training model for improving firms' performance, and could help in product marketing as networking firms could be the first buyers and suppliers (Kim and Sherraden, 2014; Kotler, 2010).

Social network theory postulates that firms exist to enhance performance thus, linking ties formally or informally to enterprises or individuals who share values and belief instrumental to the network.

Kim and Sherraden (2014) identify the nature of social networks and the effect of network size on collaborations; this has significant effect on collaboration in loosely knit networks rather than groups. Social network theory focuses on both intra-organization and inter-organization, in terms of formal and informal relationship. Intra-organizational networks often contain simple levels of analysis, specifically, among subsidiaries or semi-autonomous units. However, multinational level analyses generally trace the outcomes of collaboration with subcontractors, such as economic, production, supply or other forms of subcontracting (Portes, 1998).

Transactional Cost theory

Htay and Salman (2013) assert that transaction theory focus on accomplishing contractual relations, and assist firms to account for the actual cost of subcontracting. He stated that firms evaluate order, organize and regulate contractual practice towards boosting productivity. Coase (1984) opined that the emergence of transactional cost theory could be traced to 1930 with the aim of reducing cost of production and enhance production flexibility, while Williamson (1981) expatiate the structure of transactional cost theory to include: cost of information, search, negotiation, implicit fee, as well as subcontracting and enforcement as a result of contractual conflict

Literature review

Conceptual Review

Subcontracting

The increasing awareness on relational contractual agreement (subcontracting) has been a driving force towards market expansion, production enhancement and operational risk reduction as observed in developed and emerging economies (Bechetti and Rossi, 2000; Sonobi and Otsuke, 2006). This has spine various industrial cluster which extended the network of subcontracting towards urbanization and industrialization. Multinational firms in the manufacturing sector in Nigeria rarely share information about their subcontractor; this does not promote their competence, capacity and specialization thus, significantly influencing their sustainable performance.

However, the evolution of subcontracting in Nigeria date back to pre and post colonial era when home grown labor were contracted and

mechanized to towards accomplishing key project. This was later invigorated with the establishment of local content act in 2010, the threshold for utilization of indigenous human and material resources which encourage most local and multinational enterprises to engage more of indigenous subcontractors in their activities. Some scholars (Taymaz and Kilicaslan, 2002; Tilman, 2004; Ceglie and Dini, 1999; Rama and Calatrava, 2002) noted two approaches to subcontracting, namely: the traditional and the modern approaches. These approaches view subcontracting, in terms of asymmetric contractual relationships and a network of inter-firm collaboration among interdependent firms forming a business ecosystem between the large firms and the small firms. This approaches, looks at a group of firms collaborating (and competing) within a complex web of supportive institutions. However, subcontracting could also be view from local and global perspective.

Firms Performance

This is very important to businesses, as it determine the corporate existence of such firms. Firm performance measure can be broadly viewed from two perspectives: financial and non-financial performance measures. The financial measures include: revenue, profitability, return on asset, return on equity, cost reduction, among others, while the non-financial measures include: market share, employees satisfaction, efficiency, effectiveness, operational risk reduction, market expansion, production enhancement, among others. This study employed a combination of financial and non-financial measures, particularly, cost reduction, market expansion, production enhancement and operational risk reduction.

Tuan (2016) opines that subcontracting opportunities reduce cost of transaction; this has a multiplier effect on firms' efficiency via production enhancement, market expansion and operational risk reduction. However, relational contract agreement between manufacturers and premium subcontractors has to be shield against the risk to avoid demand shock. In that situation the premium subcontractors suffer from market instability more than the ordinary subcontractor (Nakabayash, 2016). Moreover, the nature of business environment has a significant and positive effect on the activities of subcontractors, mostly in capital-intensive environment as compared to the labor intensive environment. Capital-intensive environment are characterized by availability of superior technology.

Multinational Firms (MNFs)

Benefits of economies of scale, location and synergies' are key factors of the internalization of business leading to multinational firms' growth (Petroni, 2000). MNFs entails transaction carried out across two or more countries towards maximizing the vision and mission of stakeholders. Firms respond to global competition coupled with local and global market despite influence from various external and internal variations by an approach. Though, MNFs history is quite old as the era of colonialism where firms were shaped to facilitate colonial exploitation, exploration and international trade. In the 21st century, MNFs are characterized by export and import of goods and services, investment in foreign countries via local manufacturing or assembly operations.

MNFs confront numerous forces, which influence their performance. However, the concept of transaction across national borders is facilitated by the firm entry mode which is a function of strategies, for example: export, licensing, subcontracting, franchise, joint venture, mergers or acquisition, management or turnkey contracts, strategic alliance or foreign direct investment (FDI).

Some MNFs in Nigeria are: Cadbury Nigeria PLC, Nestle Nigeria PLC, Unilever Nigeria PLC, PZ Cussons Nigeria PLC, Dangote Group, MTN, Airtel, United Bank for Africa PLC, First Bank Nigeria PLC, among several others. MNFs boost host countries skill, revenue, employment generation, technological development and contribution to inventions and novelty.

Empirical Review

Costantino, Pietroforte and Hamill (2001) studied subcontracting through commercial and residential construction, using survey method. The result shows that operational risk of prime subcontractor are reduced, which significantly boost productivity. Though, transactional cost of the firm activities responds to availability and efficient utilization of resources towards enhancing performance. Kongmanila (2009) explore Inter-Firm cooperation and firm performance in Lao Garment Industry of Japan using both factor analysis and multiple regression analysis on data obtained from field survey. Findings show that collaboration with subcontractors, business associations and distant buyers significantly influence firm performance. It also reveals that collaboration among garment firms and distant suppliers seems to be

less significant. Though, it is very important for firms to continue to evaluate and review their subcontracting policy with suppliers to further enhance performance. However, the study fails to reveal the number of sampled population.

Lee and Kwok (2010) examined the impact of subcontracting on capital structure, using multivariate analysis. The result shows a significant level of correlation between the two construct. Nwokocha et al. (2015) investigated subcontracting constraints on firm performance using questionnaire {survey method}; the result shows that the identified constraints forces firms to frequently change their subcontractors. The study recommends investment in machinery and tools among subcontractor towards increasing collaboration among firms.

Takahashi and Nham (2016) investigate the correlation between subcontracting determinants and performance of MNEs firms in Vietnam, base on theoretical approach and empirical studies. Through multiple regression analysis, finding shows that the more firms subcontract, the more effective they become. However, the study is not robust enough; it only focuses on traditional approaches alone. In addition, results seems to vary by country and sectors.

YunLi, Xin and Zhao (2017) explore market structure and performance of the Chinese multinational firms in the solar cell sector via survey method. Findings show that MNEs that patronize subcontractors with higher level of production enhancement technology and superior management capacity earn higher profits. Though, market concentration and operational efficiency are not significantly related to MNEs performance. Moreover, the nature of business environment was itemized as a major factor in determining the condition for evaluating and selecting prime subcontractor.

Methodology

The study employed survey research design, through the use of seven point Likert scale structured questionnaire. The population of the study includes all the permanent staff of PZ Cussons Nigeria PLC, Unilever Nigeria PLC and Nestle Nigeria PLC. The reason for choosing these selected MNEs is because they are among the top ten manufacturing MNEs in Nigeria.

Taro Yamane sample size determination formula was adopted to arrive at a sample size of three hundred and ninety seven (397). In deciding on the element of observation, purposive sampling technique

was employed to select 397 management staff at the head offices of the three selected firms. The reason for sourcing information from management staff is because they tend to have more strategic information about the firms than their junior staff counterpart.

The validity of the instrument was tested using content validity index (CVI), through the assessment of five academics and five top staff of MNFs. The assessors rated the instrument on a two-point scale (relevant and not relevant) which gave a value of 0.8819, which indicated that the instrument was highly valid. A pilot study was conducted through test re-test method to ascertain the extent of reliability of the instrument, the questionnaire was administered twice within an interval of fourteen days, the result of the first and second test was correlated, which gave a Cronbach alpha of 0.82, which indicated that the instrument is reliable.

Research Hypotheses

Ho₁: Subcontracting does not significantly affect the cost reduction ability of manufacturing MNFs in Nigeria.

Ho₂: Subcontracting does not significantly affect the production enhancement ability of manufacturing MNFs in Nigeria.

Ho₃: Subcontracting does not significantly affect the market expansion of manufacturing MNFs in Nigeria.

Ho₄: Subcontracting does not significantly affect the risk sharing of manufacturing MNFs in Nigeria.

Model Specification

The model specification for hypothesis one is stated below:

$$CR = f(SUBC) \text{-----} (i)$$

$$CR = \beta_0 + \beta_1 SUBC_i + \mu_i \text{-----} (ii)$$

Where:

CR represents Cost Reduction

β_0 is the constant term

β_1 is the coefficient of the estimator.

$\beta_1 > 0$

SUBC is subcontracting.

μ_i is the error term

The apriori expectation is that subcontracting is expected to affect the cost reduction ability of manufacturing MNFs in Nigeria; hence, the parameter of subcontracting should have a positive sign.

The model specification for hypothesis two is stated below:

$$PR = f(SUBC) \text{-----} (i)$$

$$PR = \beta_0 + \beta_1 SUBCi + \mu_i \text{-----} (ii)$$

Where:

PR represents Production Enhancement

β_0 is the constant term

β_1 is the coefficient of the estimator.

$\beta_1 > 0$

SUBC is subcontracting.

μ_i is the error term

The apriori expectation is that subcontracting is expected to affect the production enhancement ability of manufacturing MNFs in Nigeria; hence, the parameter of subcontracting should have a positive sign.

The model specification for hypothesis three is stated below:

$$ME = f(SUBC) \text{-----} (i)$$

$$ME = \beta_0 + \beta_1 SUBCi + \mu_i \text{-----} (ii)$$

Where:

ME represents Market Expansion

β_0 is the constant term

β_1 is the coefficient of the estimator.

$\beta_1 > 0$

SUBC is subcontracting.

μ_i is the error term

The apriori expectation is that subcontracting is expected to affect the market expansion of manufacturing MNFs in Nigeria; hence, the parameter of subcontracting should have a positive sign.

The model specification for hypothesis four is stated below:

$$RS = f(SUBC) \text{-----} (i)$$

$$RS = \beta_0 + \beta_1 SUBCi + \mu_i \text{-----} (ii)$$

Where:

RS represents Risk Sharing

β_0 is the constant term

β_1 is the coefficient of the estimator.

$\beta_1 > 0$

SUBC is Subcontracting.

μ_i is the error term

The apriori expectation is that subcontracting is expected to affect the risk sharing ability of manufacturing MNFs in Nigeria; hence, the parameter of subcontracting should have a positive sign.

Three hundred and ninety seven (397) copies of questionnaires were administered to the targeted respondents. Two hundred and eighty six (286) copies were returned and found useable. The data analysis was guided by the objectives and hypotheses of the study as well as the instrument employed for data collection. STATA 14 software was employed for the analysis; this was obtained by using ordinary least square to estimate the regression model.

Results

It is evident from Table no. 1 that subcontracting, positively and significantly affect the cost reduction of manufacturing MNFs in Nigeria (coefficient = 0.4416845, $t = 7.02$, $p\text{-value} = 0.0000$). Therefore, an increase in subcontracting activities will lead to cost reduction for manufacturing MNFs in Nigeria. The coefficient of determination (R^2) suggested that 27.6% variation in cost reduction of manufacturing MNFs in Nigeria is accounted for by subcontracting, while the F-statistics (63.29×0.000) suggests that the model is reliable for decision and policymaking.

Table no. 1. Dependent Variable - Cost Reduction

Variable(s)	Coefficient	T-statistics	P-Value
C	9.67968	7.23	0.0000
Subcontracting	0.4416845	7.02	0.0000
F-Statistics 63.29 (0.0000)		R-Square- 0.2761	

Source: Author's computation from STATA 14

Table no. 2 revealed that subcontracting positively and significantly affect the production enhancement of manufacturing MNFs in Nigeria (coefficient = 0.6132685, $t = 9.88$, $p\text{-value} = 0.0000$). Therefore, an increase in subcontracting activities will lead to an enhancement in production for manufacturing MNFs in Nigeria. The coefficient of determination (R^2) suggested that 36.9% variation in production enhancement of manufacturing MNFs in Nigeria is accounted for by subcontracting, while the F-statistics (**96.96***0.000) suggests that the model is reliable for decision and policy making.

Table no. 2. Dependent Variable - Production Enhancement

Variable(s)	Coefficient	T-statistics	P-Value
C	7.485324	5.84	0.0000
Subcontracting	0.6132685	9.88	0.0000
F-Statistics = 96.96 (0.0000)		R-Square =0.3695	

Source: Author's computation from STATA 14

It is evident from Table no. 3 that subcontracting, positively and significantly affects the market expansion of manufacturing MNFs in Nigeria (coefficient = 0.4656374, $t = 5.86$, $p\text{-value} = 0.0000$). Therefore, an increase in subcontracting activities will lead to an expansion in the market of manufacturing MNFs in Nigeria. The coefficient of determination (R^2) suggested that 17.4% variation in market expansion of manufacturing MNFs in Nigeria is accounted for by subcontracting, while the F-statistics (**34.52***0.000) suggests that the model is reliable for decision and policy making.

Table no. 3. Dependent Variable - Market Expansion

Variable(s)	Coefficient	T-statistics	P-Value
C	11.04978	6.87	0.0000
Subcontracting	0.4656374	5.86	0.0000
F-Statistics = 34.52 (0.0000)		R-Square =0.1741	

Source: Author's computation from STATA 14

Table no. 4 revealed that subcontracting, positively and significantly affect the risk reduction of manufacturing MNFs in Nigeria (coefficient = 0.3159982, $t = 5.42$, $p\text{-value} = 0.0000$). Therefore, an

increase in subcontracting activities will lead to an enhancement in risk sharing for manufacturing MNFs in Nigeria. The coefficient of determination (R^2) suggested that 15.1% variation in risk sharing of manufacturing MNFs in Nigeria is accounted for by subcontracting, while the F-statistics ($29.49*0.000$) suggests that the model is reliable for decision and policy making.

Table no. 4. Dependent Variable - Risk Sharing

Variable(s)	Coefficient	T-statistics	P-Value
C	14.39098	12.82	0.0000
Subcontracting	0.3159982	5.42	0.0000
F-Statistics = 29.49 (0.0000)		R-Square =0.1516	

Source: Author's computation from STATA 14

Conclusion and Recommendations

The study explores the effect of subcontracting on MNFs performance via survey research design method. Findings indicated that performance elements (cost reduction, production enhancement, market expansion and risk sharing) have both individual and combined effect on subcontracting, with t-value of 7.02 (0.0000), 9.88 (0.0000), 5.86 and 5.42 (0.0000) respectively. The F-value of ($63.29*0.000$), ($96.96*0.000$), ($34.52*0.000$) and ($29.49*0.000$) respectively, suggests that the model is reliable for decision and policymaking. It further indicated that subcontracting has a positive and significant effect on MNFs performance. The adjusted coefficient of determination (R^2) revealed a 37% variation in production enhancement. These align with the findings of YunLi, et al., 2017; Nwokocha, et al., 2015; Takahashi and Nham, 2016, that subcontracting has a positive and significant effect on manufacturing MNFs performance. It is therefore recommended that, MNFs should continuously improve and adopt subcontracting policy towards sustainable performance. Also, the government, through the ministry of trade, commerce and industry should encourage both poly and geo centric orientation in subcontracting practices of MNFs.

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Analysis of Agricultural Wages, Trade Income and Income Inequality in Rural Nigeria

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Abstract

Apart from determining the sources of income inequality, this study analyzes the extent agricultural wages and trade income contributes to income inequality in rural Nigeria. Findings show high income inequality with a Gini coefficient of 0.51. Also the sources of income inequality were mostly trade and agricultural incomes, with a share of income of 42.7% and 30.9% respectively in total inequality. The share of income from wages and salaries in total income was found to be 26.4%. Trade income was found to be inequality-dampening, while agriculture income is inequality-enhancing, suggesting that trade income and agricultural wages are major contributors of income inequality in rural Nigeria.

Keywords: Agricultural wages; trade income; income inequality; Gini coefficient; rural Nigeria

Introduction

Previous studies in Nigeria have decomposed inequality and poverty and examined the relationship that exists between them. They failed to provide empirical evidence of the sources of income inequality, especially in rural areas. In recent times, there is growing concern over what happens when the gap between the rich and the poor in terms of income grows too wide. High inequality slows economic growth and reduces social mobility, threatens the stability of the society and could hold back the development of consensus on meeting common challenges and a right step in reducing the gap between rich and poor in terms of income (Charles-Coll, 2011; Dabla-Norris, Kochhar, Suphaphiphat, Ricka and Tsounta, 2015; Keeley, 2015). Income distribution is becoming more dispersed than ever before, which serves as a wedge between the poor and the rich, funneling income largely to those at the top of the scale and thus making it difficult for the low-income group to go out of poverty. Recent line of argument is that persistently high levels of inequality are eroding opportunity and mobility for those whose living standards and economic well-being are negatively affected by the changes in inequality gap. Among the economic challenges facing rural Nigeria is the increasing income inequality.

There are several reasons for the existence of income inequality among individuals with some actually related and other responding to the same underlying economic forces. Charles-Coll (2011) categorized the reasons for the existence of income inequality into endogenous and exogenous reasons. With respect to the exogenously determined factors, land distribution as a source of income inequality is naturally related with the rural context of societies, where production and the generation of wealth were highly associated with agricultural activities. Also, education is one of the most important determinants of the future income level of any individual. A society with a poor access to education may find itself in a situation in which the few who could obtain education and acquire skills will allocate in working positions that offer high salaries. If the supply of skilled workers is scarce not to meet the current demand, wages will rise even further. The reverse will be the case with the unskilled individuals who could not have access to education, the excess supply will drive wages to even lower levels, thus widening the gap between the income of educated and non-educated individuals.

