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## Employee Voice and Workers Commitment of Insurance Firms in Rivers State, Nigeria

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**Abstract:** *This study investigated the relationship between employee voice and workers commitment of insurance firms in Rivers State, Nigeria. The population of the study was 208 employees of four insurance companies in Port Harcourt from which a sample size of 136 was determined using the Taro Yamane sample size determination formula. The hypotheses were tested using the Spearman's rank order correlation with the decision rule set at a  $P < 0.05$  level of significance for the rejection of the null hypotheses. The study findings revealed that employee voice is significantly associated with workers commitment, and that it contributes to enhancing measures such as affective, normative and continuance commitment. Given this evidence, the null hypotheses are rejected as the results from the analysis indicate otherwise. The findings of the study suggest that the commitment of workers within the selected insurance firms can be considered as being explained by their voice within the organization. It was therefore concluded that employee voice contributes significantly towards workers commitment. As such the study recommended that defensive voice suggests workers avoidance of conflict within the organization; however, it also indicates a shying away from responsibilities and accountability by the respondents. Therefore it is suggested that organizations encourage their staff to be open about their views. This can be achieved through the institutionalization of workgroups and teams within which members are allowed more recognition and freedom to air and to be held accountable for their views.*

**Keywords:** *Employee Voice, Workers Commitment, Defensive Voice Affective Commitment, Normative Commitment and Continuance Commitment*

### INTRODUCTION

Employee commitment has become increasingly important in many organisations. The construct 'employee commitment' is however complex and commitment cannot be seen as a single, homogeneous entity, which means the same to all employees. It is multi-faceted and can impact on an organisation in a number of ways. It changes over time as employee circumstances and needs change. Dodd (2002) defines commitment as purely psychological; it is a measure of the extent to which an employee has formed a strong psychological attachment to an organisation. According to Hofmeyr and Rice (2000), the concept of commitment is four folded, it accounts for an employee's personal involvement in the decision, the attraction of alternative options, the degree of ambivalence as well as employee satisfaction.

Committed employees are one of the greatest assets any company can have. Each year organisations invest substantial amounts of money in training and developing their work force

only to see talented and productive employees applying for other jobs, potentially to join the competition. Employee commitment plays a major role in overall business efficiency and profitability. Jamieson and Richards (1996) argue that greater levels of employee commitment lead to organisational benefits such as a continuous flow of improvements, cost and efficiency improvements and active employee participation. Committed employees are believed to enhance an organisation as they feel secure in their jobs, are well trained, feel part of a team and are proud of and enjoy doing their jobs.

In contrast to the behavioural approach, the psychological interpretation describes commitment as a more active and positive orientation Morris & Sherman (1981), and stresses bonding, linkage, and attachment. Kanter (1968) in her study of how commitment develops in communities in Utopia, defines commitment as "the process through which individual interests become attached to the carrying out of socially organised patterns of behaviour which are seen as fulfilling those interests, as expressing the nature and needs of the person". The most commonly used organisational application of the psychological framework, developed by Porter, Crampton and Smith (1976) defines employee commitment as "the relative strength of an individual's identification with, and involvement in a particular organisation".

In accordance with this definition, organisational commitment has three major components: a strong belief in, and acceptance of the organisation's goals, a willingness to exert considerable effort on behalf of the organisation, and a definite desire to maintain organisational membership (Porter, Steers, Mowday & Boulian, 1974). The lack of consensus about what commitment is and the resulting measurements of different constructs have made it difficult to generalize findings from developed contexts to less developed contexts such as in the case of Nigeria. This has also impinged on the development of a clear understanding of the processes that precipitate work or employee commitment. Researchers have also realised that although neither the behavioural nor the psychological perspective is wrong in its identification of commitment factors, both are incomplete.

In line with the changes in the global contexts, it has been remarked that levels of commitment and productivity outputs in many organizations extensively diminish as employees do not have the privilege to voice their inputs and opinions on issues related to their organization. This is as employees who are facing work related problems decide to either endorse their organization leaders' judgment or keep silent. This is so as to avoid jeopardizing their jobs once they choose to express their opinions (Dwomoh, 2012).

Empirical and theoretical studies emphasized on the benefits and advantages of employees voice and inputs to improve employee commitment (Zhang & Xiuyuan, 2014). Providing the opportunity to employees to have a greater impact on how they carry out their job and encouraging their inputs are believed to be valuable for both organizations and employees (Kim et al., 2010). Therefore, employee voice is considered an essential form of motivation that helps employees maximize their efforts and feel more committed (Dwomoh, 2012). An effective employee voice appears once: Employees opinions are requested and listened to besides realizing that their views are taken into consideration and make a difference MacLeod & Clarke (2009). Accordingly, organizations need to depend on the collective efforts of their employees and listen to their input and realize that it is a fundamental piece in solving problems and creating alternatives (Yin, 2013).

There has been no indication in the literature of how the various types of employee voice impact on workers commitment within the context of organizations operating in Nigeria, or



whether there is one single most important type of voice mechanism which managers need to focus on to improve workers commitment. A number of theorists and researchers have begun to distinguish among foci and bases of commitment (O'Reilly & Chatman, 1986; Powell & Meyer, 2004). Foci refer to the individuals and groups to whom an employee is attached, while bases of commitment are the motives engendering attachment (O'Reilly & Chatman, 1986). For the sake of this research the focus will be on investigating the relationship between employee voice and workers commitment in selected insurance firms in Rivers State.

This study was also guided by the following research questions:

- i. What is the association between defensive voice and Affective commitment in insurance firms in Rivers State?
- ii. What is the association between defensive voice and Normative commitment in insurance firms in Rivers State?
- iii. What is the association between defensive voice and Continuance commitment in insurance firms in Rivers State?

## **LITERATURE REVIEW**

### **Theoretical Foundation**

The study is underpinned by the Social exchange theory. The relationships between these variables are anchored within the theoretical confines of the social exchange theory, which forms the theoretical framework for this study. Social exchange theory is considered one of the most influential paradigms in organizational behaviour. The exchange perspective views the employment relationship as consisting of social or economic exchanges (Cropanzano, Rupp and Bryne, 2003). Economic exchange relationships involve the exchange of relatively concrete, often economic benefits that are exchanged for work performance (Haar, 2006). On the other hand, social exchange theory argues that employees will trade their efforts for the promise of rewards in the future (Blau, 1964).

Social exchange theory is based on five central elements. The first element is that behaviour is predicted by the notion of rationality; individuals will behave in a given way if they believe behaving in that way will give more rewards. The second element is that the each individual relationship provides benefit to the other so long as the exchange is equitable. The third element is that the theory is based on a justice principle; for every exchange, there must be fairness governing behaviour. The next element of the theory is that individuals will always seek to maximize gains and reduce costs and losses. The last element is that individuals participate in a relationship out of a sense of mutual benefit rather than coercion (Searle, 1990).

Social exchange theory therefore suggests that employees who value benefits received from their organization, such as pay, fringe benefits or working conditions, will reciprocate with more positive work attitudes. The theory posits that individuals form social exchange relationships to the extent that they receive worthwhile attention and recognition which are assigned in a fair manner (Cropanzano *et al.*, 2001; Haar, 2006).