In rural Nigeria, the distributions of income, wages and wealth are more dispersed than ever. Though, measurement issues abound, it is assumed that income inequality is at historically high levels. Income inequality has risen considerably over the past several decades. Income inequality among others is of concern because there are negative outcomes such as sub-optimal use of human resources, cause investment-reducing political and economic instability, and has raised crisis risk. However, it is not just widening inequality that matters. Choi (2011) shows that as income inequality rises the wealthy and poor increasingly sort into different neighborhoods, concentrating in communities that differ considerably from one another. Taking into consideration endogenous individual factors, one could mention the variety of preferences among individuals which can potentiate or undermine any physical or intellectual attribute. Preferences are influenced by social and cultural values. Constructed as a result of collective inertia, costumes, traditions, history and geography can determine the individuals' attitude towards certain preferences or choices such as work, education, risk aversion, or even decisions over leisure and income preferences. In other words, each individual, regardless of its innate abilities, can make different decisions and follow different paths which in turn can affect their income level and differentiate one from the others. Gender and race are among the most frequent causes for inequality within societies. Mitrakos (2014) posits that regarding the structure of inequality, contrary to what is often claimed during public debates, economic inequalities are much more (almost by 75%) attributable to differences within the various socioeconomic population groups (broken down based on demographic, geographical, occupational, educational and other criteria) than to differences between these groups. The extent of inequality, its drivers and what to do about it have become concern to policymakers and researchers. One factor that seems to be of major relevance and of more concern is the sources of inequality in rural community which is not yet clear. It is worrisome because persistently unbalanced income equality will result in pervasive inequities in access to education, health care, finance, and social resentment among other necessary sustainable growth variables.

Apart from determining the sources of income inequality, this paper contributes to existing literature by examining the extent agriculture and trade income contributes to income inequality in rural Nigeria.

Methodology and Purpose of the Study

This study analyzes the extent agricultural wages and trade income contributes to income inequality in rural Nigeria. 240 households were selected from Isuaniocha community in Akwa North Local Government Area, Anambra State, Nigeria. The sample size was determined first by randomly selecting 600 households from the population, and then, the Sloven's formula was used to arrive at the sample size of 240.

A standard set of measurement of inequality is built on the Lorenz curve which measures the proportion of total income, x , received by the p^{th} fraction of the population, arranged in ascending order of income. The Gini coefficient is commonly used as a measure of income inequality. It satisfies the four main principles (the transfer principle, also known as the Pigou-Dalton principle, the scale independence, the anonymity principle and the population independence) that any inequality metric should meet in order to be considered a reliable measure. The Gini coefficient can be defined as one less two times the area under the Lorenz curve given as:

$$G = 1 - 2 \int_0^1 L(R) dR \quad . \quad . \quad . \quad (1)$$

The Gini index can also be expressed in the covariance format following the work of Ichoku, *et al.* (2011) as:

$$G = \frac{2cov(x, R)}{\bar{x}} \quad . \quad . \quad . \quad (2)$$

where:

x is income and R is the cumulative distribution of income ranked in ascending order

$\bar{x}$ is the mean income and COV is covariance. Clearly, the Gini index is twice the normalized income and rank. It also implies that there is symmetry between income and rank distribution. The Gini coefficient of the i th source of income, $I_G(Y_k)$ is represented as:

$$I_G(Y_k) = \frac{cov(Y_k, i)}{n\mu_k} \quad (3)$$

The fact that total income is the sum of source incomes, the covariance between total income and its rank can be written as the sum of covariance between each source income and the rank of total income. The income Gini is then written as a function of the source Gini as presented below:

$$I_G(Y) = \sum_k \frac{\mu_k}{\mu} R_k I_G(Y_k) \quad (4)$$

R_k is the correlation ratio presented as:

$$R_k = \frac{\text{Cov}(Y, i)}{\text{Cov}(Y_k, i)} \quad (5)$$

Similarly, $\sum_k W_K g_K = 1$

$$W_K = \frac{\mu_k}{\mu} \quad (6)$$

$$g_K = R_k \frac{I_G(Y_K)}{I_G(Y)} \quad (7)$$

$W_k g_k$ is the factor income inequality weight of an income source in the aggregate income inequality or the relative contribution of source k , w_k is the source income weight or income share of income source k and g_k is the respective contribution coefficient of the i th such in overall inequality. The source of an income increases the overall income inequality if g_k is higher than 1 and decreases it when it is less than 1. The regression-based decomposition was developed by Morduch and Sicular (2002). Per capita real income and per capita adult equivalent income were the measures of welfare used for decomposing the sources of income inequality.

The decomposition is conducted by specifying an income function, like:

$$Y = aX + e \quad (8)$$

where:

Y = per capita real income

X = $n \times M$ matrix of independent variables

a = M -vector of regression coefficients.

Given the conventional decomposition approach:

$$Y_i = \sum_{k=1}^k Y_k \quad (9)$$

The contributions to the Gini income inequality by each of the socio-economic factors (X_i) are decomposed as:

$$k(X^w, Y) = \frac{\sum_{i=1}^n (i - \frac{n+1}{2}) \hat{a}^w X_i^w}{\sum_{i=1}^n (i - \frac{n+1}{2}) Y_i} \quad (10)$$

Equation (10) can be applied in different inequality indices like the Theil-T, and coefficient of variation (CV). But Morduch and Sicular (2002) posit that parameters estimated with different approaches could produce different signs. It was thus pointed that for policy purposes, a choice must be made between different methods.

Following Oyekale, Adeoti and Oyekale (2006), the CV approach is decomposed as:

$$k_{cv}(X^w, Y) = k_{VAR}(X^w, Y) = \left[\frac{\sum_i (Y_i - \mu) \hat{a}^w X_i^w}{\sum_i (Y_i - \mu) Y_i} \right] = \left[\frac{[Cov(\hat{a}^w X^w, Y)]}{Var(Y)} \right] \quad (11)$$

Akin-Olagunju and Omonona (2014) provide the general formula for calculating the Gini coefficient for a distribution of income among n individuals as thus:

$$G = \frac{1}{2n^2 \mu} \sum_i \sum_j |Y_i - Y_j| \quad (12)$$

where:

G = Gini coefficient

Y = income (expenditure) of the whole population

Y_i and Y_j = the income of individuals i and j , n = number of individuals.

Following Lerman and Yitzhaki(1985), the Gini coefficient for total income can be represented as:

$$G = \sum_{k=1}^K S_k G_k R_k \quad . \quad . \quad . \quad (13)$$

Equation (13) indicates that the effect of income source k on overall income inequality can be decomposed into three components. These are the share of income component k in total income, S_k ; the inequality within the sample of income from source k , G_k ; and the correlation between source k income and total income, R_k . This measure of income inequality is in conformity with the Pigou-Dalton transfer principle, income scale independence, population independence, anonymity or symmetry and, it is additively decomposable. It also indicates that the influence of any income component upon total income inequality depends on: (i) how important the income source is with respect to total income; (ii) how equally or unequally distributed the income source is; and (iii) how the income source and the distribution of total income are correlated. This allows for the estimation of the effect that change in income from a source will have on total income inequality by:

$$\frac{S_k G_k R_k}{G} - S_k$$

When $S_k > \frac{S_k G_k R_k}{G}$, then the effect of a change in income from k will be negative and therefore inequality-dampening. Conversely, if $S_k < \frac{S_k G_k R_k}{G}$, the effect of a change in the source income will be positive and inequality-enhancing. If $S_k = \frac{S_k G_k R_k}{G}$, then income source is inequality invariant. The instrument used by this study is a close ended questionnaire. This instrument is appropriate because it is extremely flexible and employed to generate information from a large or small number of people.

Theoretical and Empirical Literature

Different theoretical frameworks point to different factors explaining the reason why inequality can affect economic growth (Ehrhart, 2009). There seems to be a wide consensus on the ideas that inequality can hinder economic growth and that country specificities matter in order to understand through which channels inequality slows down the pace of economic growth.

As posited by Bernstein (2013), inequality significantly influence level of human development, cost and access to financial capital and the depth of investment in public goods, which are relevant

to the economic growth process. For instance, higher inequality could lead to worse educational opportunities for children in many households compared to an economy where growth is more equitably distributed. In this theory, higher income inequality leads to higher educational inequality, where low-income children end up in lower-quality schools, benefit less relative to higher-income children from parental investments in child-enhancement goods such as art lessons or vacations to interesting places, and have less access to higher education. The relatively low human capital of the future workers then leads them to become less-effective inputs into the production of economic output, which slows the rate of growth. The demand-side theory points out that inequality is likely to negatively affect growth through the differences in the marginal propensity to consume across the income scale; because of the assumed diminishing marginal utility of money high-income people have the income they need to handily afford the things they need, such as housing, and want, such as jewelry and vacations (Bernstein, 2013).

The seminal contribution addressing explicitly the issue of economic inequality was developed by Kuznets (1955). The underlying premise is that the benefits of productivity growth would flow more broadly as society advances. Based on empirical evidence, Kuznets posits that inequality tends to rise in the early stages of economic development, as a consequence of industrialization, and then it declines in later stages, as capitalism matures. In this sense, income inequality presents the classical Inverted-U shaped trend in time. Put differently, Simon Kuznets pointed out that as emerging economies grew, inequality grew as well, as the few with high-asset endowments land owners, for instance-profit from their ownership of productive resources. Then as industrialization evolves, a much larger portion of the population has the chance to participate in higher value-added work, which reduces inequality. The result is an inverted U-shaped curve with inequality on the y-axis and per-capita income on the x-axis. As income grows, its distribution initially becomes more unequal, but as the benefits of productivity become more widely shared, inequality diminishes (Bernstein, 2013).

Empirically, Kuznets' hypothesis has been criticized by some scholars who contend that it is not only growth that fuels inequality in the society, but the nature of growth (see for instance, Ota, 2017, ten Barge). They maintained that the effect of growth on inequality depends on the factors which characterize the economic environment such as the

structure of output, the degree of economic dualism, the structure of employment, the distribution of land, the operation of capital markets and the overall level of human capital. In addition to that, more recently, Kuznets' approach has been even more radically questioned reversing the causation relation between growth and inequality, underlying Kuznets' seminal contribution. Basically, the idea is that economic inequality affects the pace and the nature of economic growth and not the reverse as in Kuznets' analysis (Stiglitz, 2012).

This stream of existing studies on inequality provides neither a direct causal link between inequality and rate of growth, nor a unique explanation. The study by Aristizabal et al. (2015) examined the individual-level determinants of wage inequality for Bolivia, Colombia, and Ecuador and found that Colombia exhibit the most unequal distribution of income. The wage regressions also show that wage of a college-educated individual does not differ from the wage of a person with only (some) primary education. It was however concluded that the sources of income inequality can differ substantially across countries. Respective policy prescriptions should differ accordingly. Focusing on the income shares of the poor and the middle class, the study by Dabla-Norris et al. (2015) examined the causes of divergent trends in inequality developments across advanced economies and emerging markets and developing countries. Findings indicates that technological progress and the resulting rise in the skill premium (positives for growth and productivity) and the decline of some labor market institutions are the reasons for inequality in advanced economies, emerging markets and developing countries

Inequality and poverty among households have also been studied by Akin-Olagunju and Omonona (2014) using primary data generated from 120 households. It was reported that agriculture contributes with 41.6% to the overall income inequality; non-farm self-employment (NFSE) contributes with 22.5%, while non-farm wage employment (NFW) contributes with 36.4%. Agriculture and NFSE enhances inequality. Cingano (2014) examine trends in income inequality and its impact on economic growth in OECD countries. Using harmonized data, finding suggests that income inequality had negative impact on growth. Increased income disparities depress skills development among individuals. Mitrakos (2014) also examined the trends and the characteristics of inequality, poverty and living conditions in Greece, emphasizing the distributional effects of the austerity measures adopted

during current economic crisis. In the decomposition analysis, the structure of inequality and the contribution of various income sources in overall inequality and the main characteristics of the Greek social solidarity system and the poor distributional impact of social benefits were determined. The study revealed that income inequality and relative poverty has increased. Mitrakos and Tsakloglou (2012) analyzed inequality and poverty in Greece for the period 1974-2008 using primary data and conclude that relative poverty initially decreased considerably between 1974 and 1982 and thereafter remained relatively stable with narrow fluctuations throughout from 1982-2008. An examination of poverty adopting the absolute approach rather than the relative one however found that absolute poverty has decreased impressively. In separate studies, Matsaganis and Leventi (2011, 2012) used tax-benefit micro simulation techniques and estimated the impact of the austerity measures and the concomitant decline in economic activity on aggregate inequality and poverty, concluding that the austerity measures undertaken by the Greek government were progressive, but had small redistributive effect in relative terms and very important in the absolute poverty. Araar (2006) used the Shapley value to decompose Gini coefficient and generalized it to other inequality indices in Cameroon. The study found that rural areas contributed less than the urban areas to total inequality, while about two-third of the total inequality was explained by the nonfood in the expenditure components decomposition. The study by Oyekale, Adeoti, and Oyekale (2006) decomposed inequality and poverty and found that in 2004, income inequality was higher in rural areas than urban areas. Beside, employment income increases income inequality while agricultural income reduces income inequality. Interestingly, inequality between states, rural-urban areas and geographical zones accounts for the greater portion of observed inequality.

Results

Firstly, we present the personal characteristics of the respondents. Table no. 1 shows the distribution of the respondents' personal characteristics.

Table no. 1. Personal characteristics of the respondents

Variables	Frequency	%
Age		
Below 30 years	85	35.42
30 - 44 years	95	39.58
45 - 59 years	60	25.00
Total	240	100.00
Mean	32	
Gender		
Male	125	52.08
Female	115	47.92
Total	240	100.00
Marital Status		
Married	170	70.83
Single	42	17.50
Divorce	8	3.33
Widow	20	8.33
Total	240	100.00
Educational Status		
No formal education	8	3.33
Primary	19	7.92
Secondary	94	39.17
Tertiary	119	49.58
Total	240	100.00
Household Size		
1-5	58	24.17
6-10	64	26.67
11-15	33	13.75
16-20	46	19.17
21-Above	39	16.25
Total	240	100.00
Mean	12	
Occupation		
Farmer	87	36.25
Civil Servant	99	41.25
Trading	54	22.50
Total	240	100.00

Source: Authors Computation based on Field Survey, 2018

As depicted in Table no. 1, females are 115 (47.92 percent) of the total respondents while males are 125 (52.08 percent). Also, 85 or 35.42% of the respondents are below 30 years, 95 or 39.58% are between 30-44 years, 60 or 25.00% are between 45-59 years with mean age of 32. Concerning educational qualification, 8 or 3.33 percent of the

respondents has no formal education, 19 or 7.92 percent had primary education, while 94 or 39.17 percent has secondary education as their highest educational level attained. 119 or 49.58 percent of the respondents had tertiary education. Furthermore, 70.83% are married, while 17.50% of the respondents are single, 3.33% are divorced and 8.33% are widows. For the household size 58 (24.17%) has household size of 1-5 persons, 64 (26.67%) has household size of 6-10 persons, while 33 (13.75%) has household size of 11-15 persons. The household of 46 or 19.17% of the respondents were between 16-20 persons and 39 or 16.25% are with household size of 21 and above. Also, 87 or 36.25% are famers, 99 or 41.25% were civil servants, while 54 or 22.50% are traders.

The result of the quintile distribution of income sources is presented in Table no. 2. As can be observed, the first quintile group represents the 1st 25 percentiles of the population, the second quintile group represents the 50th percentile (median group), while the 3rd quintile group is equivalent to the 75th percentile.

Table no. 2. Distributional summary statistics of quintile distribution of income sources

Quintile group	Quintile	% of median	% quintile group share of income	% cumulative group share	cumulative group share × mean (income)
1	18000	56.917	5.952	5.952	3151.875
2	31500	99.605	11.484	17.436	9232.833
3	60000	189.72	20.147	37.583	19901.08
4			62.417	100.000	52952.01
Minimum income		5500			
Maximum income		600000			
Mean income		52952			

Source: Authors Computation based on Field Survey, 2018

The income for the 1st, 2nd and 3rd quintile groups were 18000.000 or 56.92% median, 31500.000 or 99.605% of median and 60000.000 or 189.72% of median respectively. The percentage income difference between the poorest income group and the middle-income

group was found to be 42.69%, and the percentage income difference between the group immediately after the middle-income group and the middle-income group itself was 90.12%. This means that the income of the poorest percentage of the population was 42.69% below the income of the middle-income group (percentage) of the population whereas, the middle group was 90.12% below the income of the group following the middle-income group of the population. The percentage quintile group share of income for the 1st and 2nd quintile groups were respectively 5.952% and 11.484%. While, it was 20.147% and 62.417% for the 3rd and 4th quintile groups respectively. The difference between the share of income of the 1st and 2nd quintile groups is 5.53%, and the difference between the share of income of the 3rd and 4th quintile groups is 42.27%. The percentage quintile group share of income for 4th quintile group is 56.47 above the 1st quintile income group and 50.93 above the 2nd quintile group.

In line with the purpose of the study, income was decomposed into three income sources using the Gini coefficient and impact of each income source on inequality. The result is reported in Table no. 3.

Table no. 3. Gini Decomposition by income sources

Income Source	Sk	Gk	Rk	Ti	% Change
Wages and salaries	0.3284	0.5465	0.7449	0.2639	-0.0645
Trade	0.3645	0.6990	0.8480	0.4265	0.0620
Agriculture	0.3071	0.6321	0.8079	0.3096	0.0025

Note: *Sk* represents share in total income; *Gk*: Gini source, *Rk*: Gini coefficient of income source, *Ti*: share of total income source in total inequality

Source: Authors Computation based on Field Survey, 2018

In table no. 3 it can be seen that income from trade has the highest share in total income, with 36.5% of the total income. Thus, indicating how important the income source is with respect to total income. Income from wages has the second share, accounting 32.8% of total income, while the least share came from agriculture. The level of

inequality contributed by the various income sources including the total income inequality is reported in column 2. The estimated income Gini coefficient of 0.507 portrays a high level of income inequality in the community. The lowest, the income Gini coefficient from wages and salaries is 0.55 or 55 percent, while being the highest, the income Gini coefficient from trade is 0.69 or 69.9%. The Gini coefficient from agricultural income is 0.63.