### **Employee Voice**

Employee voice as a type of employees' behaviour is challenging but constructive. Positive views, ideas or concerns about the job related issues, are said to be connected to a selection of work procedures and processes, where the employee speaks up about the failures in the existing

work processes and the need for improvement and developing the procedures and processes (Liang *et al.*, 2012). Employee voice has been defined in many ways within organizational literature.

First, the notion of voice described as an action of verbal or oral expression, where a message is transmitted from a source which is the sender to a receiver. Second, the term voice is a discretionary or voluntary behaviour where individuals decide whether to engage and being involved or not, a choice that is influenced by a number of aspects. Last, the concept of voice as being constructive and positive in its purpose or intent where the aim is to bring out improvements and positive change, not only criticism or vent (LePine and Van Dyne, 1998). Employee voice can be observed and inspected in several ways within organizations. Initially, the presence of a blueprint which simplifies and permits voice. Then, an environment which encourages employee's ideas and opinions. Last of all, is the impact level of voice, where the employee's views and ideas truly influence the outcome of the decisions (Farndale and Awamleh, 2011).

On the other hand, employee's decision to speak up relies on their evaluations of the consequences of their actions, whether it will be positive or negative. In other words, employees will risk voicing their opinions and suggestions when they recognize that their action will not be penalized or disciplined (Avey *et al.*, 2012). Therefore, many workers do not speak out because they fear that the disadvantages of doing so might outweigh the advantages (Detert and Edmondson, 2011). Van Dyne *et al.* (2003) presented and developed the idea of employee voice and silence as multidimensional constructs based on the work of the previous researchers and scholars. In their model of voice and silence, they declared that there are motives behind the individual's behaviour to voice or keep silent. They focused on three different employee causes or motives which are (self-protective, disengaged, and other-oriented). Therefore, based on these motives, they divided employee voice into three main dimensions namely defensive, prosocial and acquiescent (Van Dyne *et al.*, 2003).

Depending on prior studies, voice related behaviours have been examined and in terms of employee voice has been connote to a form of employee expression or employees' response to distinct situations. Employee voice has been defined as employees' response to job dissatisfaction (Gorden, 1988). More recently, Van Dyne and LePine (1998) defined employee voice as promotive behaviour that emphasizes expression of constructive challenge intended to improve rather than merely criticize. Moreover, Van Dyne and colleagues emphasized the term of voice may represent speaking up behaviour such as when employees proactively make suggestions for change (Farrell and Rusbult, 1992; Zhou and George, 2001), while the term of voice may offer in case of process procedures that enhance justice judgments and facilitate employee participation in decision making (Lind *et al.*, 1990).

According Brinsfield *et al.* (2009), the term of employee voice is debatable. Additionally, voice may get a variety of forms, such as speaking up behaviour, having nature response to, or underlying intent of communication. Van Dyne *et al.* (2003) represented that Acquiescent Voice is disengaged behaviour based on resignation, which was defined as 'the verbal expression of work related ideas, information, or opinions'. Acquiescent voice is likely to be similar to Defensive and Prosocial voice that work-related statements; however, differs in being proactive behaviours. Additionally, they characterized acquiescent voice as expressions of agreement and support based on low self-efficacy to affect any meaningful change.

### **Defensive Voice**

Defensive Voice is self-protective. Schlenker and Weigold (1989) define self-protective behaviour as characterized by safe, secure decisions; taking less personal responsibility; and attributing outcomes to external factors. Thus, if employees fear punitive consequences as a result of discussing problems, they will typically react by engaging in defensive behaviours intended to protect the self (Maurer, 1996). This could include assertive responses such as trying to shift attention and blame to others through the use of Defensive Voice. Similarly, Arkin and Shepperd (1989) identify excuses, justifications, and disclaimers as selfprotective strategies where voice is used as a response to feeling threatened. Thus, voice can be used to protect the self through a variety of defensive communications (such as proposing ideas that focus on other topics or shifting attention to other people).

The key unifying characteristic behind these behaviours is their orientation toward protecting the self from feared and undesired consequences (Jones and Pittman, 1982; Ryan and Oestreich, 1991). Applying these characteristics to voice, we define Defensive Voice as expressing work-related ideas, information or opinions – based on fear – with the goal of protecting the self. In addition to using the management literature on silence as a basis for considering defensive forms of voice, we also draw on the communication literature. Two different communication perspectives emphasize the importance of managing what is communicated to others. Information manipulation theory (McCornack, 1992) proposes that individuals regularly manipulate information contained in their communications on four dimensions (amount, veracity, relevance, and clarity). The goal behind these decisions about what to include in expression of voice is presenting positive aspects of self-relevant information, sometimes in response to feelings of fear, in order to influence the attributions made by others.

### **Workers Commitment**

Dockel (2003) outlined a number of definitions to commitment as put forward by various authors. Salancik (1977) defined commitment as a state of being where an individual is bound by his/her actions to sustain activities in which he/she is involved. Scholl (1981) defined commitment as an internal force that maintains behavioural conditions when equity conditions are unmet while Oliver (1990) considers commitment as one's inclination to act in a given way to achieve a given target. According to Mowday, *et al.* (1979) cited by Price (2011), organizational commitment refers to the degree of involvement and identification that employees have with their organization values, mission and goals. This means that employee commitment is the desire that employees have to stay in an organization by having confidence with its values and objectives. Armstrong (2012) emphasizes that employee commitment is the loyalty and attachment that employees have in an organization and it is associated with their feelings about the institution. Therefore, commitment signifies both the behavioural tendencies and the feelings that employees have towards an organization. Lee (2010) observes that employee commitment involves an employee's devotion and the willingness to exert effort on behalf of an organization. This implies that employee commitment is an emotional state that exemplifies employees' relationships with an organization and the choice to stay in the organization. Porter, *et al.*, (1974) cited by Armstrong (2012) point out that organizational commitment is the linkage between an organization and the individual employees. This is because employees consider the extent to which organizational goals and values relate to their own. According to Oreilly and Chatman (1986) cited by Dockel (2003), organizational commitment can be categorized into; compliance

which is concerned with involvement for certain extrinsic needs, identification concerned with attachment based on desire for affiliation with the organization and internalization commitment that is based on congruence between the individual and organizational needs.

Allen and Meyer (1990), cited by Price (2011) on the other hand proposed three components of commitment; affective commitment concerned with emotional attachment with the organization, continuance commitment concerned with fear of costs associated with leaving the organization and normative commitment based on a feeling of obligation to continue employment. In this study, affective, continuance and normative components will be considered as dimensions of organisational commitment.