In column 3, all the income sources are highly correlated with total income which indicates how important the income sources are with respect to total income. Trade income is leading in this regard, with a Gini correlation coefficient of 0.85, while the degree of Gini correlation with total income distribution is 0.81 and 0.75 for income from agricultural sources and income from wages and salaries respectively. The share of the income sources respectively in total inequality presented in column 4 reveals that share of income from trade in total inequality is 42.7%, which is the highest – indicating how unequally distributed is the income source in the community. The second highest is income from agricultural activities. Share of this income source in total inequality is 30.9%. The least income source in total inequality is income from wages, with a share of 26.39%. This is an indication that income is unequally distributed and has contributed to income inequality in the community. The evidence of the effect of change in income on total income inequality presented in column 5 depicts that none of the income sources is purely inequality invariant as no percentage change coefficients of the income sources is totally 0. An increase in income from wages reduces income inequality by 0.06%, while increase in income trade increases income inequality by 0.06%. Conversely, the effect of increase in agricultural income is 0.0025, which is almost inequality invariant.

Discussion

Results from this study have shown that all the income sources are highly correlated with the total income, which indicates how important the income source is. However, trade income is leading in this regard, with a coefficient of 0.8480, while the degree of Gini correlation with total income distribution is 0.8079 and 0.7449 for agriculture and income respectively. The share of the income sources respectively in total inequality presented in column 4 reveals that share of income from trade in total inequality is 42.65%, which is the highest, revealing how

unequally distributed is the income source in rural areas. The second highest is income from agriculture, with a share in total inequality of 30.96%. The least income source in total inequality is income from wages (26.39%). The implication of the findings is that income is unequally distributed and has contributed to income inequality in the community. The evidence of the effect of change in income on total income inequality depicts that none of the income sources is purely inequality invariant as no percentage change in the income sources is equal to 0. Another interesting finding is that an increase in income from wages reduces income inequality by about 0.06%, while increase in income trade increases income inequality by 0.06%. The effect of increase in agricultural income is 0.0025, which is almost inequality invariant.

Conclusion

While this study sought to determine the sources of income inequality in rural Nigeria, the specific objectives was to examine the contributions of agricultural and trade income sources to income inequality. Following Lerman and Yitzhaki (1985), the Gini index approach was adopted to decompose the income inequality and findings indicate that while income is not evenly distributed, income from trade has the largest share of total income followed by income from wages and then agriculture, with a share of 0.37, 0.33 and 0.31 respectively. Also, income Gini coefficient is 0.51 or 50.7% and being the highest, the income Gini coefficient from trade is 0.699 or 69.9% and the income Gini coefficient from wages and salaries is 0.55 or 55%. All the income sources are highly correlated with total income, Moreover, share of income from trade in total inequality is 42.65%, while the shares of income in total inequality are 30.96 and 26.39% respectively for agriculture and wages. From the findings, we can infer that trade wages are inequality-dampening, while agricultural wage is inequality-enhancing with coefficient, suggesting that income inequality in rural areas is majorly contributed by trade and agriculture.

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Empowering Nigerian Women Entrepreneurs through Microfinance

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Abstract

This study investigated the impact of microfinance interventions on the psychological and economic conditions of women entrepreneurs. Specifically, it focused on 15 women entrepreneurs who had benefited from micro loans and leases from the Federal University of Technology Microfinance Bank (FMB) in the Nigerian city of Minna. A thematic analysis of the interview sessions with these women revealed that both microfinance interventions had a significant positive impact in empowering them psychologically and economically. However, it was recommended that for this positive impact to be amplified to include more women entrepreneurs, the qualifying requirements had to be made more flexible by adopting a social collateral approach rather than the traditional physical collateral approach currently adopted.

Keywords: Women; Entrepreneurs; Microfinance; Empowerment; Nigeria.

Introduction

Entrepreneurship has played a very important role in the growth and development of countries all around the world because it provides a means of livelihood for the entrepreneurs themselves, creates jobs for unemployed citizens, and contributes tremendously to the Gross Domestic Product (GDP) (Kongolo, 2010; Zoogah et al., 2015). Although women entrepreneurs are significant contributors to this entrepreneurship revolution, they are grossly under-appreciated (Santos et al., 2016). This under-appreciation is particularly predominant in African countries like Nigeria, due to a cultural perception that the primary role of a woman is to be a good wife and mother, cooking meals on time and raising kids (Tambunan, 2015; Klettner et al., 2016). Besides this cultural perception, women entrepreneurs also have much more limited access, as compared to their male counterparts, to financial assistance to facilitate the realization of their entrepreneurial ambitions (Goktan et al., 2015; Ahl and Nelson, 2015). They also usually don't have support from family members who feel that their rightful place is at home, rather than in the business world (Welsh et al., 2016; Hassan et al., 2016).

Fortunately, slowly but surely, this incorrect perception that women are fragile creatures who can only do one thing is starting to dissipate globally. There is now a growing realization amongst policy makers, financial institutions and other key stakeholders that women are strong, capable individuals who can balance the needs of caring for a family and successfully establishing and running a business at the same time (Hassan et al., 2016). This realization has led to the development of various public and private initiatives aimed at empowering women to pursue entrepreneurial careers (Kaushal and Singh, 2016). For example, in India, Entrepreneurship Development Programs (EDP) has been introduced to cater to the needs of potential women entrepreneurs who have very little or no educational background and business skills (Kaushal and Singh, 2016; Pandey et al., 2017). In Africa, The Federation of Business Women (FEBWE) is focused on promoting economic development for women entrepreneurs by providing business counseling, networking opportunities and facilitating the formation of women entrepreneurs associations to ensure that their motives are collectively and effectively taken up with policy makers and other agencies (Skoog, 2014).

One of the most prominent interventions that have diffused globally to empower women entrepreneurs is Microfinance (Idris et al., 2015). The popularization of modern microfinance, which is the provision of micro loans and other financial services to beneficiaries, is attributed to Nobel-prize winner, Bangladeshi professor of Economics, Muhammad Yunus who established the Grameen Bank in 1983 (Banerjee and Jackson, 2017). The Grameen bank grew in the 2003 to 2007 period and the total number of borrowers was 8.4 million, of which 97% were women (Banerjee and Jackson, 2017). Microfinance interventions targeted at women entrepreneurs have sprung up globally following different variations of the Grameen Bank model (Banerjee and Jackson, 2017).

Nigeria has not been left behind in the microfinance revolution, with 942 microfinance banks registered with the Central Bank of Nigeria as of 2018 (Central Bank of Nigeria, 2018). Many of these microfinance banks offers various micro loans, leases and business trainings targeted at empowering women entrepreneurs (Taiwo et al., 2016). There is no denying that these women-focused interventions are an extremely welcome development. However, it is of vital importance that impact assessments of these interventions be carried out in order to determine whether they are actually achieving the important objective of empowering women entrepreneurs. This crucially important impact assessment task is the ultimate aim of this study, with a specific focus on the Federal University of Technology Minna Microfinance Bank.

The Federal University of Technology Minna (FUTMINNA) was established in 1983, and has as an important part of its mission the following: “to positively affect the economy and thus the quality of life of her people” (FUTMINNA, 2018a). As an important step in achieving its noble mission, FUTMINNA established a microfinance bank on the 4th of October, 2011 (FUTMINNA, 2018b). FUTMINNA Microfinance Bank (henceforth FMB) received a license from the Central Bank of Nigeria on the 8th of March, 2012 and began operations on the 1st of July, 2012 (FUTMINNA, 2018b).

One of the key objectives of FMB is to empower women entrepreneurs of the local community by providing them with micro loans, leases as well as business trainings (FUTMINNA, 2018b). It is hoped that these interventions would enable these women entrepreneurs to thrive in their businesses and help elevate their families from poverty and achieve a sustainable means of livelihood (FUTMINNA, 2018b).

Whilst there is no denying that these objectives are noble, the problem is that to the best of the researchers' knowledge, there have been no attempts to actual determine whether or not these interventions are actually achieving their objective of empowering women entrepreneurs in Minna. This study hopes to address this significant gap in knowledge by conducting a thorough and systematic assessment of the impact of FMB interventions on the economic and psychological conditions of the women entrepreneurs who have benefited from these interventions since FMB's establishment.

It is expected that this impact assessment will provide FMB a clear picture regarding the extent which the bank's microfinance interventions have positively impacted the economic and psychological conditions of women entrepreneurs in Minna. It will also enable the bank to receive valuable feedback from these women entrepreneurs on areas of improvement for future interventions the bank decides to roll out. Finally, the results will provide the university with information needed in fulfilling its mission of improving the quality of lives of the local community and beyond.

Methodology and Purpose of the Study

Research design

This research study adopted a qualitative research design using semi-structured, face to face interviews with female clients of microfinance institutions in Minna, Niger State. This design was adopted because face to face interviews provide more detailed information from respondents concerning a particular research compared to questionnaires (Casillo-Montoya, 2016; Ewens et al., 2016).

Sampling procedure

When it comes to determine an ideal sample of the studied population, there is a distinct difference between the qualitative and quantitative studies (Robinson, 2014). For quantitative studies, the main concern is to ensure that the sample is representative for the entire population (Etikan et al., 2016). However, for qualitative studies like ours, the main concern is to achieve saturation (Malterud et al., 2016). For a study that utilizes in-depth interviews, saturation is reached when interviewing one more female client will not provide any additional

information (Malterud et al., 2016). So, the question is: “What is the ideal number of in-depth interviews to conduct?” (Malterud et al., 2016).

Unfortunately, there is no scholarly consensus on what this ideal number is (Fusch and Ness, 2015). However, a majority of scholars suggest between 10-15 interviews as an ideal number to reach saturation (Timonen et al., 2018; Yang, 2018; Peles et al., 2018; Cheng et al., 2018). For this reason, this study interviewed 15 randomly-selected female clients of FMB, along with the credit officer in charge of disbursing the loans and leases, for a total of 16 interviews.

The interview process

Each interview lasted about 30-45 minutes, and permission was received from the credit officer and the Head of the women entrepreneurs association to record the interview for later transcription. The interview had three parts: The first part consisted of questions aimed at collecting demographic profile from the women entrepreneurs. The second part focused on life before benefiting from the microfinance loans and leases from FMB, while the third part focused on life after benefiting from FMB. They were asked the following questions:

1. Demographic questions
 - i. How old are you?
 - ii. What is your marital status and family size?
 - iii. What is your educational status?
 - iv. Reasons for venturing into business.
 - v. Nature of business.
 - vi. Did you receive business training before starting your business?
 - vii. Acceptance of women entrepreneur in the family and society.
2. How has life been before benefiting from microfinance?
3. How has life been after benefiting from microfinance?

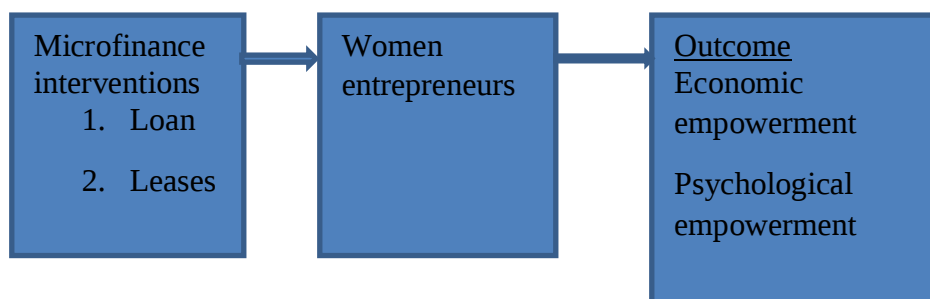
Each interview was later transcribed to enable its contents to be thematically analysed.

Theoretical Framework

The programme theory (PT) postulated by Australian Professor of Psychology, Psychiatry and Public Policy, Leonard Bickman in 1987 served as the theoretical foundation for this study (Leroy et al., 2009). PT posits that the impact of an intervention on the intended beneficiaries can be positive, neutral (no effect) or negative (Leroy et al., 2009). For this study, the PT is used to determine the impact of

microfinance loan and leases on women entrepreneurs in Minna, Niger State. Figure no. 1 provides the theoretical framework of this study based on PT.

Fig. no. 1. Theoretical framework of the study



Literature Review

In this section, a review of the findings of prior studies that explored the impact of microfinance on women entrepreneurs is presented. These prior studies can be categorized into three groups based on their conceptualization of microfinance intervention: Loans (Mahmood, 2011; Sahu, 2015; Amarnania and Amarnani, 2015), Leases (Bateman, 2012; Saad, 2012) and Trainings (Hansen, 2015; Salia et al., 2018).

Microfinance intervention as loans

Prior studies that conceptualized microfinance intervention as loans include Mahmood (2011), Sahu (2015) and Amarnani and Amarnani (2015). Mahmood (2011) carried out a survey using 37 semi-structured questionnaires of women borrowers financed by two microfinance institutions in Pakistan, seeking to understand the impact of microfinance loan on women entrepreneurs in developing countries. The findings indicated that microfinance loans led to increased sales and profit in these women's businesses (economic empowerment) and women's ability to make decisions in their homes (psychological empowerment).

Similarly, Sahu (2015) carried out a survey on 500 women in India. The findings indicated that savings and loans increased the

intensity of women's ability to make large and small purchase on their own (economic empowerment), their involvement in the day-to-day household decision making (psychological empowerment) and their ability to participate in public interaction, political and other forums (political empowerment). It was also observed that economic empowerment is not relative to social and political empowerment.

Finally, Amarnani and Amarnani (2015) carried out a survey, using 350 women from the poor Indian women. The result shows that microfinance loans increase the income of the poor clients (economic empowerment) who have been in the programme for more than two years.

Microfinance interventions as leases

Prior studies that conceptualized microfinance intervention as leases include Bateman (2012) and Saad (2012). Bateman (2012) carried out a survey of 5,218 families in Croatia to identify the role of microfinance intervention in rural development. The findings indicated that microfinance leases do not have a positive impact in the society.

On the other hand, Saad (2012) carried out a survey using 5,061 questionnaire of female microfinance clients in Malaysia. The findings indicated that microfinance leases have helped women to be involved in economic activities like production, trading and services. The leased equipment enabled these women to increase the efficiency of their businesses, which provided them with an increased sense of self-worth and feeling of control (Saad, 2012).

The review shows that the effectiveness of microfinance leases on empowering their clients is not always guaranteed. It had no impact in Croatia (Bateman, 2012), but was successful in Malaysia (Saad, 2012).

Microfinance interventions as trainings

Prior studies that conceptualized microfinance interventions as trainings include Hansen (2015) and Salia et al. (2018). Hansen (2015) carried out a survey of 172 women in Sri Lanka who had received training on soft skills (leadership, motivation, conflict management), business skills (starting and managing a business, business planning, basic book keeping) and technical skill (agricultural skill, food technology, livestock management), in order to discover whether this training would improve these women's capacities to ensure that there is

improvement in their financial literacy and their business, leadership and technical skills. The findings indicated that there was an increase in the women's knowledge of business and social network of other women which led to women supporting other women within their social group and sometimes as a group engaged in additional community activities which shows that there is an increase in their personal control beliefs (psychological empowerment).

Similarly, Salia et al. (2018) carried out an interview of 30 married women in Ghana. The result showed that microfinance training in businesses skills (starting and managing a business, business planning, basic book keeping) led to the improvement of these women's income (economic empowerment) and their household decision-making process (psychological empowerment), but it was also directly associated with conflicts among spouses which led to child labour, polygamy and the neglect of perceived female domestic responsibilities due to their focus and devotion to their enterprise or businesses.

It can be observed from this review that microfinance interventions targeted specifically at women entrepreneurs generally tends to empower them economically (Mahmood, 2011; Saad, 2012; Amarnani and Amarnani, 2015), psychologically (Mahmood, 2011; Saad, 2012; Salia et al., 2018) and politically (Sahu, 2015; Amarnani and Amarnani, 2015). However, it does have some negative social impact as pointed out by Salia et al. (2018) such as conflict amongst spouses and women neglecting their domestic responsibilities due to the needs of their businesses.

Results

Demographic characteristics of interviewees

Table no. 1 presents the demographic characteristics of the 15 women entrepreneurs interviewed for this study.

Table no. 1. Demographic characteristics of women entrepreneurs

Age	Marital Status	Family Size	Educational Status
20-29 – 6 (40%)	Single - 2 (13.3%)	2-10 – 11(73.4%)	None–6(40%)
30-39 – 6 (40%)	Married – 13(86.7%)	11-20 – 2(13.3%)	Pri – 3(20%)
40-49 – 1 (6.7%)		21-30 – 2(13.3%)	Sec–5(33.3%)
50-59 – 0 (0%)			Tet – 1(6.7%)
60-69 – 2 (13.3%)			

* Pri – Primary; Sec – Secondary; Tet – Tertiary

It can be observed that almost all the women (80%) were between the ages of 20 and 39, with 13 married, and only two single. 11 of the women had a family size of between two and ten members, while two of the women had very large family sizes with more than 20 members.

The microfinance loan and lease disbursement process

In order to understand how FMB disbursed the micro loans and leases to the women entrepreneurs, the FMB credit officer was interviewed as mentioned previously in the methodology section of this paper. The disbursement process for both loans and leases is clearly described by the credit officer in the following excerpts from the interview:

“They need to open a current account with us and the account would be serviced for six months. They [also] need to bring collateral which is a landed property with C of O [certificate of occupancy]. Then they need a guarantor from the university to stand for them. We give them a grace period of three months before they start repaying the loan” (Microloan disbursement process).

“They need to open a current account with us and the account would be serviced for six months. They need to bring collateral which is a landed property with C of O, and then they need a guarantor from the university to stand for them. They will pay 30% of the total cost of the equipment up front, with the balance paid in instalments. The equipment becomes the property of the client once the total cost has been paid off” (Micro-lease disbursement process).

Assessing the impact of microfinance on the economic conditions of women entrepreneurs

Based on the interviews conducted, all the women entrepreneurs indicated that their economic conditions were poor before they went to FMB for empowerment. For example, one interviewee said: “I had small capital to run my business. Based on the interviews conducted, all the women entrepreneurs indicated that their economic conditions were poor before they went to FMB for empowerment. For example, one interviewee said: “I had small capital to run my business which made it difficult for me to buy in large quantities and satisfy my customers”, while another said “it was difficult for me to raise capital and the money I used to start my business was small.”