## **Measures of Employee Commitment**

### **Affective Commitment**

Affective commitment refers to the emotional attachment that an employee has in an organization (Price, 2011). It is the extent at which employees appreciate to be members of an organization. According to Rhoades (2001), affectively committed employees are seen to have a sense of identification and belonging and this motivates them to increase their participation in the activities of an organization. Additionally, affective commitment makes employees to have willingness to meet the goals of an organization as well as the desire to stay in the organization. Beck and Wilson (2000) note that organizational members who have an affective level of commitment have a longing to remain in the organization because they view their values and goals to be congruent with those of the organization. Morrow (1993), cited by Coetzee, (2005) points out that affective commitment is related with work attitude and positive feelings about their organization. According to Meyer & Allen (1997) employees with strong affective commitment would be motivated to high levels of performance and make more meaningful contributions than employees who expressed continuance and normative commitment. This happens owing to the fact that the employee identifies and associate himself/herself with every aspect of the organization

### **Normative Commitment**

According to Meyer and Allen (1997), cited by Lee (2010) normative commitment is a feeling of obligation that an individual has to continue with the employment. It arises from an employee obligations and personal values that the person feels towards the organization. Coetzee (2005) emphasizes that employees' with a high level of normative commitment feel that they ought to remain with the organization. The feeling of obligation to stay in the organization may come about due to the internalization of normative pressures exercised on an employee before joining the organization (Muncherji and Dhar, 2011). Price (2011) observes that normative commitment may arise when employees are provided with rewards in advance by an organization. This may in turn make the employees to feel obliged to reciprocate thereby committing themselves to the organization. Meyer and Allen (1990) cited by Coetzee, (2005) argue that normative commitment arises based on an employee's moral obligations. This implies that individuals consider it as morally right to remain in an organization irrespective of whether they are satisfied with their jobs or not. Therefore, normative commitment emerges as a result of employees feelings to repay the organization for investing in them. These type employees remain in the organization because they need to so.

### Continuance Commitment

Meyer and Allen (1997), cited by Lee (2010) define continuance commitment as the employee awareness of the costs that are related with departing the organization. This means that continuance commitment is the enthusiasm to remain in an organization due to the personal investments which cannot be transferred. Price (2011) argues that continuance commitment exists when an employee needs the benefits and the salary associated with remaining in an organization. Additionally, it may arise when employees feel that they cannot find another job or when they believe that they owe their success to the organization.

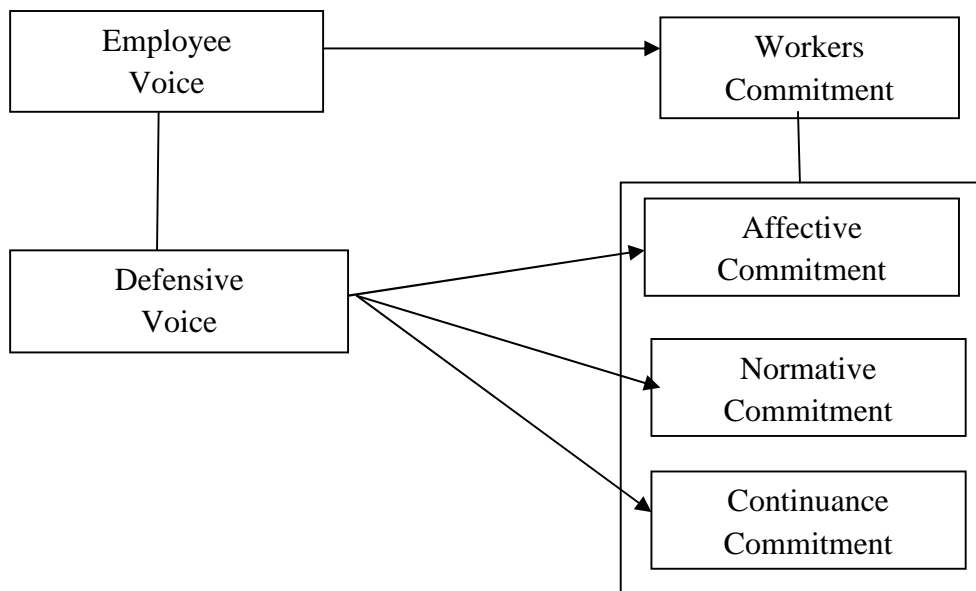
According to Coetzee (2005), continuance commitment is calculative in nature because it is based on an employee opinion by weighing the risks and costs associated with leaving an organization. It is centred on an evaluation of the economic benefits gained by being associated with the organization. Beck and Wilson (2000) note that organizational members develop continuance commitment due to the positive extrinsic rewards that they have obtained through the exertion of bargaining without identifying with the values and goals of the organization. Therefore, employees are lured to remain in an organization due to the accumulated investments that they have gained in the organization.

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

**H<sub>01</sub>:** There is no significant relationship between defensive voice and affective commitment of insurance firms in Rivers State.

**H<sub>02</sub>:** There is no significant relationship between defensive voice and normative commitment of insurance firms in Rivers State.

**H<sub>03</sub>:** There is no significant relationship between defensive voice and continuous commitment of insurance firms in Rivers State.



**Fig.1** Operational Framework for the hypothesized relationship between employee voice and workers performance

**Source:** Author's Desk Research, 2018

## METHODOLOGY

The population for this study comprises of 208 (middle and lower level management, as well as junior) staff from four insurance firms located geographically within Rivers State, Nigeria. This figure (population size) was sourced from the respective administrative offices and human resource departments of each of the firms. The sample size for the study therefore was 136. Descriptive statistics and Spearman Rank Order Correlation Coefficient for data analysis and hypothesis testing with the help of the SPSS version 23 package.

## DATA ANALYSIS AND RESULTS

### Bivariate Analysis

Data analysis was carried out using the Spearman rank order correlation tool at a 95% confidence interval. Specifically, the tests cover a Ho1 hypothesis that was bivariate and declared in the null form. We have based on the statistic of Spearman Rank (rho) to carry out the analysis. The level of significance 0.05 is adopted as a criterion for the probability of accepting the null hypothesis in ( $p > 0.05$ ) or rejecting the null hypothesis in ( $p < 0.05$ ).

**Table 4.6:** Defensive voice and the measures of workers commitment

			Defensive	Affective	Normative	Continuance
Spearman's rho	Defensive	Correlation Coefficient	1.000	.667**	.546**	.533**
		Sig. (2-tailed)	.	.000	.000	.000
		N	111	111	111	111
	Affective	Correlation Coefficient	.667**	1.000	.628**	.637**
		Sig. (2-tailed)	.000	.	.000	.000
		N	111	111	111	111
	Normative	Correlation Coefficient	.546**	.628**	1.000	.662**
		Sig. (2-tailed)	.000	.000	.	.000
		N	111	111	111	111
	Continuance	Correlation Coefficient	.533**	.637**	.662**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	111	111	111	111

\*\*, Correlation is significant at the 0.01 level (2-tailed); Source: SPSS Research Output, 2018

The result for the test on the hypotheses for the relationship between defensive voice and the measures of workers commitment is revealed in table 4.6. The evidence indicates that there is a substantial relationship between defensive voice and the measures of workers commitment. The evidence indicates that defensive voice at a  $\rho = .667$  and  $P < 0.05$  significantly impacts affective commitment; defensive voice at a  $\rho = .546$  and  $P < 0.05$  significantly impacts normative commitment; and defensive voice at a  $\rho = .533$  and  $P < 0.05$  significantly impacts

on continuance commitment. The evidence supports significant associations between defensive voice and all three measures of workers commitment, consequently, all previous hypotheses are rejected.