However, according to the women entrepreneurs, their economic conditions improved dramatically after benefiting from the FMB loans and leases. For example, one interviewee said “there is improvement because I can now buy and sell in large quantities” while another interviewee said “there is increase in sales because I was able to expand my business.” Yet another interviewee said “after I received loan from FMB my business increased [so much] that I started another business.” Finally, one interview with emotion in her voice stated the following: “it was not easy for me to raise capital for my business, but now, running my business actually got easier.”

What can be inferred from the responses of these women entrepreneurs is that FMB micro loans and leases had a significant and positive impact on their economic conditions. In other words, FMB’s microfinance initiatives had success empowered these women entrepreneurs economically.

Assessing the impact of microfinance on the psychological conditions of women entrepreneurs

The interviews revealed that before receiving FMB loans or leases, 13 out of the 15 women entrepreneurs felt significantly psychologically disempowered because they were unable to contribute to the family-decisions in the areas of paying. The interviews revealed that before receiving FMB loans or leases, 13 out of the 15 women entrepreneurs felt significantly psychologically disempowered because they were unable to contribute to the family-decisions in the areas of paying children’s school fees, taking care of themselves and most importantly supporting their husband. For example, one interviewee said: “I felt useless as I could not support my husband in providing for the home, not even in buying some [basic] food items”, while another interviewee said “I could not buy things that I need for myself and my children.” Yet another interviewee said “my parents were not able to satisfy my needs and I felt bad that I could not ease my parents’ burden by supporting myself and my younger ones”.

Two out of the 15 interviewees were feeling left out among their peers or who had already established their own businesses and did not want to remain idle. For example, one of the interviewees said the following: “As a married woman, I don’t want to just sit and do nothing at home”, while the second interviewee said “I was idle and wanted to support my husband like my friends are doing”.

After receiving FMB loans and leases, the women entrepreneurs were unanimous in their conviction that these microfinance interventions had significantly empowered them psychologically. This is evidenced, for example, by one interviewee who said “I thank God, now I am able to support my husband at home and [take care of] some other little expenditure”, and by another interviewee who said, “I am grateful to FMB because I can now pay my children’s school fees and eat well. I am no longer a burden to my family.”

Discussion

The major implication of this study’s findings is that they provide empirical evidence that microfinance interventions can actually positively impact women entrepreneurs not only economically, but psychologically. This evidence should encourage other MFIs to specifically target women entrepreneurs across Nigeria and beyond so that these women can contribute even more effectively to the global economy.

Another implication of these findings is the discovery that the FMB loan and lease requirements are too stiff, and will exclude many deserving women entrepreneurs in Minna. The reality is that many of these women will not have landed property to use as collateral in order to access these interventions. How many of these women actually are able to meet their basic needs, let alone having landed property with C of O?

The researchers recommend that FMB and other Nigerian MFIs adopt Grameen Bank’s social collateral approach (Banerjee and Jackson, 2017). This approach relies on social pressure rather than actual compliance to ensure loans are repaid (Banerjee and Jackson, 2017). What happens is that loan applicants are placed into groups of three women (Banerjee and Jackson, 2017). The first woman in the group gets the micro loan, and only when she repays fully will the second member of the group get a loan in the next round, and then finally the third member gets a loan only after the second recipient pays (Banerjee and Jackson, 2017). What this approach does is that it makes the other members help the bank monitor the first recipient and help make sure she is able to repay the loan even if it means helping her run the business (Banerjee and Jackson, 2017). This approach would open up these effective interventions to a larger pool of women entrepreneurs.

This study also found that a lot of women entrepreneurs have no formal business training. The researchers thus recommends that FMB and other MFIs in Nigeria expand their service offerings to include business training for these women so that they can be equipped with accounting, management and marketing skills. These skills will improve the survival rate of these businesses.

Finally, this study contributes to policy by enlightening Nigerian policy makers on the need to create comprehensive business training programmes for women entrepreneurs which will equip them with the necessary skills that will facilitate their collective improvement in the running of their businesses. This study has shown that women need to be empowered and trained just as the saying goes “when you train a woman, you train a nation” (Connery, 2016).

Conclusion

This study investigated the impact of microfinance interventions on the psychological and economic conditions of women entrepreneurs. Specifically, it focused on 15 women entrepreneurs who had benefited from micro loans and leases from the Federal University of Technology Microfinance Bank (FMB) in the Nigerian city of Minna. A thematic analysis of the interview sessions with these women revealed that both microfinance interventions had a significant positive impact in empowering them psychologically and economically. However, it was recommended that for this positive impact to be amplified to include more women entrepreneurs, the qualifying requirements had to be made more flexible by adopting a social collateral approach rather than the traditional physical collateral approach currently adopted.

Despite the importance of the study’s findings, it suffered from a few limitations. Firstly, it only focused on one microfinance institution (MFI) out of hundreds operating in Nigeria. This limits the generalization of the findings, and future studies should include more MFIs from each of Nigeria’s six geopolitical zones so that a more representative study can be carried out on the impact of microfinance on the lives of women entrepreneurs.

Secondly, the study relied on interviews which allowed for more in-depth information to be obtained from the women entrepreneurs. However, the information obtained is relatively subjective. Future studies should combine subjective information with more objective

measures of economic and psychological empowerment so that the full impact of these microfinance interventions can be ascertained.

The reality is that for the full benefits of entrepreneurship to be obtained by any society, women entrepreneurs must be supported and encouraged as much as their male counterparts, because as the saying goes, “what a man can do, a woman can do just as well”.

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Entrepreneurship Education at Tertiary Level in Bangladesh

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Abstract

This study presents the results of a need assessment survey on entrepreneurship education conducted at BBA and MBA programs of a tertiary level university in Bangladesh. For this purpose, Institute of Business Administration (IBA-JU) and four departments of Faculty of Business Studies: Department of Finance & Banking, Department of Marketing, Department of Management Studies and Department of Accounting and Information Systems at Jahangirnagar University were targeted for this survey. Survey on needs assessment was carried out based on factual data and perceptual data. Factual data were collected through review of BBA and MBA curricula of the target institutions. Perceptual data were collected from undergraduate and graduate level students, alumni and faculty members through structured questionnaires, focus group discussions (FGD) and key informant interviews (KII). It is observed that neither the target institutions offer major/minor in entrepreneurship, nor the need

for entrepreneurship education is fulfilled by the existing curricula. There seems to be interest among students in learning entrepreneurship and pursuing such a career, however, institutional support is lacking significantly in case of Bangladesh. Recommendations to address the need are also discussed.

Keywords: Entrepreneurship education; Entrepreneurship Curriculum; Education; Entrepreneurship; Needs assessment.

Introduction

Entrepreneurship education has received the attention from academicians and policymakers in recent years. Considering the increasing unemployment of the youth and crisis in the corporate world, entrepreneurship education has taken the forefront of discussion as a substitute. There is a widespread recognition for entrepreneurship as the driving force of an economy. Such recognition has led to increasing interest in entrepreneurship education to encourage and inspire entrepreneurship in society and requires research to understand what makes an entrepreneurship and how entrepreneurial skills and characteristics could be taught.

The need for entrepreneurship education is manifold. First, entrepreneurship is the critical factor for economic development (Schumpeter, 1934). Be it creating employment in the society, producing goods and services, mobilizing natural resources, spearheading innovation – entrepreneurs are at the core of it (Azim and Akbar, 2010). Second, people with entrepreneurial abilities are now seen as a competitive advantage for a nation over others (Hytti and O’Gorman, 2004). Third, many scholars are of the opinion that entrepreneurship can be taught through education and training (Kuratko and Hodgetts, 2007), thus creating a means to develop human resources into entrepreneurial talents. In this regard, many countries have adopted entrepreneurship education as part of their education policy. For example, in Britain, business and entrepreneurship development is listed as one of the four strategic goals for universities (Universities UK, 2000). In the United States, a study by the U.S. Department of Commerce has found that universities around the country promote entrepreneurship, innovation, and collaboration among students, faculty

members, and industries across multiple sectors (U.S. Department of Commerce, 2013). Fourth, entrepreneurship education is seen as the primary way to transform a graduate population from education to work (Matlay and Westhead, 2004).

Formation of potential entrepreneurs through entrepreneurship education can promote economic growth. Entrepreneurship education is the process of providing individuals with the ability to recognize commercial opportunities, insight, self-confidence, knowledge and skills and to start and run a business. It includes instruction in opportunity recognition, commercializing a concept, organizing resources in the face of risk and initiating a business venture. It also includes instruction in business disciplines such as management, marketing, information systems and finance (Jones and English, 2004).

The majority of newly founded ventures collapses within the first years of existence or fail to grow in long-term and often remain small and less profitable compared to existing businesses. One of the main reasons is that founders often do not have the capabilities of managing a company and lack relevant business expertise and competences (Brinckmann et al., 2010; Peters, Rice and Sundararajan, 2004). The percentage of failing start-ups fluctuates between 40% and 90% depending on the region and sector (Brinckmann, 2010; Peters, Rice and Sundararajan, 2004). As especially new firms have high potential to grow and to create employment opportunity, their success is an important factor of economic growth and welfare. Under these conditions, entrepreneurship education is essential to the region's and the firm's development and the creation of new jobs (Brinckmann, 2010).

Bangladesh is one of the youngest countries in the world, with more than 50% of its population being below the age of 25. The country aims to transition towards a middle-income country by 2021 with focus on an innovation centered economy. It is putting a lot of emphasis on entrepreneurship development considering its importance in economic growth and upliftment of population. In this connection, the Government of Bangladesh (GOB) has created a national entrepreneurship platform that supports Innovation Design & Entrepreneurship Academy (iDEA) project under the ICT division. In addition to that, Bangladesh Bank has launched Entrepreneurship Support Fund (ESF) to promote entrepreneurship worth Taka 1.0 billion. In regards to education and training intervention, courses on

“entrepreneurship” are offered at different academic levels through public, private and development institutions and organizations.

Yet, the modest infrastructure and significant graduate unemployment indicate that Bangladesh has a long way to go in entrepreneurship development. According to a report by World Vision, 4.4 million youths face unemployment in Bangladesh (Dhaka Tribune, 2018). Latest data by Bangladesh Bureau of Statistics says that the rate of unemployment among youths graduated from universities, aged between 15 and 29 years is 11.2% (New Age Bangladesh, 2018). This argument brings the question of the state of entrepreneurship education in the country. Against this backdrop, the study focuses on the contribution of BBA and MBA programs in creating traits, skills and knowledge among students for entrepreneurship creation.

The cornerstone policy for education in Bangladesh, Bangladesh Academic Policy 2010 focuses on entrepreneurship education at different levels of education, including the tertiary level. According to Bangladesh Academic Policy (2010), the objective of business studies at higher education is “to impart necessary knowledge to become a successful entrepreneur”.

At present, in Bangladesh, entrepreneurship education is provided by the business administration departments, business/commerce faculties, business administration institutes under different public and private universities. Entrepreneurship development courses generally include entrepreneurship theory, entrepreneurial challenges and motivation, entrepreneurship as career, business environment, role of entrepreneurs in economy, idea generation, selection of viable project, project management, preparing business plans, social and ethical responsibility of entrepreneurs.

According to a report published by the University Grants Commission (UGC) of Bangladesh, in 2011, a total of 122,837 students studied Business Administration in the private universities of the country (UGC, 2012). On the other hand, a total of 859,826 students studied commerce/business related degrees in the public universities (UGC, 2012). The majority of these students entered into the job market and many of them also remained unemployed. The graduate unemployment situation, generally, is a major issue in Bangladesh. Unemployment rate of young university graduates is four times higher than that of the young persons with primary level of education (26.1% and 6.0% respectively) (Hossain, 2014). Many students remain jobless

for years and in such situation development of entrepreneurship may be an alternative economic activity for the unemployed graduates.

Jahangirnagar University, where the study was conducted, is a public university in Bangladesh that is governed under the Jahangirnagar University Act of 1973. It is accustomed as a residential accessible university with 34 departments, 6 faculties, 2 institutes, over fifteen thousand students, and about 500 academic faculties. For business education, two options are available at Jahangirnagar University – Institute of Business Administration (IBA-JU) and Faculty of Business Studies (FBS-JU). Both these institutions have undergraduate and graduate programs and Weekend MBA and Evening MBA programs, respectively. Faculty of Business Studies comprises 4 departments: Department of Finance & Banking, Department of Marketing, Department of Accounting and Information Systems and Department of Management Studies. Each department offers BBA and MBA degrees specializing in their respective subjects.

The study is an attempt to understand the state of entrepreneurship education at Jahangirnagar University, particularly for students pursuing Bachelor of Business Administration (BBA) and Master of Business Administration (MBA) degree. The project provides a factual overview of the existing situation of entrepreneurship education at Jahangirnagar University and the perceptions of students, faculties and alumni towards it and identifies the entrepreneurial education needs for the target population.

Literature Review

Entrepreneurship is viewed as the driving force for economic progress as it promotes venture creation and innovation within existing firms. This has created the need for academic institutions to promote entrepreneurship through research and teaching. Universities can contribute to entrepreneurship through education, commercialization of the research and being seedbed for future innovators (Rasmussen and Sørheim, 2006).

Rasmussen and Sørheim (2006) define entrepreneurship education as either a way of learning about entrepreneurship as a phenomenon or learning useful skills to become an entrepreneur. Jones and English (2004) view entrepreneurship education as traits or characteristics that could be infused into an individual and skills that can be taught through a number of means. Hansemark (1998) views entrepreneurship

education as a model that has the potential to alter attitudes, behaviors and motives. Raposo and Paco (2011) argue that entrepreneurship education helps people to become responsible through their entrepreneurial thinking while contributing to economic progress and community development. According to Henry, Hill & Leitch (2005: 5), “entrepreneurial education which is aimed at providing an opportunity to learn about the conditions favoring new business creation, as well as the various theories concerning the type of characteristics required for successful entrepreneurship”.

The argument whether entrepreneurship can be taught to individuals has been raised over the years (Fiet, 2001; Sexton and Upton, 1987). Kolvereid and Moen (1997) found that graduates who took entrepreneurship as major had higher entrepreneurial intentions and were more likely to start business compared to their non-major counterparts. According to Peterman and Kennedy (2003), entrepreneurship education programs have the ability to significantly affect the entrepreneurial intentions of a student. To this end, the number of entrepreneurship education programs and the institutions and universities offering them are on the rise (Katz, 2003; Vesper and Gartner, 1997). However, Fiet (2001) states that this field is still new and no common framework for entrepreneurship teaching exists. Rasmussen and Sørheim (2006) interpret this phenomenon with a view that the importance of entrepreneurship is being recognized. They posit that the field of entrepreneurship education requires professional education that includes management, marketing and finance. This is reinforced in a study by Farhangmehr, Gonçalves and Sarmiento (2016) who show that in order to get students to be motivated towards entrepreneurship, only the knowledge of business management remains to be insufficient. The authors state that entrepreneurship education should be designed in such a way that promotes motivation to start entrepreneurship, this could include communication skills and confidence. In another study, Piperopoulos and Dimov (2015) posit that whether a person would be confident in entrepreneurial intention depend on the structure of the entrepreneurship education. They argue that courses that have practical orientation towards entrepreneurship generate positive outcomes in terms of entrepreneurial intention. This is supported by Kassean et al. (2015), who demonstrate that students who get involved in entrepreneurship experimental learning activities result in taking more entrepreneurial initiatives.

In the past two decades a number of researches have sought to determine relationship between entrepreneurship education and entrepreneurial activities (The Small Business Economy Report, 2006). These researches can be classified into a number of research areas linking education with entrepreneurial activity: entrepreneurship education and venture creation (Charney and Libecap, 2000; Dumas, 2001; Kolvereid and Moen, 1997; McLarty, 2005; Monroe, Allen and Price, 1995; Osborne, Falcone and Nagendra, 2000; Van der Sluis, Van Praag and Vijverberg, 2005); entrepreneurial education and entrepreneurial intentions (Autio et al., 1997; Galloway and Brown, 2002; Klapper, 2004; Noel, 2000; Peterman and Kennedy, 2003); entrepreneurship education and opportunity recognition (Brännback et al.; 2005; DeTienne and Chandler, 2004; Dimov, 2003); entrepreneurial education, confidence and entrepreneurial orientation (Alvarez and Jung, 2003; Ehrlich et al., 2000; Frank et al., 2005; Galloway et al., 2005).

Dehghanpour Farashah (2013) states that the completion of one course on entrepreneurship increases the chances of entrepreneurial intention by 1.3 times. In a study by Charney and Libecap (2000), the authors find that entrepreneurship graduates are 3 times more likely to be self-employed, 3 times more likely to start their own ventures than their counterparts. Moreover, they also show that entrepreneurship graduates have 27% higher annual incomes own 62% more assets and have greater job satisfaction (as cited in Vaicekauskaite and Vaicekauskaite, 2018).

Based on the researches on entrepreneurship education and subsequent entrepreneurial activity, it could be said that there is a wide evidence of entrepreneurship education impacting entrepreneurial activity. However, there is question of efficiency and effectiveness of the curriculum and teaching methods with regards to learning entrepreneurship as reported by European Commission (2008). There seems to be a lack of research in terms of assessing the effectiveness of entrepreneurship education curriculum and teaching methods. Furthermore, there is little evidence on how the teaching methods and design of the curriculum influence the development of entrepreneurial skills, knowledge and how they transfer into entrepreneurial ventures.

Methodology

Data Collection and Survey Design: The study is based on factual and perceptual data. Factual data is collected through reviewing the curricula of the different programs (BBA, MBA, Weekend MBA and Evening MBA) offered by the target institutions. The target institutions for the survey were Institute of Business Administration (IBA-JU) and four departments of the Faculty of Business Studies (FBS-JU): Department of Finance & Banking, Department of Marketing, Department of Management Studies and Department of Accounting and Information Systems.

A reactive needs assessment survey was carried out for the purpose of collecting perceptual data for this study. Reactive needs assessment identifies a current performance problem that should be immediately addressed. This form of needs assessment is more suited to the current research because the perceptions of students, faculties, alumni are used here to understand whether there is a need for entrepreneurship education in universities.

The survey is based on primary data collected through qualitative and quantitative methods from four different respondent groups: undergraduate students, graduate students, faculties and alumni entrepreneurs. Students, faculties and alumni entrepreneurs from IBA-JU and FBS-JU were chosen as respondents for the survey.

The survey was conducted in three phases. Phase I involved running a pilot study on the four respondent groups. In this phase, the objective was to collect basic data on entrepreneurship education at the target institutions. For that purpose, the researchers conducted preliminary interviews with groups of students, alumni entrepreneurs and faculty members using interview checklists. Based on the data collected, research tools were developed and then pre-tested for each of the respondent groups.

Upon completion of Phase I, Phase II involved use of focus group discussions (FGD) and key informant interview (KII) to collect data. FGD and KII were arranged for graduate students, entrepreneurs and faculty members of the target institutions to capture their perspectives on entrepreneurship education at their respective institutions. In the interviews and discussions, entrepreneurs focused on the gaps of entrepreneurship education in the current curricula and how those gaps can be accommodated in classroom learning. Faculty members expressed their perception regarding creating a bridge between managerial degree and entrepreneurship degree in the curriculum setting.

Phase III involved use of a structured questionnaire. The respective students at undergraduate level (BBA) in IBA-JU and FBS-JU were chosen as respondents for the survey. The questionnaire was prepared on the basis of the focus group discussions and key informant interviews.

Sample Size and Sampling Methods: The sample of the study consisted of 95 BBA students, 35 MBA, WMBA and EMBA students, 25 entrepreneurs and 5 faculty members from the target institutions. The sampling methods for the respondents include random sampling for the students, snowball sampling method for entrepreneurs and purposive sampling faculty members. Table no. 1 shows the distribution of respondents.

Table no.1. Distribution of Respondents

Respondent Groups	Participants
Faculty members	5
Students	130
Entrepreneurs	25

Findings and Analysis

1. Factual Findings

There is a total of five business education entities in Jahangirnagar University: IBA-JU, Department of Finance & Banking, Department of Marketing, Department of Management Studies and Department of Accounting and Information Systems – the four departments fall under the umbrella of Faculty of Business Studies. Of them, only a single entrepreneurship development course is offered by each in their BBA program except for Department of Accounting and Information Systems. Similar situation can be seen for Weekend MBA program, where one entrepreneurship course is offered. However, the EMBA program does not offer any course on entrepreneurship. Significantly, none of the institute or departments is found to offer a full-fledged BBA or MBA program in Entrepreneurship. Entrepreneurship is taught as a core course in four, however the regular MBA program (barring Weekend MBA), does not include any course on entrepreneurship.

Table no. 2. Portion of Curricula for Target Institutions

Institution/ Department	Program	Concentrations Offered	Entrepreneurship Courses Offered
Institute of Business Administration (IBA-JU)	BBA	Finance, Marketing, Human Resource Management, Accounting, Management Information Systems	BUS 416: Entrepreneurship
	MBA	Finance and Banking, Marketing, Human Resource Management, Accounting and Information Systems, Management Information Systems, Quantitative Business Analysis	X
	Weekend MBA	Finance and Banking, Marketing, Human Resource Management, Accounting and Information Systems, Management Information Systems, Qualitative Business Analysis	BUS 513: Entrepreneurship Development
Department of Finance & Banking	BBA	Finance and Banking	FNB 311: Entrepreneurship Development
	MBA	Finance and Banking	X
Department of Marketing	BBA	Marketing	MKT 305: Entrepreneurship Development
	MBA	Marketing	X
Department of Management Studies	BBA	Management	MGT 310: Entrepreneurship and SME Management
	MBA	Human Resource Management, Management Information Systems, Strategic International Management	X
Department of Accounting and Information Systems	BBA	Accounting and Information Systems	X
	MBA	Accounting and Information Systems	X
Faculty of Business Studies (FBS-JU)	Evening MBA	Finance and Banking, Marketing, Human Resource Management, Accounting and Information Systems	X

Source: Curricula of target institutions

It can be seen from Table no. 2 that although IBA-JU has 6 major-minor combinations in two of its program offerings, none of the 3 program offerings have any entrepreneurship concentration available. Only one core course is designed in its BBA and Weekend MBA curricula, however, no such course has been designed into the MBA

curriculum. Department of Finance & Banking, Department of Marketing and Department of Management Studies offer entrepreneurship development course in their respective BBA curriculum. However, no such course is available for each of these departments's MBA curriculum. Moreover, Department of Accounting and Information Systems does not have any course on entrepreneurship in either its BBA or MBA curricula. Similar could be seen for Evening MBA program, no course on entrepreneurship is offered.

2. *Perceptual Findings*

A. Undergraduate (BBA) Students

In the survey, an attempt is made to understand the perceptions of BBA students in regards to entrepreneurship education and the current academic curriculum. The undergraduate respondents consist of 95 students, among whom 52.6% are male and 47.4% are female.

Table no. 1. Undergraduate Respondents

	Frequency	Percent
Male	50	52.6
Female	45	47.4
Total	95	100.0

Source: Authors' own calculation

Table no. 4 presents the findings of what the respondents want to do after their graduation. A total of 49.5% of respondents said they want a career in corporate management (which includes jobs ranging from banks, financial and non-bank financial institutions, FMCGs and MNCs). Another 40% showed interest in starting their business after finishing BBA while 10.5% replied that they plan to start their career in a management level job first and then eventually move on to entrepreneurship after some years of business experience.

Table no. 2. Choice of Profession

	Frequency	Percent
Management level job	47	49.5
Entrepreneur	38	40.0
Start with a job then move on to entrepreneurship	10	10.5
Total	95	100.0

Source: Authors' own calculation

In Table no. 5, cross referencing the choice of profession with gender shows that, for male respondents the numbers don't differ much between choosing management level job (44%) and entrepreneurship (42%). But, male respondents are more interested in entrepreneurship (an overall 56%) compared to their female counterparts (44.5%). The number varies significantly for female respondents; fewer female respondents are interested in pursuing entrepreneurship (37.8%) compared to pursuing a management level job (55.6%).

Table no. 3. Undergraduate (BBA) Students * Preferred Profession Crosstabulation

	Preferred Profession			Total
	Management level job	Entrepreneur	Start with a job then move on to entrepreneurship	
Male	22 (44%)	21 (42%)	7 (14%)	50
Female	25 (55.6%)	17 (37.8%)	3 (6.7%)	45
	47	38	10	95

Source: Authors' own calculation

For respondents who have been exposed to some form of entrepreneurship, either through family members (Table no. 6) or through their own business (Table no. 7) it shows that respondents who are exposed to entrepreneurship in some way, are more interested in entrepreneurship (46.5%, 46.7%) compared to their non-exposed counterparts (34.6%, 36.9%). It should be noted that those respondents who haven't had any exposure to entrepreneurship, are interested in management level job (55.8%, 55.4%).

Table no. 4. Are any of your Family Members Entrepreneurs? *Preferred Profession Crosstabulation

		Preferred Profession			Total
		Management level job	Entrepreneur	Start with a job then move on to entrepreneurship	
Are Any of Your Family Members Entrepreneurs?	Yes	18 (41.9%)	20 (46.5%)	5 (11.6%)	43
	No	29 (55.8%)	18 (34.6%)	5 (9.6%)	52
	Total	47	38	10	95

Source: Authors' own calculation

Table no. 5. Are you involved in any business? * Preferred Profession Crosstabulation

		Preferred Profession			Total
		Management level job	Entrepreneur	Start with a job then move on to entrepreneurship	
Are you involved in any business?	Yes	11 (36.7%)	14 (46.7%)	5 (16.7%)	30
	No	36 (55.4%)	24 (36.9%)	5 (7.7%)	65
	Total	47	38	10	95

Source: Authors' own calculation

While answering if they perceive entrepreneurship education as important, 93.7% of respondent said yes. When further asked why they perceive entrepreneurship education as important, 41.1% of respondents answered that it will help them understand business management, while another 33.7% said the knowledge will help them start entrepreneurship business. Table 8 and Table 9 represent the results.

Table no. 6. Is it important to study entrepreneurship?

	Frequency	Percent
Yes	89	93.7
No	6	6.3
Total	95	100.0

Source: Authors' own calculation

Table no. 7. Why is it important to study entrepreneurship?

	Frequency	Percent
With the knowledge, I will be able to start my business.	32	33.7
I will understand entrepreneurship better.	24	25.3
I will understand business management better.	39	41.1
Total	95	100.0

Source: Authors' own calculation

Table no. 10 presents the skills that the respondents perceive they have learned from their BBA curriculum. Here, the highest responses (14.8%) were for management and communication skills, followed by marketing (13.9%), decision making (12.3%) and financial skill (11.4%). It should be noted that skills directly associated with entrepreneurship, such as creativity and business opportunity recognition scored extremely low (2.2% and 4.7%, respectively).

Table no. 8. Which skills did you learn from your BBA curriculum?

	Responses	
	N	Percent
Marketing	62	13.9%
Communication	66	14.8%
Creativity	10	2.2%
Business opportunity recognition	21	4.7%
Time management	43	9.6%
Management	66	14.8%
Leadership	38	8.5%
Financial	51	11.4%
Stress management	35	7.8%
Decision making	55	12.3%
Total	447	100.0%

Source: Authors' own calculation

Apart from skills learnt, respondents were also asked on their opinion of the adequacy of their BBA curriculum and the courses consisting it with regards to entrepreneurship education. The purpose was to understand the perceptions the respondents have towards the

education they are receiving. Results from the survey showed that half of the respondents (50.5%) perceive their BBA curriculum and courses as “inadequate with major improvements necessary”. Only 2.1% perceive the curriculum to be fully adequate with no further improvement needed. Table no. 11 presents the detailed results.

Table no. 9. How adequate is your BBA curriculum for entrepreneurship education and possibility of business creation after graduation?

	Frequency	Percent
Fully adequate and needs no further improvement.	2	2.1
Adequate with minor improvements necessary.	34	35.8
Inadequate with major improvements necessary.	48	50.5
Fully inadequate and needs drastic improvement.	11	11.6
Total	95	100.0

Source: Authors’ own calculation

Table no. 10. Should entrepreneurship education be included in the curriculum?

	Frequency	Percent
Yes	94	98.9
No	1	1.1
Total	95	100.0

Source: Authors’ own calculation

When asked if entrepreneurship education should be included in the curriculum, 98.9% of the respondents answered affirmative. In case of teaching methods, respondents suggested industry visits (14.3%), followed by exposure to entrepreneurs (13.3%), case studies (12.6%) and business plan development (11.2%) as most effective. Class assignments scored lowest (3.0%) as effective means of teaching. Table no. 12 and 13 show the results.

Table no. 11. Which teaching methods are most effective for learning?

	Responses	
	N	Percent
Classroom Lectures	39	6.5%
Case study discussion and analysis	75	12.6%
Research projects	69	11.6%
Industry visits	85	14.3%
Group work	62	10.4%
Class assignments	18	3.0%
Exposure to entrepreneurs	79	13.3%
Workshops	64	10.7%
Oral presentations	38	6.4%
Business plan development	67	11.2%
Total	596	100.0%

Source: Authors' own calculation

B. Graduate (MBA, Weekend MBA and Evening MBA) students

The respondents for this group included MBA, Weekend MBA and Evening MBA students of IBA-JU and FBS-JU to get a deeper understanding of their perception towards entrepreneurship education. The respondents had already completed at least one entrepreneurship development course in BBA and/or MBA program. These respondents also had worked for an organization for at least 3 months.

- *Expectation from the program:* When asked about their expectation from the respective graduate program, the responses were similar. For example, the respondents expected that the MBA program will offer an effective combination of theoretical and practical aspect of business, i.e. execution of theoretical knowledge into practice. They expected the learning methods to be more interactive and non-traditional instead of simply traditional classroom-based learning that could provide the opportunity to explore the latest in relevant industries to make them prepare for the future.

- *Choice of profession:* In regards to choice of profession, respondents were not too interested in pursuing an entrepreneurial career. Most responded that their aim is to secure a civil service job or an executive position with a private organization. Those who are

already in executive jobs are pursuing MBA to further their career or to switch job to a different industry.

- *Entrepreneurial skills from existing curriculum:* The respondents mentioned that through the courses, they have some understanding of fundamentals of business functions. A significant outcome from the discussions was that the respondents feel their perception and view towards business as changed. By that they meant that they are now more capable of identifying business opportunities and coming up with new ideas compared to before. For example, in words of one respondent,

"I do have some business ideas in mind but I am not sure of how viable they are. At this stage, I am confident enough to start something on my own; I don't believe I am qualified yet. I want to gather experience by working as an employee at an organization first and then maybe start my own business."

- *Importance of entrepreneurship education:* According to the respondents, entrepreneurship education could be an essential help for the students who want to start business in future. To make the education more effective, courses could be designed in more meaningful ways to emphasize on industry practices and collaboration. They also perceive that effective design of the curriculum will motivate students to pursue a career in entrepreneurship. For those who neither have entrepreneurship in their curriculum nor have studied it earlier, said that they would take the opportunity to study entrepreneurship if offered or introduced into the curriculum.

- *Recommending entrepreneurship courses to non-business departments:* Introducing entrepreneurship courses to non-business departments may encourage entrepreneurship at a greater level. To this ideology, graduate students were asked if they would like to recommend entrepreneurship courses to non-business departments. Respondents agreed that entrepreneurship courses can be helpful for other departments, but they need experts for introducing such courses. One of the graduate students mentioned that - "Business is a separate education in itself and it should be studied thoroughly from the beginning".

- *Gaps in learning approach:* Respondents pointed out that the existing learning methods are more theoretical than practical. According to them, faculties are more comfortable with traditional classroom teaching and do not explore non-traditional methods such as simulation/games/role play. Industry visits or meet the leader programs

are not carried out on regular intervals either. They feel that the approach is more focused on making, than creating entrepreneurs.

- *Suggested areas for improvement:* Basic knowledge about entrepreneurial initiatives is an important part of learning for the graduate students. However, they expect that this learning process should not remain confined only within the classroom environment. Arranging workshop with entrepreneurs, experience sharing session/leadership session with the entrepreneurs with the inclusion of different cases could be effectively approached to learning entrepreneurship.

C. Entrepreneurs

The respondents for this group included entrepreneurs who are alumni of IBA-JU and FBS-JU. They have businesses in diversified backgrounds such as clothing, e-commerce, handicraft items, agribusiness, fish farming, food and IT services. These respondents have been in business for more than 5 years and are also academically sound (9 respondents have completed MBA).

- *Importance of entrepreneurship education:* During FGD and KII, respondents unanimously stressed on the importance of entrepreneurship education. According to them, studying entrepreneurship at an academic setting provides fundamentals of how to recognize a business opportunity, how to start and manage a business, the activities associated with starting and managing a business etc. Moreover, thinking “out of the box” could be a vital learning from studying entrepreneurship.

- *Entrepreneurship skills from existing curriculum:* The respondents inferred that the existing BBA, Weekend MBA and Evening MBA program curricula are designed to offer some basic understanding of entrepreneurship to the students. They mentioned that courses on consumer behavior, business communication, marketing management, financial management, customer relationship management, services marketing, human resource management help, in developing entrepreneurial skills. The respondents stated that their respective BBA/MBA program did help them in starting business. Moreover, they also mentioned that in comparison to their non-business education background counterparts, they had advantages in starting and running business as they had knowledge of stakeholder, methods of communication and financial management. According to the

respondents, entrepreneurs from non-business education background find difficulties in communication with their stakeholders in terms of business jargons, financial knowledge and understanding of supply chains.

- *Mismatch between academic learning and real-life entrepreneurial needs:* In the interviews and discussions, entrepreneurs mentioned that their academic learning (learning covered under the existing curricula) did not adequately fulfill the entrepreneurial requirements in real business scenario. For example, one of the major reasons behind this mismatch is the sole focus on classroom-based learning. In the existing setting, limited concentration is given upon teaching the students about industry practice and orientation to the outer business world. Though the academic learning did not meet their practical experiences fully but it created a sort of interest in entrepreneurship which further resulted into developing elementary ideas to start a business.

- *Adequacy of the current curricula for possibility of business creation after graduation:* To create the possibility of business creation after graduation, BBA and MBA curricula need to be designed with improved content. When asked about their opinions on the adequacy of the current curricula and course design for business creation possibility, the majority of the respondents replied that the curricula and course designs are currently “inadequate to create business after graduation and requires major improvement”. Others said the curricula are “fully inadequate and needs drastic improvement”. However, a few entrepreneurs felt that the existing curricula and course designs are alright with some minor improvements necessary.

- *Effective methods for entrepreneurship learning:* During the focus group discussions, the respondents stressed on teaching methods focused on out of classroom learning. Although they believe that classroom lectures are important, but they did not find them as effective for entrepreneurship learning as out of classroom methods could be. For example, they stressed on running small businesses as pilot projects within the course design, where students could actually gain first hand experience on how to run a business, the challenges of it and how to overcome those challenges. Moreover, they said for each course on marketing, finance, human resource management, management – the approach could be entrepreneurship orientation instead of only managerial orientation. They meant to say that in the current structure,

all examples in the class, assignments and case studies are focused on managerial perspective. In order to promote entrepreneurship learning, an entrepreneurial perspective to each course could be introduced. The respondents also focused on other teaching methods outlined below:

- ◄ Business plan preparation
- ◄ Exposure to entrepreneurs through guest lectures and shadow programs
- ◄ Industry visits
- ◄ Case studies
- ◄ Group work
- ◄ Workshops
- ◄ Research projects

D. Faculty Members

Key informant interviews (KII) with faculty members revealed that although the courses on entrepreneurship development at BBA, Weekend MBA curricula focuses on the fundamentals of entrepreneurship, it does not entirely fulfill the need for entrepreneurship education. The faculties expressed that the curricula and the courses are designed in a way to promote managerial aptitude among students, while not meeting the entrepreneurial needs. According to them, there is a grave need to update and redesign the curriculum for all programs to incorporate the need of entrepreneurship education as more and more students are becoming interested in pursuing such a career. They also said that the programs could be designed in such a way that offers two distinct tracks for students to choose from – managerial track of business education and entrepreneurial track of business education. Managerial track could focus on developing managerial skills and aptitudes among students, making them qualified managers to run corporations in future. On the other hand, entrepreneurial track could focus on developing entrepreneurial skills and aptitudes among students while offering them first hand experience through internships at start-up businesses. The faculties also stressed on university-corporate partnerships, not only to ensure internship opportunities but also to encourage seed funding to students with viable business ideas. Faculty members agreed that lack of communication between university and businesses do not offer much opportunity to the students to get direct exposure to entrepreneurs. In regards to the entrepreneurship development courses, attention is paid to theoretical

aspects of entrepreneurship, preparation of business plan and developing entrepreneurship. However, institutional sources of fund, government and private support services for entrepreneurs, legal issues related to starting a business, acquisition as an avenue to start a business, government incentive for entrepreneurs, market research, tax regulation related to starting and running a business do not get adequate consideration.