## **DISCUSSION OF FINDINGS**

In this section of the study, the results for the analysis on the distribution and relationship between the variables are discussed. The results show that employee voice through dimensions such as acquiescent voice, defensive voice and pro-social voice, contribute towards improving the commitment levels of the workers within the organization as evidenced in insurance firms in Rivers State. The evidence from the study shows that the variables significantly characterize the insurance firms as all variables and their corresponding dimensions and measures are observed to have strong levels of manifestations and incidence within the target insurance firms. Furthermore, the results also show that organizational culture is a significant moderator of the relationship between employee voice and workers commitment. This is based on the result of the test ( $r = .894$ ) which reveal culture to significantly contribute towards enhancing the relationship between employee voice and workers commitment. Each cluster of evidence is discussed accordingly:

The evidence from the study support and corroborate the position of Brinsfield et al. (2009) as well as Van Dyne and Ellis (2009) who argued that defensive voice is often adopted to avoid responsibility but however, allows the worker function without undue pressure from frontline activities. Van Dyne and LePine (1998) share the same opinion as they describe defensive voice as being suitable in some organizations characterized by high levels of centralization and bureaucracy (Morrison, 2011).

## **CONCLUSION AND RECOMMENDATION**

The assessment of the effect of employee voice on workers commitment is revealed to be positive and significant in this study. The study also affirms that defensive voice has a significant and positive effect on the commitment of workers within insurance firms in Rivers State and by this enhances measures such as affective, normative and continuance commitment.

Based on the findings obtained from summary of discussion and empirical findings the study recommends that defensive voice suggests workers avoidance of conflict within the organization; however, it also indicates a shying away from responsibilities and accountability by the respondents. Therefore it is suggested that organizations encourage their staff to be open about their views. This can be achieved through the institutionalization of workgroups and teams within which members are allowed more recognition and freedom to air and to be held accountable for their views.

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# Differentiation and Succession Planning in Teaching Hospitals in Port Harcourt, Nigeria

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**Abstract:** *This study examined the association between organizational structural differentiation and succession planning of hospital in Port Harcourt, Nigeria. The study adopted a cross-sectional survey design as the research methodology and structured questionnaire was randomly distributed to 80 heads of department in Rivers State University and University of Port Harcourt Teaching hospitals. At the point of retrieval 72 respondents provided the data generated for the analysis which was analysed with the use of Pearson Product Moment Correlation coefficient. The findings from this study showed that differentiation have a positive and significant relationship with succession planning, meaning that differentiation of organizational structure enhances succession planning within the context of an organization. Therefore, this study recommends that management should by a matter of importance channel majority of its training or mentoring (especially technical training) through the units/departments, this is because it creates a better impact on the development and growth of the employee.*

**Keywords:** *Differentiation, Succession Planning, Training, Mentoring*

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## INTRODUCTION

The Nigerian health sector is one of the industries that have experienced inadequacies both as public or private owned. This is why the nation annually loose large sum of money to foreign nations as many Nigerians (including the president) prefer to travel abroad for the sake of getting quality treatment when sick. This is at a time when nations are leveraging on breakthroughs in delivering quality health as a means of attracting foreign earnings, there is a need for the Nigerian hospitals, in addition to deploying sophisticated equipment, adopt sound managerial techniques that will make them operate an efficient, effective and sustainable system that is structurally governed irrespective of who occupies the positions available and required to stir the administrative responsibility and ascertain sustenance of momentum at each time. This because Nigeria is blessed with intelligent professionals in the area of medical science. Several highly complicated surgical successes has been recorded at the different teaching hospitals in Nigeria at one time or the other and for these success stories to continue in order to gain people's confidence on the competence of our medical professionals adequate deliberate planning must be observed by those who occupy strategic positions in the various health centers operating within the country.

Consequently, it becomes pertinent to review a few explanations on succession planning, as one of the main technique leveraged on to ascertain sustenance of successive momentum as leadership move from one person to another within the same organization. According to

Beheshtifar and Vazir-Panah (2012); Calareso, (2013); Fink (2010), succession planning is a basic device utilized by authoritative pioneers to plan for future changes in representative socioeconomics and to guarantee workers are created and prepared to expect positions of authority. Organisational structure is a expensive device for biased succession planning and attainment reasonable benefit (Moradi, 2014).

Additionally, Connor and Carson (2012) kept up that progression arranging is more than simply ascending the stepping stool. It includes more extensive improvement and more extensive take a gander at the association. Severally the terms “succession planning”, “replacement planning”, “executive manpower planning” plus “career planning” are utilized reciprocally to mean something very similar however some slight differentiations do exist. In recognizing substitution arranging and progression arranging, Kathryn and Martins (1994) expressed that "while substitution arranging centers around explicit applicants who could fill assigned administrative positions, progression arranging is a methods for distinguishing people with high potential and guaranteeing that they get suitable preparing and occupation assignments went for their since quite a while ago run development and improvement. This qualification be that as it may, lies on the specialized translations. Progression arranging is unique in relation to profession arranging as in vocation arranging is a part of human asset arranging that is correlative to progression arranging.

Consequently, with the understanding that there are insufficient study ascertaining the correlation between the organizational differentiation and succession planning (Galbraith 2014) and according to Mintzberg (1979), the preparation of an association is the sum of the habits in which the association divide its work into separate task and then achieve coordination among the distinct task. This study therefore examined the nexus between organizational differentiation and succession planning.

The main aim of this study is to examine the influence of differentiation on succession planning of the teaching hospitals in Rivers State. Other specific objectives are to:

- i. Examine the relationship between differentiation and training of the teaching hospitals in Rivers State.
- ii. Examine the relationship between differentiation and mentoring of the teaching hospitals in Rivers State.

The following research questions are presented with regards to the objectives of the study:

- i. What is the relationship between differentiation and training of the teaching hospitals in Rivers State?
- ii. What is the relationship between differentiation and mentoring of the teaching hospitals in Rivers State?

## **LITERATURE REVIEW**

### **Theoretical Background**

#### **Institutional Theory**

The Institutional theory of Organization and Dynamic Capability theory were adopted as the baseline theories in discussing the relationship between organizational structure and succession

planning. This study is centered on the theoretical framework of the institutional theory of organization and dynamic capability theory. The concept of the institutional theory is one issue that has over the years occupied a central place in the discourse of organizational theory. It addresses issues such as the internal processes and organizational structure that make the organization what it is. According to Ahiauz and Asawo (2016), the underlining assumption upon which the institutional theory is built is structuralism. The way organizations are structured has become strategic issue of concern in contemporary management practice to achieve competitive advantage.

One of the early contents within which the institutional theory was developed was the study of the organizational structure Pfeffer (1993). This view was supported by Zucker (1994) in Ahiazu and Asawo (2016), who argued that the issue of organizational structure is so fundamental to the institutional theory which is driven by the reason why different organizations irrespective of their different operating environment are often so similar in their structure.

It is therefore evident in the above discourse that the principal feature of an organization is its structure which has a strong bearing on the succession planning decision making processes of the firm.