Recommendation

With regards to the needs identified in the survey, the following recommendations may be useful in addressing the gaps in entrepreneurship education:

- The curricula could be designed in a way that offers students to choose between entrepreneurship and managerial track of business education. The existing structure offers degrees only in managerial track, i.e., finance, banking, marketing, human resource management, management, management information systems, accounting and information systems, quantitative business analysis. In light of this survey, offering degree in entrepreneurship at both BBA and MBA level would allow students to see entrepreneurship as a career option and may lead potential entrepreneurs to self-employment and starting a business.
- In coherence to the National Academic Policy (2010), the objective of the curricula should be creating qualified managers and potential entrepreneurs simultaneously.
- Knowledge about the entire process of entrepreneurship/starting a business is crucial for building self-confidence and intent among potential entrepreneurs. In this regard, it is important that entrepreneurship development courses take a holistic approach to entrepreneurship learning – course design should include theoretical aspects of entrepreneurship, preparation of business plan institutional sources of fund, government and private support services for entrepreneurs, legal issues related to starting a business, acquisition as an avenue to start a business, government incentive for entrepreneurs, market research, tax regulation related to starting and running a business.
- Faculties need to engage outside of traditional classroom-based teaching. To nurture creativity and innovation, they could adopt non-traditional approaches such as role play/simulations, games, competitions, running businesses as pilot projects aside presentation,

business plan project, group discussion, case study analysis and exposure to successful entrepreneurs.

- Class sizes need to be minimized to make the non-traditional teaching approaches effective. A size of 20-25 class size could be optimum in this regard.

- To facilitate exposure to entrepreneurs, alumni-university partnerships need to be taken seriously. Aside strong linkage with alumni associations, formal university-business partnerships could be created to help students with internships, shadow programs, meet the leader opportunities, research and seed funding for profitable business models.

Conclusion

The National Education Policy (2010) of Bangladesh identifies the objectives of business education as “to impart necessary knowledge to become a successful entrepreneur” and “to help acquire necessary knowledge on financial, commercial and human management and thereby getting the most from the workers and further to create efficient managers”. To this end, the survey findings show that our curricula are primarily focused on creating managers; whereas not enough concentration is given on creating successful entrepreneurs. Factual findings show that none of the surveyed institutions offer degree in entrepreneurship, although degrees in managerial concentration, i.e., finance and banking, marketing, management, MIS, human resource management, AIS, QBA are offered at undergraduate and graduate level. Perceptual findings show that the stakeholders, i.e., undergraduate and graduate students, entrepreneurs and faculty members perceive entrepreneurial education as important and suggest that the curricula should be designed in a way that is aligned with the education policy – focusing on both creating successful entrepreneurs and efficient managers.

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Effect on Entrepreneurship Skills Development on Youth Employment in Kwara State, Nigeria

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Abstract

Nigerian economy is regarded as one of the largest in Africa; the nation however, is faced with many problems of which unemployment is one of them. Youths are said to be the strength of a nation, but many of them are unemployed and hence cannot in any way contribute to the growth and development of the economy. Therefore, the objective of the study was to examine the Effect of Entrepreneurship Skills Development on Youth Employment in Kwara State, Nigeria. The population of the study comprised of 195 students enrolled in International Vocational, Technical & Entrepreneurship College (IVTEC), of which a sample of 131 respondents was selected. Primary data were used; the data were gathered through a structured questionnaire. The data were analyzed using both Pearson correlation and simple regression analysis. The results of the study revealed that a positive relationship exists between entrepreneurship skills

development and youth employment generation, which is significant at p-value of 0.000 ($R = 0.714$, $R^2 = 0.510$, $(0.000) < 0.05$). The study concluded that entrepreneurship skills development has effect on youth employment. The study recommended that private sectors and government should invest in programmes and schemes that focus on the development of entrepreneurship education.

Keywords: Entrepreneurship; employment generation; poverty reduction; skills development; unemployment; youth empowerment.

Introduction

In recent time, there has been increasing global concern over the continuously expanded rates of unemployment around the world, particularly in most developing countries, where the youth have been identified as the most affected groups. As a result, various governmental and non-governmental organizations have initiated policies through support agencies such as National Directorate for Employment (NDE), the National Poverty Eradication Programme (NAPEP), Small Medium Enterprises Development Agency (SMEDAN), National Office for Technology Acquisition and Promotion (NOTAP), Raw Materials & Development Council (RMRDC) among others to address the problems of unemployment among Nigerian citizens (Olayinka 2015, Akhuemonkhan, 2017). These aforementioned strategies were initiated with the hope that the development of self-employment and small enterprise initiatives would serve as a measure to unlock the economic potentials of the youths, increase the capacity to empower and equip individuals in society to participate and benefit from their national economy as well as facilitates economic development which forms the bases for transformation (Unachukwu, 2014, Ekpo and Edet, 2018). More recently, the Federal government of Nigeria established another means to inculcate self-employment (entrepreneurship) culture in students of tertiary institutions. This mandate was given to the National Universities Commission (NUC, 2017) to include entrepreneurial studies in the curriculum of Nigerian Universities with the hope of reducing unemployment among fresh graduates (Aja-Okorie and Adali, 2018).

However, despite the recognition of entrepreneurship as having the potential to curb unemployment among Nigerian youth and the introduction of entrepreneurship education in Nigerian universities, about 80% of the Nigerian youth are unemployed and about 10% are under employed with 7 out of 10 graduates remaining unemployed or underemployed (Dike, 2014). As the former minister of labour and productivity Adelokunbo Kayode has asserted: “the greatest challenge confronting government today remains massive unemployment which has served as a breeding ground for anti-social vices” in Nigeria (Olayinka, 2015).

The youth can be considered as the strength and backbone of any country. They are the future hope in most of all spheres of economic development which a nation aspires to attain. Youths account for about 65% of the Nigeria labour force and are expected to contribute about 73% of the Nation’s Gross Domestic Product (GDP) (NDE, 2011). Youth development and their economic empowerment are important stages in life for building the human capital that allows young people to avoid joblessness. The human capital found in youth is a vital determinant of long term growth that a nation can invest on. However, making sure that youths are well prepared for their future is greatly important to the course of entrepreneurial skills development and jobs creation. According to ILO (2007), the increase in the number of youths in secondary and tertiary education is a positive development. This expanding pool of young graduates cannot, however, be accommodated by the labour market. As a result of this decline in jobs and rise in the number of the unemployed, young people are forced into the informal sector of the economy. Factors which always come to the mind when discussing unemployment crises in Nigeria are traced to the long period of instability in the socio-economic and political circles. Other factors being held responsible are poor infrastructures, inaccessibility to finance among others but no serious attention has been directed to poor entrepreneurial skills among our entrepreneurs.

Statement of the problem

The dexterity with which hunger and poverty have devastated lives and future ambition of youths especially graduates in Nigeria, have led to scholars prescribing entrepreneurship development as the permanent cure for extreme hunger and poverty necessitated by unemployment hence economic displacement is one of the external

forces that influence the development of entrepreneurship. Youth unemployment is a global problem that governments all over the world are contending with. As a result, there is an increasing demand for entrepreneurs in the world today. Both developed and developing countries are trying to lure entrepreneurs who can create their own wealth and create jobs for others with ideas, skills and capital in order to enhance economic growth (Olaoye, 2003). The level of unemployment in Nigeria seems to have continued to exacerbate despite various measures and strategies that Nigerian governments have adopted over the years. At the level of Kwara State, recent census figures released by the National Population Commission, NPC (2007) put the population of the state at 2,365,353 of which 42,086 are unemployed. The break down is 23,246 males and 18,840 females without employment. In a bid to reduce youth unemployment in Kwara State, very much has been done in the provision of finance, infrastructures and enabling business environment among others, but as much as they have been doing, very little have been achieved because the youths have not been developed in line with necessary skills. Their potentials have not been fully developed to the level of creating jobs for others. This study suggests that entrepreneurial skills or competencies in the youth have not been developed to serve as sufficient and most critical requirement for success in business. The extent to which entrepreneurial skills development programmes have impacted on youth employment is worthy of exploration.

The great need for entrepreneurship development in Nigeria today, more than ever, is necessitated by the rate of unemployment and its effect on both the people and the nation and the need for small and medium enterprises. The Nigerian economy is characterized by mirage of problems which have constituted a sleepless night to developmental oriented governance. The most disturbing thing in the country is the menace of unemployment (Safiriyu and Njogo, 2012). The current study, therefore, seeks to examine the effect of entrepreneurial skills development schemes of the Kwara State government on youth unemployment problems in the State.

Research objectives

The main objective of this study is to examine the effect of entrepreneurial skills development on youth employment in Kwara State. The specific objectives are to:

- i. determine the relationship that exists between entrepreneurship skills development and youth employment generation
- ii. examine the effect of personal, technical, business operation, and management skills on youth employment;
- iii. ascertain the impact of entrepreneurial skills development on the productivity of business establishment.

Literature review

Conceptual clarifications

Entrepreneurship has been defined by various professions to mean many things since the middle age. The entrepreneur has been seen as an actor, innovator or a developer of technology. Ossai (2018) defined entrepreneurship as the process of creating some new or different values by developing the necessary time, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of most personal satisfaction. Entrepreneurship is the process of bringing together creative and innovative ideas and coping them with management and organization skill in order to combine people, money and resources to meet an identified need and thereby, creating wealth. Although, each of these definitions or description views entrepreneur from a slightly different perspective, they all contain similar notions such as risk taking, organizing, creating wealth, initiative and newness.

Stevenson and Jarillo (2017) explained that entrepreneurship is the process by which individuals, either on their own or inside organizations, pursue opportunities without regard to the resources they currently control. An entrepreneur, according to Anyanwu, Amadi and Oparaku (2016), takes calculated risks by investing in business opportunities and gets compensations from the risk by enjoying high profit as the result of risk-taking. The need to prepare the graduates of Nigeria's higher education institutions for the challenges and benefits of self-employment led to the introduction of entrepreneurship skill education. The Organization for Economic Co-operation and Development (OECD) as quoted by Aliu (2017), defined entrepreneurship education as learning directed towards developing in people, those skills, competences, understanding and attributes which equip them to be innovative, and to identify, create, initiate and successfully manage personal, community business, and work

opportunities including working for themselves. In the words of Amoor (2016), entrepreneurship skill education will provide the students with the opportunities to identify and develop a range of skills and attributes that will be of use to creating and shaping their future by experiencing both business and work environments.

Several published researches have justified the assertion that entrepreneurship plays a vital role in creating innovation, wealth and employment (Jones, Beynon and Packham, 2017). Government agencies, captains of industries and other employers of labour prefer to recruit people who can make use of their talents to bring innovation and add value their workplace. Adeogun (2016) asserted that the most valued skill is the ability to access, synthesize and build information in to new knowledge.

It is for this reason that Aina (2016) submitted that the curriculum of Library Schools should be relevant to the immediate environment and reflect the best international practices. This is why experts advocate regular updating of the curriculum of Library and Information Science with emphasis on integration of entrepreneurship education programme (Mabawonku, 2017; Anyanwu, Obichere and Ossai-Onah, 2014).

The Concept of Unemployment

Every economy is characterized by both active and inactive populations. The economically active ones are referred to as the population willing and able to work, and include those actively engaged in the production of goods and services and those who are unemployed. According to Fajana (2015), unemployment refers to as a situation where people who are willing and capable of working are unable to find suitable paid employment. It is one of the macro-economic problems which every responsible government is expected to monitor and regulate. The higher the unemployment rate in an economy is, the higher will be the poverty level and associated welfare challenges. Fajana (2015) and Alao (2016) identify the following types of unemployment.

i. Structural Unemployment

This occurs when there is a change in structure of an industry or the economic activities in the country. This may be because people's

tastes have changes or it may be because technology has outmoded and the product or service is no longer in demand.

ii. Frictional unemployment

This is caused by industrial friction in which jobs may exist yet the workers may be unable to fill them either because they do not possess the necessary skills or because they are not aware of the existence of such jobs. The employable may remain unemployed working of plants.

iii. Seasonal unemployment

This occurs due to seasonal variations in the activities of particular industries caused by climatic changes, changes in fashion or by the inherent nature of such industries. In the tropical region, ice factories are less active in rainy season because demand for ice is low.

iv. Technological unemployment

This is caused by changes in the techniques of production technological changes are taking place constantly, leading to the increased mechanization of the production process.

v. Residual unemployment

This is caused by factors such as old age, physical or mental disability, poor work attitudes and inadequate training.

vi. Open unemployment

This is the type of unemployment where there are categories of young men and women who are roaming the streets looking for the job, but there is job for them to do. They refused to do job(s) they see because of reasons best known to them.

Causes of Youth Unemployment in Nigeria

In the study unemployment in Nigeria, Adebayo (2017) and Alanana (2016) have identified the main causes of growth unemployment in Nigeria. The first is the rapidly growing urban labour force arising from rural urban migration. Rural–Urban migration is usually explained in terms of push–pull factors. The push factors include the pressure resulting from man-land ratio in the rural areas and the existence of serious under employment arising from the seasonal cycle of climate. The factors are further exacerbated in Nigeria by the lack of infrastructural facilities, which makes the rural–life unattractive. In addition to this, youth move to the urban area with the probability of securing lucrative employment in the industries.

The second is the rapid population growth in Nigeria. Going by the 2006 census in Nigeria, the nation's population was put at 140,431,790 and projections for the future indicate that the population could be over 180 million by the year 2020. The accelerated growth of population, Nigeria's unemployment problem is multi-faceted. It affects the supply side through a high rapid increase in the labour force relative to the absorptive capacity of the economy.

The third is the outdated school curricula and lack of employed skill and the fourth is the rapid expansion of the educational system which directly leads to an increase in the supply of educated manpower above the corresponding demand for them. This contributes to the problem of the youth unemployment in Nigeria.

In a nutshell, Nigeria is a country with numerous business and investment potentials due to the abundant, vibrant and dynamic human and natural resources it possesses. Corruption, which has permeated the entire social structure of Nigeria, has robbed the country of developing a vibrant economic base. Funds meant for development projects have been misappropriated, diverted or embezzled, thus crippling the economy and engendering and exacerbating unemployment which creates abject poverty, hunger and frustration, killing the zeal and means for entrepreneurship development on the Nigeria youths.

The Role of Entrepreneurship Education on Job Creation among Youths

Education is the key to national development. This is because it unlocks the economic potentials of the people; empowers and equips individuals in the society to participate in, and benefit from the national economy; facilitates economic development and provides the basis for transportation. Education is the essential tool for sustainability. Quality education plays a vital role in the social, political and economic development of any nation. This is possible when jobs are created for the citizenry by establishing a lot of businesses that will accommodate the unemployed youth in Nigeria. A qualified graduate of entrepreneurship education would have acquired enough skills relevant to management of small business centre. Through entrepreneurship education, a pool of potential entrepreneurs who are well equipped with skills and technical know how to manage small/medium scale industries are produced. This will equally help in job creation. Through quality entrepreneurship education, Nigeria will provide a lot of entrepreneurs

who could establish and manage business on their own. This will help in reducing poverty in Nigeria.

Prospects of entrepreneurship development on employment generation in Nigeria

All the above cited problems notwithstanding, plausibility of entrepreneurship development to generate employment abound hence the government fully appreciates the opportunities entrepreneurship creates for employment generation, their contributions to economic growth and development as well as the constraints and difficulties in their operating environment. These explain why in the past forty-five years, the government has established various support institutions and relief measures specially structured to render assistance and succour to minimize the constraints, which entrepreneurship typically face if not to eliminate them.

The support institutions established by the government range from specialized banks designed to focus on the funding of Small and Medium Enterprises to agencies and departments all meant to give a flip to the fortunes of Small and Medium Enterprises. It is also pertinent to note that government policies behind the establishment and operations of the Small and Medium Enterprise support institutions had not been effective and productive. From all indications of observed lapses inherent in them, the policies were either defective in their formulation and conceptualization, or were not truly and religiously implemented. Our investigations also revealed that part of the reason why the policies were not effective could be explained by the fact that the operators, managers or proprietors of the Small and Medium Enterprises were neither consulted nor involved in the formulations of the policies, which were expected to solve their problems; hence, there were apparent misplacements of priorities and emphases. All the stakeholders in the Small and Medium Enterprises subsector should be involved in policy formulations and implementation for them to be effective and yield expected results.

The comfort is that the governments (local, state and federal) are neither relenting nor giving up in their bid to revamp and invigorate the fortunes of SMEs as to enable them play the expected role in Nigeria's economic growth and development. This is evidenced by the government's recent establishment of as well as the mandate given to the Bank of Industry (BOI) and the Small and Medium Enterprises

Development Agency of Nigeria (SMEDAN), the facilitation of the Bankers' Committee's institutionalization of the Small and Medium Industries Equity Investment Scheme (SMIEIS), the federal government's drive and focus on realizing the objective of NEPAD, the government's endorsement and support of multilateral agencies and loans, and the government's backing of international development finance facilities such as the European Investment Bank (EIB) facilities and the likes. Other indications relate to the government's programmes aimed at poverty alleviation and providing succour to those whose jobs could be affected by the current government reforms as well as the proposed establishment of a Credit Guarantee Scheme for loans to Small and Medium Enterprises. Speaking of the prospects of entrepreneurship development in Nigeria in generating employment for the army of the unemployed, the Nation, on 15 June, 2017 reported that soon, there will be job openings in the cashew subsector of the agriculture industry, as about 300,000 jobs will be created in the subsector this year.

Theoretical review

Poverty theory

This study is based on the guiding light of poverty theory which falls into one of the four perspectives as stated by Ogboru and Abiniku (2011). The four perspectives are: the Conservative, the Liberal Reformists, the Radical Structural/Marxists and the Social Exclusion. The conservative theories namely: individualistic and culture of poverty posit that the poor are responsible for their poverty. The liberal reform is the perspective which deals with situational theory of poverty is hinged on the fact that poverty results from experiences that individuals or groups pass through. On their part, the radical structural/Marxist perspective argued that capitalism produces poverty due to its exploitative syndrome. The social exclusion theory is predicated on poverty resulting from people who tend to be excluded from effective participation in a society's activities due to segregation. Entrepreneurship training tends to emphasize the identification and assessment of skills, understanding of entrepreneurial process, all needed for alleviating poverty through the creation of new business and assessing other business opportunities thereby making entrepreneurs create employment opportunities and not seekers of employment opportunities.

However, this research is based on the poverty theory. This theory is justified based on the fact that, the entrepreneurship training tends to emphasize the identification and assessment of skills, which is believed to be a means of reducing poverty in the society.

Empirical review

Entrepreneurial skills development according to Anho (2018), goes beyond training and education, it involves a process of human capacities building through formal and or informal training inculcating in the entrepreneur basic skills such as financial skills, technical skills, creative skills, managerial skills, intellectual skills, marketing skills, communication skills and technological skills.

Daniju (2017) opined that the best option for empowerment is skills acquisition as it will ensure financial independence and a better standard of living. This agreed with the findings of this study that skills acquisition will bring about societal empowerment by providing jobs develop entrepreneurial ability which in turn will ensure financial independence and assure of a better standard of living.

Gumbari (2016) declared that skills acquisition is the key in the fight for the elimination of hunger and poverty, reduction or elimination of joblessness in the society and reduction of crime through effective engagement of youths. Persons with relevant skills will be fully engaged in a society like ours where opportunities are many and waiting for those who are prepared to take them. Such engagements will only provide them with the basic needs of life but will in turn provide job for others.

Usoro (2016) observed that the failure of Nigeria's higher educational institutions is hinged on their products (graduates) lack of the skills required by the labour market and that the trend had resulted in mass graduate unemployment, since they would have assisted them to be self-reliant. Youth unemployment appears to the highest in Africa with first school leavers (14.7%), secondary school leavers (53.6%) and tertiary graduates (12.4%) (FME, 2016). Usoro therefore proposed that youths be equipped with knowledge and skills needed by employers of labour in business offices, industry and public sector agreeing with the Kerala state of India that students be given skill training in addition to their regular academic programme, in the crucial sectors as being demanded by the industry, as a remedy to the mis-match between educational output and requirements of the labour market (World Bank,

2015) and enhance the employability of students passing out of school. There is a high level demand for skills workers in oil, industrial and services sectors, yet the supply is far below expectation and since there are fewer job openings than graduates, the major challenge facing the nation is to equip the graduates in particular and youths in general, with appropriate skills and competencies for self-employment, self-reliance and where possible, employment in the formal sector. The possession of these skills needed by the labour market will enable them contribute maximally to national development and make our society safer, richer, better and prosperous.

Methodology

We used in this study the explanatory study design. The populations of this study comprised of 195 students enrolled in International Vocational, Technical & Entrepreneurship College (IVTEC) a sample size of one hundred and forty-two (142) respondents were selected using Taro Yamane formula, calculated like below:

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

Where:

n- the sample size

N - the population size

e- the acceptable sampling error

$$\frac{195}{1+195(0.05^2)}$$

$$n = 131.09$$

$$n \approx 131$$

The process of data collection was quite interesting and tasking such that; the students were contacted to collect data through personal-administrated questionnaires in their school. However, one hundred and thirty-one (131) usable questionnaires out of the 142 copies of questionnaires administered were duly filled and returned.

A 5-point Likert scale was adopted with answers ranging from 5 point strongly agreed to 1 point strongly disagreed to elicit response from the target respondents.

The following hypotheses were formulated and tested:

- H₀₁:** There is no relationship between entrepreneurship skills development and youth employment generation.
- H₀₂:** Personal, technical, business operation and management skills have no effect on youth employment.
- H₀₃:** Entrepreneurial skills development has no impact on productivity of business establishment.

Model specification

Hypothesis One

There is no relationship between entrepreneurship skills development and youth employment generation.

$$Y = F(X_1)$$

The mathematical form of the model is given as follows:

$$Y = \beta_0 + \beta X + \mu$$

Where β_0 is the constant,

β_1 is the coefficients of the parameter estimate

Y: Youth employment generation

X₁: entrepreneurship skills development

μ : Stochastic or Error term (it is used to capture other factors that can affect youth employment generation not included in the model)

Hypothesis Two

Personal, technical, business and management skills have no effect on youth employment.

$$Y = F(X_1)$$

The mathematical form of the model is given as follows:

$$Y = \beta_0 + \beta X + \mu$$

Where β_0 is the constant

β_1 is the coefficients of the parameter estimate

Y: Youth employment

X₁: Personal, technical, business and management skills

μ : Stochastic or Error term (it is used to capture other factors that can affect youth employment not be included in the model)

Hypothesis Three

Entrepreneurial skills development has no impact on productivity of business establishment.

$$Y = F(X_1)$$

The mathematical form of the model is given as follows:

$$Y = \beta_0 + \beta_1 X + \mu$$

Where β_0 is the constant

β_1 is the coefficients of the parameter estimate

Y: Productivity of business establishment

X1: entrepreneurial skills development

μ : Stochastic or Error term (it is used to capture other factors that can affect productivity of business establishment not be included in the model)

Data presentation and analysis

Table no. 1. The knowledge acquired during the training improved my skills on how to manage businesses efficiently and effectively

	Frequency	Percent
Strongly Disagree	8	6.1
Disagree	10	7.6
Undecided	11	8.4
Agree	57	43.5
Strongly Agree	45	34.4
Total	131	100.0

Source: Field Survey, 2018

The table above shows that 8 (6.1%) of the respondents strongly disagreed that the knowledge they acquired during training improved their skills on how to manage businesses effectively and efficiently, 10 (7.6%) of them disagreed, 11 (8.4%) were of no opinion, most 57 (43.5%) of the respondents agreed, and 45 (34.4%) strongly agreed that the knowledge they acquired during training improved their skills on how to manage businesses effectively and efficiently. This analysis shows that most of the respondents agreed that the knowledge they acquired during training improved their skills on how to manage businesses effectively and efficiently. This implies that the efficient and effective running and management of a business requires training.

Table no. 2. Youth entrepreneurship will help reduce unemployment

	Frequency	Percent
Strongly Disagree	5	3.8
Disagree	4	3.1
Undecided	5	3.8
Agree	43	32.8
Strongly Agree	74	56.5
Total	131	100.0

Source: Field Survey, 2018

Table no. 2 shows that 5 (3.8%) of the respondents strongly disagreed that youth entrepreneurship will help reduce unemployment, 4 (3.1%) of them disagreed, 5 (3.8%) were of no opinion, 43 (32.8%) of the respondents agreed, and majority 74 (56.5%) of the respondents strongly agreed that youth entrepreneurship will help reduce unemployment. These results shows that most of the respondents agreed that youth entrepreneurship will help reduce unemployment. This simply implies that when youth are empowered through entrepreneurship, they start their own enterprise and this reduces employment.

Table no. 3. Taking up entrepreneurship skills that will create self-employment will bring about job creativity in place of job seeking

	Frequency	Percent
Strongly Disagree	5	3.8
Disagree	7	5.3
Undecided	8	6.1
Agree	50	38.2
Strongly Agree	61	46.6
Total	131	100.0

Source: Field Survey, 2018

Table no. 3 shows that 5 (3.8%) of the respondents strongly disagreed that talking up entrepreneurship skills that will create self-employment will bring about job creativity in place of job seeking, 7 (5.3%) of them disagreed, 8 (6.1%) were of no opinion, 50 (38.2%) of the respondents agreed, and most 61 (46.6%) of the respondents strongly agreed that talking up entrepreneurship skills that will create self-employment will bring about job creativity in place of job seeking. This implies that when youth acquire entrepreneurship skills through training, they can create jobs of their own by simply using their skills instead of going job hunting.

Test of research hypotheses

Hypothesis One:

H₀₁: There is no relationship between entrepreneurship skills development and youth employment generation.

Table no. 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 ^a	.213	.207	3.95152

a. Predictors: (Constant), Entrepreneurship skills development

Source: SPSS Output, 2018

The coefficient of determination (R Square) 0.213 in Table no. 4 implies that entrepreneurship skills development account for 21.3% variation in youth employment generation, while the remaining 78.7% are explained by other factors that are not included in the model. This is further justified by the 20.7% result of the Adjusted R Square.

Table no. 5. Correlations

		Skills Development	Employment Generation
Skills Development	Pearson Correlation	1	.462 ^{**}
	Sig. (2-tailed)		.000
	N	131	131
Employment Generation	Pearson Correlation	.462 ^{**}	1
	Sig. (2-tailed)	.000	
	N	131	131

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

Source: SPSS Output, 2018

As shown in Table no. 5, Pearson correlation was conducted to determine the relationship that exists between entrepreneurship skills development and youth employment generation. The result showed that entrepreneurship skills development is positively related to youth employment generation, $r(131) = 0.462$, $p = 0.000 < 0.05$. This implies that at p-value of 0.000 which is less than 0.05 (critical value), the 21.3% variation in youth employment generation caused by entrepreneurship skills development as shown in the result of R Square is positively significant. In simple terms, the increase in entrepreneurship skills development will result to increase in youth employment generation.

Table no. 6. ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1045.655	1	1045.655	44.416	.000
Residual	3036.971	129	23.542		
Total	4082.626	130			

a. Dependent Variable: Youth Employment Generation

b. Predictors: (Constant), Entrepreneurship Skills Development.

Source: SPSS Output, 2018

The f-test result in Table no. 6 showed that there is a joint significant relationship between skills development and youth employment generation. This is justified since the p-value which is 0.000 is less than 0.05 (critical value), the null hypothesis is then rejected.

Therefore, the null hypothesis is rejected and the alternative accepted. Thus, it can be said that there is a positive significant relationship between entrepreneurship skills development and youth employment generation.

Hypothesis Two:

H₀₂: Personal, technical, business operation, and management skills have no effect on youth employment.

Table no. 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714 ^a	.510	.506	3.93847

a. Predictors: (Constant), Personal, Technical, Business and Management

Source: SPSS Output, 2018

The coefficient of determination (R Square) 0.510 in Table no. 7 showed that the model has a good fit. This indicates that personal, technical, business and management skills account for 51.0% variation in youth employment, while the remaining 49.9% are explained by other factors that are not captured in this study. This is further justified by the 50.6% result of the Adjusted R Square.

Table no. 8. ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2081.638	1	2081.638	134.199	.000b
Residual	2000.988	129	15.512		
Total	4082.626	130			

a. Dependent Variable: Youth Employment

b. Predictors: (Constant), Personal, Technical, Business and Management Skills

Source: SPSS Output, 2018

The f-test result in Table no. 8 showed that there is a joint significant relationship between personal, technical, business and management skills and youth employment. This is justified since the p-value which is 0.000 is less than 0.05 (critical value), the null hypothesis is then rejected. Therefore, personal, technical, business and management skills have significant effect on youth employment.

Table no. 9. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.836	2.024		2.883	.005

Personal, Technical, Business and Management Skills	.569	.049	.714	11.584	.000
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a. Dependent Variable: Youth Employment

Source: SPSS Output, 2018

Substituted coefficient

$$Y = 5.836 + 0.569 + \mu$$

The result of the test in table no. 9 shows that there is a positive relationship between personal, technical, business and management skills and youth employment. This means that a unit increase in personal, technical, business and management skills will result in a corresponding unit increase in youth employment. The test of statistical significance using t-test and standard error showed that at p-value of 0.000 which is relatively less than 0.05 (critical value), personal, technical, business and management skills have a significant effect on youth employment. The t-calculated is 11.584 while the t-tabulated is 1.99 at 5% significance level. Since the t-calculated is greater than the t-tabulated, it can be concluded that personal, technical, business and management skills have a positive significant effect on youth employment. This is further justified by the standard error estimate (0.049) which is less than half ($\frac{1}{2} \times 0.569 = 0.2845$) of the parameter estimate.

Hypothesis Three:

H₀₃: Entrepreneurial skills development has no impact on productivity of business establishment.

Table no. 10. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.530 ^a	.280	.275	8.77194

a. Predictors: (Constant), Entrepreneurial Skills Development

Source: SPSS Output, 2018

The coefficient of determination (R Square) 0.530 in Table no. 10 showed that the model has a good fit. This implies that entrepreneurial skills development account for 53.0% variability of

business establishment productivity, while the remaining 46.7% are explained by other factors that are not explained in this study. This is further justified by the 27.5% result of the Adjusted R Square.

Table no. 11. ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3868.523	1	3868.523	50.275	.000 ^b
Residual	9926.149	129	76.947		
Total	13794.672	130			

a. Dependent Variable: Productivity of Business Establishment

b. Predictors: (Constant), Entrepreneurial Skills Development

Source: SPSS Output, 2018

The f-test result in Table no. 11 showed that a joint significant relationship exists between entrepreneurial skills development and productivity of business establishment. This is explained by the p-value of 0.000 is less than 0.05 (critical value), the null hypothesis is then rejected. Therefore, entrepreneurial skills development has significant impact on the productivity of business establishment.

Table no. 12. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	18.929	4.918		3.849	.000
Entrepreneurial Skills Development	1.287	.182	.530	7.091	.000

a. Dependent Variable: Productivity of Business Establishment

Source: SPSS Output, 2018

Substituted coefficient

$$Y = 18.929 + 1.287 + \mu$$

The result of the test in table no. 12 showed that there is a positive relationship between entrepreneurial skills development and productivity of business establishment. This means that a unit increases in entrepreneurial skills development will cause a corresponding unit increase in productivity of business establishment. The test of statistical significance using t-test and standard error showed that at p-value of 0.000 which is less than 0.05 (critical value), entrepreneurial skills development has a significant impact on productivity of business establishment. The t-calculated is 7.091 while the t-tabulated is 1.99 at 5% significance level. Since the t-calculated is greater than the t-tabulated, it can therefore be concluded that entrepreneurial skills development has a positive significant impact on productivity of business establishment. This is further justified by the standard error estimate (0.182) which is less than half ($\frac{1}{2} \times 1.287 = 0.6435$) of the parameter estimate.

Conclusion

Having assessed both theoretical literatures and empirical findings relating to entrepreneurship skills development amongst youths, the results of the analysis have brought to light that entrepreneurship skills development is a key determinant of youth employment, and the extent to which more jobs are created depends on the availability and effectiveness of skills development platforms.

The study has established the fact that entrepreneurship skills development is positively related to youth employment generation. The more their entrepreneurship skills are developed, the more they effectively perform in their enterprises and the more they create employment opportunities for others.

The study has also shown that personal, technical, business and management skills positively affect youth employment. These skills are vital requirements to successfully run a venture. The absence of personal, technical, business and management skills will hamper the abilities of entrepreneurs to perform the simple and complex operations in their enterprise and manage their businesses well towards achieving their predetermined objectives.

The final conclusion of the study is that entrepreneurial skills development has impact on the productivity of business enterprise. In a market characterized by competition, continuous delivery which is dependent on productivity is what will keep businesses at the top. This

is not achievable without the presence of a workforce with up-to-date skills applicable in operations and management. Therefore, entrepreneurial skills development is a good call for increase in productivity.

Recommendations

The following recommendations were made in line with the conclusions drawn from the discussions of findings of the study:

i. relationship between entrepreneurship skills development and youth employment generation. This study recommends that entrepreneurs should develop good mindset towards skills development in all concerned aspects of entrepreneurship to help in improving and increasing their capacity for job creation.

ii. there is also need for sound and continuous entrepreneurial education to awaken interests of people and guide them towards investing in small business and giving them the necessary entrepreneurial orientation because of its invaluable contribution to the economy.

iii. although there are private sectors involved in entrepreneurial skills development, Government and all stakeholders with larger capacities also should invest in entrepreneurial development schemes and programmes. The creation and sustenance of these programmes is not only beneficial to the entrepreneurs but also the economy at large because societal resources will be maximized and tons of jobs will be created, all towards economic growth and development.

iv. because of the importance of such skills as technical, business, personal and management, government in all its entrepreneurial programmes and institutions should integrate the acquisition of these skills and emphasize their importance in all learning activities.

v. entrepreneurs should endeavor to study and understand the interaction of these skills and the relationship that exist amongst them, as the understanding of their relationship and interaction will in turn help successfully manage efforts in businesses and thereby direct efforts to effective and efficient utilization of business resources.

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A Theoretical Analysis on measuring the Quality Disclosure of the Economic Financial Information

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Abstract

In the current economic context, disclosure quality (DQ) became a decisive factor in communication policies of the entities, playing a fundamental role in the economic growth and the efficient functioning of entities on the market, and especially in creating or destroying the competitive advantage they hold.

Many authors place the accounting information in the perimeter of the objectivity and the accuracy, which is essential in making economic decisions by the leadership. Thus, in support of decision-makers, accountants apply professional judgment (judgment of International Financial Reporting Standards), taking decisions in terms of the use of accounting treatments to achieve a quality of financial reporting information.

The objective of this paper is to analyze the DQ measurement of economic-financial information, considering the debate existing today on this issue, especially as we note that the accounting information can be the best friend of actual and potential investors if it's used properly.

Keywords: accounting information; Disclosure quality; IAS/IFRS.

Introduction

In the context of the development of information, the main role of financial reporting is threatened by alternative sources of information that users use. However, the main source of information for decision-makers remains the accounting information from synthesis financial statements, because the legal framework prescribes mandatory minimum information and a set of quality certification mechanisms thereof.

All the studies to date on DQ at national and international level have failed to impose a set of indicators accepted by the academic and professional environment: a) as evidenced in most of the empirical studies in which the authors have corrected or adjusted various indicators proposed by the rating agencies, or financial analysts; b) on the other hand the changes occurred in the new conceptual framework developed by the International Accounting Standard Board (IASB) and the new standards IFRS (IFRS 7-15) require rethinking the approach of indicators which measure DQ, and hence the components included in it; c) an analysis of DQ in the economic-financial communication for the listed companies at Bucharest Stock Exchange compared with a homogeneous sample of companies listed on a EU regulated market would highlight the deficiencies existing and the lack of culture concerning the information transparency regarding the Romanian companies; d) an analysis of the relationship between the DQ and the forms of Integrated Reporting (IR) can help in determining the influence exercised by the geographic localization of the entities and the option for an integration of accounting and voluntary information; the main objective for maintaining sustainability and transparent reports for certain companies.