### **Dynamic Capability theory**

On the other hand, the Dynamic Capability Theory employs the term dynamic to mean that organizations continuous effort in integrating and configuring its internal techno and socio-structural systems to create a balance or fit with changes which result from the turbulence of the external environment (Teece, Pisando & Shen, 2017). Dynamic and Capable organizations employ their intangible resources such as knowledge management, learning mechanism, organizations' structure, orientation and team work results in the creation of dynamism in organization (Shygi-Chien and Chuing-Han, 2012).

Golden and Powel (2012) affirmed this notion by asserting that dynamic capability of a firm is contingent upon its structure which creates flexibility, positive learning culture, recognizes and utilizes diversity which consequently lead to the empowerment of the organization.

The implication of these theories, the institutional theory of organization and the dynamic capability theory to this study is that it provides a clear framework for predicting how organization behave, particularly as it concerns making strategic choice. It offers a concise but in-depth description and prediction of the structural dimensions of organizations (complexity, formalization and centralization) adopted in this study and their possible impact on strategic positioning (product differentiation, price differentiation and focus strategies).

### **Conceptual Review of Structural Differentiation**

Differentiation is also known as complexity. According to Robbins (2016) and Fredrickson (2009), complexity refers to the degree of differentiation that exists within an organization. The three dimensions that usually indicate the level of structural complexity are horizontal, vertical, and spatial differentiation. Vertical differentiation refers to the number of hierarchical levels in the organization; spatial differentiation is the degree to which the location of an organization's offices, plants, and personnel is dispersed geographically; and horizontal differentiation has to do with the degree of differentiation between —generally interrelated— units, based on the nature of the tasks performed by members, their education or training. Therefore, the horizontal

dimension of complexity may have its origin either in a high degree of division between the roles and functions performed within the enterprise (functional specialization) or in the social specialization achieved by hiring professionals who hold not-easily-routinized skills, according to their knowledge, education, and background (Robbins, 2016).

The study reported herein focuses on the horizontal dimension of complexity, which some studies consider a better predictor of selecting a successor than the vertical and spatial dimensions (Damanpour and Schneider, 2008). This is due to the fact that, regardless of the number of hierarchical levels or geographical locations existing within the firm, horizontal differentiation entails grouping together individuals who share a common knowledge base (homogeneity of knowledge) for the development of joint projects (the different medical specialties in a hospital is an example). Thus, greater horizontal differentiation is likely to improve the skills and abilities of the staff in the activities they perform, because they are specialized in those activities, and it fosters the invention of new methods, technologies, or products related to them (Mintzberg, 1979). The horizontal dimension of complexity could also prove efficient for knowledge application, since absorbing new ideas requires a base of prior knowledge (Norman, 2004; Postrel, 2002; Cohen and Levinthal, 2000), and the mutual understanding and homogenization of a body of knowledge among employees can facilitate its exploitation (Kogut and Zander, 2011) or application, thus helping to improve the firm's knowledge performance.

Along the same lines, organizational complexity promotes the formulation of proposals for the generation and implementation of new knowledge for several reasons (Aiken and Clarke, 2013). First, high levels of complexity indicate diverse expertise bases (heterogeneity of knowledge) that may result in the identification of a wide range of problems and the availability of diverse kinds of information and knowledge about problem-solving. Second, complexity implies a variety of interests, which may stimulate new proposals as the various occupational groups, departments and strata seek to improve or protect their position in the firm. Third, structural complexity makes possible, and may often require, a formal or informal assignment of special responsibilities to propose organizational changes in particular roles and subunits. Organizational complexity can consequently provide the heterogeneity required to generate knowledge while, at the same time, the internal homogeneity within the departments and units will facilitate its implementation (Forrester, 2000) in order to improve knowledge performance.

### **Concept of Succession Planning**

Rothwell (2015) defines succession planning and management as “any effort designed to ensure the continued effective performance of an organization, division, department or work group by making provision for the development, replacement and strategic application of key people over time.” Succession planning and management programs focus on a systematic process for developing individuals to move into key positions within an organization (Harrison, McKinnon & Terry, 2006; Michaels, Handfield-Jones & Axelrod, 2011). These positions could be limited to the most senior executive positions or could apply to a broader plan for many levels of management within the organization. According to Harrison, McKinnon & Terry (2006), succession planning “refers to a systematic process of developing individuals to fill an organization’s key roles”. When an organization has a well-planned succession planning and management program, there are a number of qualified people available who are prepared to

transition into a number of leadership roles (Harrison, McKinnon & Terry, 2006; Bonczek & Woodward, 2006).

According to Rothwell (2015), succession planning and management is important for several reasons:

1. The continued survival of the organization depends on having the right people in the right places at the right times.
2. As a result of recent economic restructuring efforts in organizations, there are simply fewer people available to advance to the top ranks from within.
3. Succession planning and management is needed to encourage diversity and multi-culturalism and avoid “homosocial reproduction” by managers.
4. Succession forms the basis for communicating career paths, establishing development and training plans, establishes career paths and individual job moves.

Succession planning is a structured process involving the identification and preparation of a potential successor to assume a new role. It is seen as any effort designed to ensure the continued effective performance of an organization, department or workgroup by making provision for the development and replacement of key people over time. Succession planning is the process of optimizing the identification, development, and placement of leadership talent (Masthan & PremchandBabu, 2013).

### **Training**

Training is a type of activity which is planned, systematic and it results in enhanced level of skill, knowledge and competency that are necessary to perform work effectively (Gordon 2016). As one of the major functions within HRM, training has for long been recognized and thus attracted great research attention by academic writers (see e.g. Gordon 2016, Beardwell, 2014). This has yielded into a variety of definitions of training. For example, Gordon (2016) defines training as the planned and systematic modification of behavior through learning events, activities and programs which result in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively.

It is worth noting that, as researchers continue with their quest into the training research area, they also continue their arguments into its importance. Some of these researchers argue that the recognition of the importance of training in recent years has been heavily influenced by the intensification of competition and the relative success of organizations where investment in employee development is considerably emphasized (Beardwell, 2014). Related to the above, Beardwell (2014) add that technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, thus a need for considerable and continuous investment in training and development.

### **Mentoring**

Mentoring leaders is not a new method; however, it has never been more important. In a time when baby-boomers are aging and wanting to move out of their executive positions, there is a tremendous need to quickly and efficiently develop new leaders who can take the helm of these executives. In a 2002 Global Leadership Survey conducted by the Society for Human Resources regarding the development of global leaders, they found that only 22 percent of the companies surveyed used mentoring programs (SHRM, 2002). However, in a follow-up study, Fredman and Rogers found that of the top 20 global companies, 82% used formal mentoring programs

compared to barely half the other firms (Fredman and Rogers, 2016).

Mentoring has been used in the private sector as a tool, strategy, or technique for the development of all employees. Mentoring embraces a philosophy about people and how important they are to the organization. There are many studies which suggest the numerous benefits of mentoring for the mentee, mentor, and the organization. Mentoring has proved valuable to the overall stability and health of an organization. It plays a vital role in future organizational leadership, and the potential leaders are strengthened with the nurturing of their mentors. Most successful executives when asked about their success can point to influential individuals in their past who taught them, guided them, provided insight, shared their wisdom and challenged them at the right time. For executive development, mentoring is seen as essential.

Mentoring Follows a more open and evolving agenda, and deals with a range of issues including career guidance and passing on in-depth knowledge of cultural matters and management. It usually exists because of the mentor's lengthy experience and wisdom in a particular role in the cultural community, and their track record of success.

### **Relationship between Structural Differentiation and Succession Planning**

There seems to be insufficient studies correlating each dimensions of organizational structure with succession planning and this assertion is likewise supported by Lalitha (2006) who in a study of organizational complexity and succession planning stated that little research, however, has been devoted to studying how these various components are part of any sort of deliberate process guiding CEO succession. Furthermore, the researcher cited Vancil (2012) which suggested that one common pattern of succession is "relay succession."; a process which includes the selection of an heir apparent a few years before the CEO is expected to step down and this is being utilized by proportion of sampled firms. For instance, four years before CEO turnover, 41% of firms have an heir apparent. Immediately before turnover, this number jumps to 60%. Because the relay model of succession appears to be common, the remainder of this analysis focuses on relay succession. Meanwhile, some other firms like General Electric use the "horse race" model succession plan (Lalitha, 2006).

One way in which firms can lower expected succession costs is to mentor and train a suitable in-house successor. The greater the operational complexity of the firm, the greater will be the expected succession costs associated with an outside successor, and the more likely the firm will be to have a relay succession plan. An added benefit to such firms from choosing an insider is that internal promotion encourages managers to invest in firm-specific human capital (Jaggia and Thakor, 2012). In contrast, more outside appointments could cause insiders to revise downward their expected probability of making it to the top, and could result in lower incentives to perform (Lazear and Rosen, 2014). Furtado and Rozeff, 2016) suggest that firms may prefer insiders as they could earn returns on the firm-specific human capital of insiders.

Therefore, in order to bridge this gap of insufficient studies on the influence of structural differentiation and successional planning especially as it concerns the large scale general hospitals in Rivers State, this study shall examine the hypothetical statements stated in the previous sections of this review.

**H0<sub>1</sub>:** There is no significant relationship between structural differentiation and training

**H0<sub>2</sub>:** There is no significant relationship between structural differentiation and mentoring



## METHODOLOGY

Cross sectional survey design was adopted in this study. Primary data were drawn from the two (2) teaching hospitals operational in Port Harcourt, namely: University of Port Harcourt and Rivers State University Teaching Hospital. Eighty (80) copies of questionnaire were distributed to Heads of Departments, while upon retrieval from the field 72 were correctly filled and utilized for analysis. The unit of analysis constitutes medical practitioners who occupied leadership position like Head of a Department/Unit. Furthermore, the derived data were analyzed with descriptive and inferential statistics, and the formulated hypotheses were tested using Pearson Product Moment Correlation coefficient statistical tool with the aid of Statistical Packages for Social Sciences (SPSS) version 24.0. In this study, the researcher adopted Cronbach alpha which is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. Nunnally (1978) set a tolerable range of 0.7 to adjudge the goodness of this statistical measure. In view of this the coefficient of alpha which was computed to be 0.742 for structural differentiation and 0.856 for succession planning indicated that the scale is reliable.

## DATA ANALYSIS AND RESULTS

**Table 1:** Bivariate hypotheses of association between variables (Structural Differentiation – training and mentoring)

			Structural Differentiation	Training	Mentoring
Pearson	Structural Differentiation	Correlation Coefficient	1.000	.247*	.825**
		Sig. (2-tailed)	.	.000	.000
		N	72	72	72
	Training	Correlation Coefficient	.247*	1.000	.634**
		Sig. (2-tailed)	.000	.	.000
		N	72	72	72
	Mentoring	Correlation Coefficient	.825**	.634**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	72	72	72
		N	118	118	118

**Table 2:** Model summary of the association between differentiation and training

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.247 <sup>a</sup>	.061	.048	4.19524

**Table 3:** Model summary of the association between differentiation and mentoring

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.825 <sup>a</sup>	.681	.676	2.12349

a. Predictors: (Constant), Differentiation

The correlation analysis presented in table 3 showed that differentiation has a positive and significant relationship with succession planning ( $r = .247$ ,  $p = .037$ ;  $r = .825$ ,  $p = .000$ ). Particularly with a correlation ( $r$ ) value of .247 the relationship between differentiation and training is weak. Meanwhile, the association between differentiation and mentoring is very strong. The study likewise showed that the association between differentiation and succession planning is significant at p-value of .037 and .000 for all the variables which is not up to 0.05 which made the hypothesis ( $H_{01}$  and  $H_{02}$ ) to be rejected.

Similarly, to establish the degree of impact, differentiation was regressed with training and mentoring. The result of the regression which was displayed in Table 4 and 5, revealed  $R^2$  values of .061 and .681 respectively. This indicates that differentiation predict succession planning. The study found out that 1 unit increase in differentiation processes of an organization lead to a .410 unit increase the training of employees and a .217 unit increase in the mentoring of employees. In other word, since differentiation is positively related to the two measures of succession planning, therefore, any improvement in differentiation will cause employee training to improve by 41.0%, while mentoring will improve by 21.7%.

## DISCUSSION OF FINDINGS

In this study differentiation has been proven to promote succession planning, especially with the outcome that shows that it has a stronger influence on training than other dimension of organizational structure. The concept of differentiation come into play when an organization become more complex and according to Robbins (2016) and Fredrickson (2012), complexity refers to the degree of differentiation that exists within an organization. Irrespective of the type of differentiation, it create an environment where people who belong to a particular differential unit have a common focus, this because each unit is made up of employees with similar educational background, thereby making the process of mentoring and training quicker and less strenuous. This claim is corroborated by Norman, (2004); Postrel (2002); Cohen and Levinthal, (2000) as the authors found out that the horizontal dimension of complexity could also prove efficient for knowledge application, since absorbing new ideas requires a base of prior knowledge, and the mutual understanding and homogenization of a body of knowledge among employees can facilitate its exploitation (Kogut and Zander, 2011) or application, thus helping to improve the firm's knowledge performance.

## CONCLUSION AND RECOMMENDATIONS

This study concludes that differentiation significantly influences succession planning in Teaching Hospitals in Port Harcourt, Nigeria. Therefore, this study recommends that management should by a matter of importance channel majority of its training or mentoring (especially technical training) through the units/departments, this is because it creates a better impact on the development and growth of the employee.