Literature Review

Since the 60s a growing number of companies are developing their own communication strategy based on diffusion in time, namely on reducing the time for reporting the information, regarding the requests from the external environment (Cohendet and Llerena, 1990).

In the current economic context, financial communication is not complete, and the transparency of information still cannot be fully achieved. Financial communication raises the interest of French academics as well, the definitions found in their literature are quite heterogeneous: Capron and Quairel, 2006, Cormier and Magnan, 2003;

Escoffier, 2003; some of them representing a mix between financial advertising, financial information and financial communication. Also, among the French authors conveys the idea that the economic and financial communication has its roots in the first wave of privatization (mid 80's, Agnelo, 1996, Guimard, 1995; Depoers, 1999). The ranking limits provided by the literature and the incapacity/failure to appreciate the DQ multidimensionality lead to discover its importance and pragmatic role, both, research development and knowledge deepening.

In this delimited framework of economic financial communication at the economic entity level, *disclosure quality* plays an essential role. In the carried out studies on the disclosure quality, there are divergent views that support through different methodological approaches or through different empirical studies, totally incompatible positions, namely:

a) there are studies that highlight the information-knowledge function of communication, oriented on various subjects who harbor interests based on economic results achieved by the reporting entity (Provasoli, 1989; Hlaciuc and al., 2013); at the same time it has been gradually presented the way in which economic and financial communication influence the behavior of the involved actors, leading to their decisions, actions or inactions, depending on the content of the sent message (usually economic and financial communication is intended to perform as well a function of behavior type in terms of company management that basically owns *the governance lever* (Cattaneo and Manzonetto, 1992; Azzali and Mazza, 2012);

b) at international level the literature assigns to the so called *decision-usefulness* approach (which leads to economic-financial communication) the role of essential tool in providing useful information in the foundation of decision making process of the subjects to which it is intended (Grosu, 2013); offering competitive advantages, both to internal and external users, because depending on the economic value of the financial information it will be obtained the profit, resulting from the optimal decision (Budugan, 2016); as a result to this approach the significance of an information should be founded in its usefulness and should be able to satisfy the recipients requests of the sent message, information needs especially expressed by them. Basically the information is significant when it's able to make a difference in conditioning decisions making by stakeholders and therefore to confer them predictive value (IASB, 2010). From what has been mentioned

above, the positions expressed by authors in the carried out studies, although are differentiated, they do not appear to be incompatible. A synthesis of the two illustrated cases show that both have a common denominator, namely to reduce the informational asymmetry existing between those who benefit from the economic - financial communication, in decision making purposes and subjects dealing with information distribution or transmission (Gao et al., 2012).

The importance of DQ topic is essential for increasing asymmetry between entities which are required to transmit economic-financial information and stakeholders, which being excluded from the „source” of information are interested on the economic results and on the company management activity, but especially on the obtained performance (Francis et al., 2008). A high quality of disclosure involves a "knowledge" advantage held by the issuer to the detriment of the one receiving information and in the same time in the benefit of a specific type of behavior for both.

Disclosure quality has become a decisive element, as well, in the communication policies of entities, playing a fundamental role in the economic growth and an effectively functions on the market with which they interact. In fact, the importance of economic - financial disclosure derives from its presence as an intermediary instrument between company management and other market participants, to foreign investors is given a special attention; basically the valence of economic-financial communication is measured by the increasing intensity of non-monetary information, together with the accounting ones (Lev, 2001). All this information can be transmitted through various ways, through formal or informal channels, which can be of financial nature or not, qualitative or numerical nature, mandatory or voluntary.

Finally, we can affirm that the accounting information is a communication, news or message that contains new elements of knowledge about status, situations, and terms of manifestation of processes or economic events (Crecana, 2000). Most of these information presented fiscal side and are included in the accounting policies, such as: balance sheet, profit and loss account, annexes which are submitted to the financial institutions.

C. Greiner in his work “Systemes d’information et comptabilite” specifies that “information is not built objects, they do not grow in nature, they are artifacts, symbols especially created by the social and economic factors”.

Through the quality of the accounting information we understand the result of several factors determinants, thus starting from quality accounting standards, and ending with the effectiveness of enforcement, the literature reveals considerable differences, not only in the courts, but also on the level of its usefulness and credibility of accounting information released from synthesis financial reports statements. While the descriptive variables of the process of enforcement are the responsibility of local authorities, in the process of harmonization of international accounting, international accounting normalization lies with the IASB Council (International Accounting Standards Board).

The definition of the quality of the accounting information is difficult in view of the conflicting objectives of information users. IASB body itself, by the words Accounting Conceptual Framework, recognizes this difficulty saying that “general purpose financial statements are intended to provide information and ordinary users cannot respond to each request for information”. In this way, the literature captures the impact of adopting IFRS on accounting earnings quality information (earnings Forecasts, targeting earnings, earnings value relevance) or settlement balances (Accruals) generated by accrual accounting model. However, reporting us to the main objectives of Accounting Conceptual Framework of IASB, we can achieve the delimitation of value relevance models, in which central element is the relationship between EPS (Earnings per Share) and the level of earnings, and respectively of those who appreciate the economic and financial quality image in the financial statements (reliability models), which analyses the evolution of the correlation between financial liquidity of an entity incorporated in the accruals accounting result.

Bushman and Smith (2001) justify the importance of the information quality for the decisions of the users by mitigating the asymmetry of the information and by mitigating agency problems by interacting with corporate governance mechanisms.

Ball (2006) believes that the accounting information quality should express a clear image of the economic reality that is affected as little embellishment techniques on the annual accounts or timeliness, through immediate recognition of both the positive financial information and financial losses.

From the perspective of the authors Alexander and Nobes (2007), financial information is essential in terms of substantiating

investor decisions, and in order to limit the adverse effects resulting from the representation of a deformed reality of economic entities, it is necessary to develop appropriate regulations, based on ethical principles.

From research conducted by Barth et al. (2008) measured the quality of accounting information by the impact of earnings management, timeliness of accounting information that requires immediate recognition of losses, or relevance of accounting information expressed by the ratio of the book value of a share unit and its market price.

Chen et al. (2010) assessed the quality of accounting information by the size of the degree of earnings smoothing to achieve the level of earnings in relation to the budget lines, the size of the carrying amounts of discretionary accruals, timely loss recognition. Glaum et al. (2013) is directed towards the study of predictability (forecast accuracy) of financial reporting analysts.

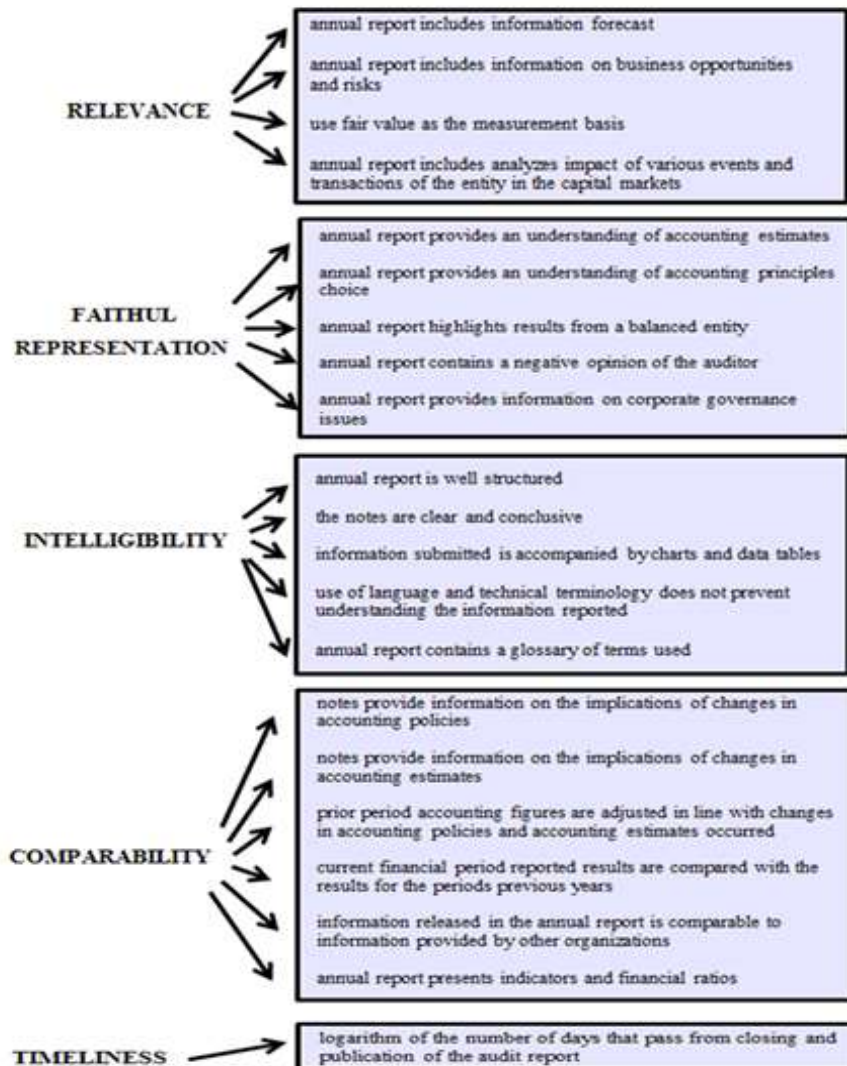
At national level, managers cannot perceive sufficiently well the importance of the accounting information, of its quality and relevance (Ionașcu, 2007; Glăvan et al., 2007).

Analysis highlights to the quality of the accounting information

Imposition of qualitative characteristics of accounting information represent a necessary condition but insufficient to provide quality information security. In this way, users must possess a high level of education, becoming familiar with a number of accounting concepts which have a meaning different from the usual.

According to research conducted can support the claim “entity members are affected by the emergence and use of accounting information, which requires extending their users by including them in the category of all members of the entity, including future generations” (Van Beest, Braam, Boelens, 2009).

Fig. no. 1. Analysis highlights to the quality of the accounting information



Source: Processing after Van Beest (2009)

Relevant studies to the quality of the accounting information according to IFRS

According to the study conducted by Graham et al. (2004) that summarizes the concept of a sample of 401 business executives, which draws attention to the contradictions vision of managers and

shareholders is limited to the quality of accounting information of managers tend to draw financial strategies oriented by a short-term positive results that focuses on earnings management techniques.

However, not speculative shareholders seek a positive shareholder values to be real, which implies a long-term horizon of expectation.

$$SV = EV - VL$$

Where: SV - shareholder value

EV - economic value of the entity

VL - the value of contractual liabilities

This strategy is not only on obtaining dividend income but also an increase in shareholder wealth at the expense of an increase of the value added shareholders (shareholder value added), sustainable growth due to the reporting entity analyzed.

$$SVA = \frac{MV}{Ci}$$

Where: SVA - added value to shareholders

MV - entity's market value (market value)

Ci - initial capital invested

In terms of investors, accounting information quality translates into efficiency investment decision, both in the emerging capital markets and in the developed capital markets, especially for firms subject to financial constraints (liquidity, size, age, credit ratings, etc.), the problems faced by the Agency, or the backgrounds loosely regulated in terms of financial reporting and investor protection, often with little interest among financial analysts (Verdi, 2006; Iatridis, 2008; Feng and Shroff, 2010; Liu et al., 2011; Chua et al., 2012; Chen et. al., 2013).

A financial reporting quality components leads to reduced information asymmetry in the market (adverse selection, moral hazard), or the entity level by reducing the cost of monitoring the management team (agency costs).

We may add that the quality of financial reporting is a premise of favorable conditions for bank lending entities. However, banks

compared to investors (especially the minority) have various instruments to ensure their various channels to collect financial information inside.

Table no. 1. Relation between the carrying amounts with ones of cultural

Cultural dimension	Relationship with the carrying amounts			
	<i>professionalism</i>	<i>uniformity</i>	<i>conservatism</i>	<i>opacity</i>
<i>individualism</i>	+	-	-	-
<i>uncertainty avoidance</i>	-	+	+	+
<i>strong hierarchical relationships</i>	-	+		+
<i>masculinity</i>			+	+

Source: Roberts et al. (2005)

Research of these studies is based on a quantitative approach to the impact of IFRS on financial reporting. However, an analyses of the impact that encourage the adoption of IFRS do not trigger a taking on the position in favor of adopting international accounting referential. Conflict of interests among users and preparers of annual accounts lead to a different perception on the quality of accounting information obtained according to IFRS.

The relativism of accounting deepens and more variety of opinions on the beneficial effects of adopting IFRS. Stressing Belkaoui's opinion (cited by Foo Yin Fah, 2008), who claimed "culture essentially determines judgment/decision making in accounting" both by group cultural values and by individual cultural values, we believe that the central reason is cultural factor that generates a variety of perceptions regarding the international quality standards. This is supported by the opinion of Hofstede (cited by Foo Yin Fah, 2008) who perceive accounting as an area where imperative technical requirements "are weak" amid an easing of regulatory level.

Accordingly, the investors express a positive attitude vis-à-vis the adoption of IFRS, especially in a jurisdiction where there is a strict framework of investor protection. In contrast, in countries with a strong accounting taxed the states, by the position of principal beneficiary in the regulation of financial information based agree accounting rules which prescribe the accounting treatment for various economic events.

Managers, in their turn, opt for a financial reporting framework that enables the manipulation of accounting figures in the direction of increasing financial compensation stipulated by the contract term.

We must not forget the political factor which has a prominent role in amplifying the effects of adopting IFRS, not only by building a conducive framework for enforcement of proper implementation of IFRS, but also by setting a macroeconomic environment that supports such a project.

However, we retain the study of Van Beest et al. (2009), which provides a comparative analysis of the quality of accounting information released financial reports drawn up according to IFRS and US GAAP. The originality of the study lies in research methodology chosen, namely the construction of an aggregate index that measures the quality of accounting information from the set of fundamental characteristics of accounting information provided by the draft amendment to the accounting conceptual framework of accounting convergence process initiated by the IASB and FASB (IASB, 2008). The study operates on a sample of 231 observations for the years 2005 and 2007 respectively, representing entities in the US, UK and Netherlands. The objective of the study is mostly built to validate the quality index of accounting information, which illustrates partial results conclusive existing literature. Empirical results of study reveal:

- Financial reports prepared in accordance with US accounting referential render superior quality of accounting information in financial reports released drafted in IFRS;
- Adoption of IFRS results in a sensible increase of the relevance of accounting information;
- Use US GAAP outlines a more accurate financial reporting entity, compared to IFRS;
- Each of the two accounting referential recorded a positive development in ensuring a high quality of accounting information.

In study realized by Hail et al. (2010) they draw some conclusions about US entities adopting IFRS perception:

- It wants to be considered an option IFRS or US GAAP, otherwise it will defer adoption of IFRS until the final decision of the SEC to introduce mandatory financial reporting according to IFRS;
- International accounting convergence process is supported by the US economic environment, only a high degree of convergence

between IFRS and US GAAP accounting results in a favorable position decision adopting IFRS;

- Preferred a transitional period of at least 2 years;
- Expressed desire to design a mechanism for endorsement.

Jayaraman and Green (2013) attest to the catalytic role of euro adoption in improving the comparability of accounting information with the implementation of IFRS. Specifically, this study reveals a substantial increase comparability of accounting information among countries that adopt IFRS and joined the euro area (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain), compared with countries that have adopted IFRS, but have not joined the European single currency area (Denmark, Poland, Sweden, and the UK). Worldwide, in a study conducted in 2008, the entities representing 33% of capitalization in the global market of capital already using IFRS accounting standards, while 22% among them have expressed the option to make the transition to IAS/FRS, and only 10% kept local accounting standards (Fosbre et al., 2009).

Following a study by PwC in 2014, among 85 investment professionals around the world about the usefulness of large entities reports and reporting areas that the management teams can improve come off:

- 80% of investment professionals agree with their perceptions regarding the quality of accounting information in the financial statements;
- 63% say that, depending on the quality of financial reporting, they have a direct financial impact on the cost of financing;
- 82% of respondents believe that the quality of the information presented clearly and concisely gives them more confidence in the analysis they produce;
- Only 14% of professionals believe that entities shall disclose sufficient information about their strategic plans;
- 87% believe that the links between the entity's strategic goals, risks, key performance indicators (KPI) and financial reports are useful in analyzing the quality of accounting information.

Conclusions

Evaluation of the quality of the accounting information is based on several models of quantitative and qualitative analysis. Whether talking about studies balances accounting adjustment (Accruals

models), studies events or association studies, or simple interviews or questionnaires (qualitative studies), the guarantor of the quality of the accounting information remains auditor, especially in the context of corporate governance mechanisms. In this respect, McDaniel et al. (2002) make a clear distinction between perception and graduates experienced auditors. The study shows that the audit committee discussions undertaken between an entity's internal with the external auditor to describe the quality of accounting information reported following different directions.

In the case of accountants which are based on extensive experience, reporting the deteriorating quality of the accounting information revolve around controversy regarding recurring activities, less present in academic debates regarding financial reporting issues. In contrast, if an MBA graduates who have practical experience behind consolidated financial reporting potential problems accounting treatments will target the appearance of a low frequency, but are widely discussed in the literature.

Consequently the quality of the accounting information is profoundly affected by their subjective judgments. It is therefore essential that accounting normalization step to opt for a deductive approach, based on a set of accounting principles rennet, operationalized through a set of conceptual elements defined. This may explain the requirement that a member of the Internal Audit Committee is a chartered accountant as required by law Sarbaness-Oxley (2002), which try to avoid potential new financial crashes caused by financial reporting without economic substance.

At the moment, adapting the existing indicators needed for measuring the level of DQ may constitute a new trampoline in opening new issues and research directions, especially because in the existing studies, so far, on the subject there were no questioning about the clear differentiation of *obligatory disclosure* contribution, on the one hand and on the other hand about *voluntary disclosure* at the quality of information in general.

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