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# Cultural Diversity Management Strategies and Efficiency of Multinational Companies in Rivers State

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**Abstract:** *This examination researched the connection between cultural diversity management strategies and efficiency of multinational firms in Rivers State. The study is designed as a cross sectional survey and draws data using the structured questionnaire from 70 workers from a population of 77 staff within the multinational firms. The study, using the Spearman's rank order correlation coefficient tested the relationship between – investiture, assimilation and divestiture; and efficiency. Results revealed significant relationships; hence a rejection of all previously stated hypotheses. In conclusion it was stated that investiture, assimilation and divestiture enhances the relationship between workers within the organization and also affords them sound supportive grounds upon which they become more aware and are able to improve the efficiency of multinational companies in Rivers State. Thereafter it was recommended that organizations should develop structures that support and facilitate practices such as investiture, assimilation and divestiture within their workplace in a way that facilitates and drives the learning and value alignment of groups within the organization. Such should focus on the values, expectations and norms of the organization especially as regards ethical actions and practices within the workplace.*

**Keywords:** *Assimilation, cultural diversity management strategies, divestiture, efficiency, investiture, multinational firms, Rivers State*

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## 1.0 Introduction

Extension and serious globalization requires nations' as well as associations' ability to be increasingly open and accommodative to a heterogeneous workplace. It needs to be noticed that regardless of whether it's international or domestic, cultural diversity does influence how organization perform (Adler, 1997). Subsequently globalization of exchange and culture in mix with the inexorably growing differing residential workforce is a powerful range of abilities to exceed expectations in organizational performance. An association that successfully deals with its cultural diversity prevails with the merited serious edge while others lack (Stevens & Ogunji, 2011). Differences in people's values, attitudes and behaviour that are grounded from different culture impact how administrative occasions are seen in an association (Adler, 1997). Still it needs to be asked whether the organizations take note of these differences in culture and benefit from it. Dealing with the assorted societies in an association assumes a basic job in accomplishing serious edge in its market (Kundu, 2001). This stresses on the significance of a company's capacity to bargain and assimilate the advantages from cultural diversity towards the abundance of the association which is a key necessity for endurance at a residential level as well as even in the worldwide settings. Subsequently "to oversee adequately in a worldwide or a household multicultural condition, we have to perceive the distinctions and figure out how to

utilize them to further our potential benefit, as opposed to either endeavouring to disregard them or basically permitting them to cause issues" (Adler, 1997). Henceforth dealing with the cultural diversity productively in a firm is of developing concern.

Multinational organizations are inclined to the difficulties brought about by internal and outside components. In any case, these elements don't generally give obstructions to the organization but instead give direction to settle on major vital choices. Current business patterns have constrained the organizations to be proactive and receptive to both inner and outside natural changes agenda. For any company to diminish the negative effect brought about by these components should be possible by reanalyzing their present strategic policies and strategies. Therefore, the survival of business organizations depend upon how well they understand, assess and manage the change in these factors.

Organizational execution can likewise be put into two sub-constructs, financial and nonfinancial organizational performance. Several studies (Sang, 2005; Rauf, 2007; Khan, 2010) have used financial, non-financial and operational measurements to quantify firm execution. Khan (2010) identifies the financial measures as including benefit, deals and market share; the non-budgetary measures include efficiency, and creativity attitudinal and conduct estimates, for example, duty, aim to stop and satisfaction. The operational measures include production flexibility, product cost, product quality, number of customers and product delivery. Organizational performance has additionally been explored dependent on the stakeholder's theory (the Balanced Scorecard), this contemplates workers and their agents, clients, providers, governments, industry bodies and nearby networks (Hubbard, 2006).

Selvarajan *et al.*, (2007) in their investigation set forward the estimation of organizational performance using the perceived performance approach; this is additionally alluded to as emotional performance measure. This uses Likert-like scaling to quantify firm's exhibition from the top administration point of view. Lindahl (2006) argued that the traditional model of performance evaluation places emphasis on financial measures as drivers of organizational performance. This model has been heavily criticized by scholars and professionals for its inadequacy at capturing important aspects of organizational performance when wealth creation is linked with intangible and non-financial resources within dynamic markets. A developing model performance measurement focuses on combining both financial and non-financial measures, non-financial measures such as efficiency, and creativity. There is evidence of sufficient research being carried out on the behaviour of multinational organizations in relation to their performance or lack of it, but the focus of those studies has largely been big organizations and mostly in the developed countries where defined structures are in place to support MNCs activities and to measure their performance (Lohrke, 2006). There is not really any notice of cultural diversity as a significant variable in organizational performance. While much work has been done in the field of understanding hierarchical execution and the hidden target determinants (features, for example, structure, innovation and size), minimal experimental work is found in the writing identifying discriminating influences that cultural diversity may have on performance.

Ely and Thomas (2001), posits that the primary goal of organizations attempting to give and improve cultural diversity is to rule pluralism for single culture and ethno-relativity for ethno-centralism. Daft (2003) explains Pluralism as grasping different subcultures of an organization; while, ethno-relativity is tolerating the way that individuals from subcultures and the dominant culture are equal. As a consequence of these two perspectives, the ones who feel themselves ignored and excluded because they come from different cultures in organizations are

able to be involved into the organization thoroughly (Ely & Thomas, 2001). According to the defenders of diversity, cultural diversity is received as a necessary, useful, natural and cheery fact enabling an organization to feel really happy about pluralism and utilizing different human resource superiorities (Seymen, 2006). There are the two focal points and detriments of cultural diversity in regard to organizations, and each of the facts on both poles should be taken into consideration separately (Peppas, 2001).

In recent times, much effort has been devoted to organizational performance by researchers and academics (Ittner & Larcker, 2001; Burton *et al.*, 2004), however, an enormous extent of such research has been to investigate factors that affect organizational performance in relation to the balance sheet of the organization involved (profit and loss). Moreover, these scholarly researches in their entirety have largely drawn on MNCs within the very defined and stable economic, political and internal structures of Western environment (Lui & Beamish, 2001; Peel & Bridge, 2002). A gap therefore, exists in relation to underdeveloped countries in general and Africa, in particular. This research empirically tries to explore the impact of cultural diversity management strategies on the efficiency of multinational companies, particularly those operating inside the setting of Rivers State.

### **1.1 Statement of the Problem**

The poor level in the harmony and cohesion has contributed to outcomes of incoherence between units, poor collaboration between management and staff and in some cases conflicts and grievance with the organization. Such have a substantial negative effect on the performance and wellbeing of the organization (Ozoigbo & Chukuezi, 2011). This also extends to their relationship with various stakeholders within and outside the association and the extent to which these multinationals are able to collaborate and cooperate with these stakeholders in the pursuit of their goals and objectives. These issues have in a way negated the creativity, efficiency and levels of some of these multinationals, especially given expenses incurred in the settlement of conflicts and internal strive within the organizations (Ozoigbo & Chukuezi, 2011).

Akor (2001) argued that the majority of the issues of difference persist within organizations due to their cultural underpinnings. This is as Akor (2001) further noted that a good number of such diversity and the evidence of disparity in perceptions within and outside organizations can be traced to the cultural diversity prevalent within the groups. Therefore, culture factors such as cultural diversity become a robust conceptual platform on which this entire research will be based. This is as multinational corporations (MNCs) operating in developing markets such as those of Nigeria, face an assortment of perplexing and multifaceted difficulties. These difficulties go from organization specific, to country specific and global specific issues (Lindahl, 2006).

Ang *et al.*, (2007) argued that organizations with strong cultures perform better than those without. A solid culture is an organizational culture with an accord on the qualities that drive the organization and with a force that is conspicuous even to untouchables. A solid culture is deeply held and widely shared and is also highly resistant to change (Ang *et al.*, 2007). Canella *et al.*, (2008) says that despite the large number of studies on cultural diversity, the vast majority of these examinations have so far yielded inconsistent results, thus leading to a question of whether really diversity is advantageous for companies.

Based on the foregoing, this study offers a departure as it investigates the relationship

between cultural diversity management strategies and efficiency of multinational companies (MNCs) in Rivers State.

### **Aim and Objectives of the Study**

The aim of the study is to examine the connection between cultural diversity management strategies and efficiency of multinational firms in Rivers State. Specifically, the study shall seek to:

- Ascertain the relationship between investiture and efficiency of multinational firms in Rivers State.
- Investigate the relationship between assimilation and efficiency of multinational firms in Rivers State.
- Evaluate the relationship between divestiture and efficiency of multinational firms in Rivers State

### **Research Hypothesis**

**H<sub>01</sub>:** There is no significant relationship between investiture and efficiency of multinational firms in Rivers State.

**H<sub>02</sub>:** There is no significant relationship between assimilation and efficiency of multinational firms in Rivers State.

**H<sub>03</sub>:** Divestiture does not relate with efficiency of multinational firms in Rivers State.

## **2.0 Concept of Cultural Diversity Management Strategies**

Barak, (2001) while agreeing with the above opinion strongly noted that managing diversity ultimately requires managers with a vision of a workforce where individuals from the network can see themselves reflected and spoke to in the workforces that serve them. This suggests the workforce sufficiently reflects the segment organization of the bigger society; openings in procuring, remuneration, advancement, self-awareness, just as access to data and systems, are accessible to all representatives across employments and levels, as opposed to consumed by a couple. This suggests conventional isolation among work classifications, such as women in clerical and people of color in maintenance positions is avoided or redressed where it exists; every employee feels he or she is treated as a unique individual whose multiple identities and abilities are respected and appreciated for their potential contributions to the organization. In turn, employees see each other and themselves as valuable members of a working community, rather than as members of particular identity groups, but they are also comfortable with and proud of their identities, thus enjoying “being who they are” in the workplace; the right policies, systems and processes exist to ensure the agency’s ability to attract, retain and develop employees with diverse backgrounds and qualifications to maximize their contributions in achieving the mission and to enhance organizational performance”.

These conditions aptly define what Cox (2003) referred to as the multicultural organization which will be discussed elsewhere in our review. In this sense according to him the different culture which employees hold unto are made redundant to the degree that no one culture dominates the other. It suggests also the development of cultural synergy with a final product of a heterogeneous work force which will be better than the entirety of talents of the individual members (Kcllough & Naff, 2000). While theorizing on workforce diversity and the



imperatives of managing, (Fall, 2003) emphasized thus: “Managed effectively, diversity produced dividend and improves the bottom line. The dividend is created where diversity management adds bottom line value via improved commitment, performance, decision-making, problem solving, creativity and advancement. The profit is improved where the expense of poor or non-existent diversity management, for example, non-appearance, turnover and litigation are attenuated”.

Diversity management strategies vary extensively as earlier noted. Chevrier (2003) study multinational project teams and identify three strategies which managers adopt in order to reconcile cultural diversity within their teams. First, individual tolerance and poise might be applied by directors when confronted with cultural contrasts with the possibility that such contrasts are authentic and ought to be merely ignored. Second method for taking care of such differences is through trial and error processes coupled with personal relationship, where the parties engage in exploration activities with a view to understanding and making sense of each other's point of views.

## **2.1 Concept of Investiture**

At this juncture, it must be noted that frantic academic efforts have been made to underline cultural diversity management and at the same time bringing to the fore the different strategies for tapping into the positive outcomes of managing culturally diversity. All the same, Richard and Grimmes (2000) has cautioned against the choice of strategy considering the diversity types and the degree to which cultural diversity exist. Hofstede (1999) work on cultural dimension also gives support to Richard and Grimmer's position on diversity management strategy. They have anchored their argument on the premise of low and high diversity, national and regional cultural diversity. In any case, they failed to think emphatically on at what point does the low turns high or vice versa. However, this deficiency does not remove the substance of their argument in as much as diversity management strategy chosen reminisces positive outcome for organizations. How these cultural diversity management strategies affect performance constitutes our next point of review.

## **2.2 Concept of Assimilation**

Scholastic effort at managing diversity strategies and paradigm paved way for the valuing the diversity model of Finley-Nickelson (1999). Other contributions include Cox and Nickelson (1999); Thomas and Ely (2000); Baytos (2000); Mighty (2000); Niyi (2000). It has attracted such nomenclatures like learning and efficiency from Thomas and Ely, Synergy paradigm from Mighty. Unlike other culture diversity management paradigms, it is an all-embracing model that allows all members of the organization equal opportunities of recognition thereby offering opportunity for new strategies and systems for cooperation. Karen and Sarnmartino (2001) in their contribution towards creating and building cross cultural capabilities for global expansion have emphasized that diversity management is a strategic activity for senior managers and management who must manage interaction with employees, partners, customers, distributors, suppliers and government agents. They required cross-cultural skills to facilitate such interaction therefore proposed the social integration and cohesion paradigm as tool for diversity management. Essentially, their paradigm stressed openness to difference as the only way managers could build capabilities that are cross culturally oriented and motivating. Their work though hailed as offering opportunity for cross cultural interaction and re directing managers and

management thinking on diversity, the very intricate area of the structural acceptance at the lower level is yet to be addressed. This is especially the case in the face of managers who are glued to existing bureaucratic and organizational culture of restricting hierarchical interaction. In this guise, majority of the employee who should be primary beneficiaries of social integration would not be curtailed by structural discriminatory practices.

However, Okunoye (2001) paradigm attempts to engulf the inadequacies pointed out and posed by the works of Karen and others. He espoused the discriminate and fairness. His paradigm though departed from ideological leaning of others by emphasizing discrimination as first attempt, urgent a long run acceptance of the functionality of diversity. While one might not hurriedly discard of this approach to managing diversity as proposed by Okunoye, there is a seeming lack of commitment to its application as the short run or initial discriminatory approach may weaken the capability of minority groups and will not be willing to cooperate at a point where their cooperation is most required by managers.

### **2.3 Concept of Divestiture**

Ashforth and Saks (2004) have also noted that socialization as thought of Pelled (2005), promotes a heterogeneous organization that capitalizes on values and beliefs of others as a way of encouraging creativity in organization and mutual respect that removes emotional conflict among members. To ensure these outcomes, the divestiture strategy of McMillan and Pelled (2005) empowers the new comer to question their roles and situations as they experience negative social experience within the Organization which also means that there are no custodial orientation which will inhibit or limit worker socialization. The gains which range from innovation to several others will be discussed elsewhere in this review.

### **2.4 Concept of Organizational Performance**

Badaracco (2003) theorized on performance and refer to it as any recognized accomplishment. Thus 'performance' can refer to either the 'ends' (results) or the 'means' (actions) that previous decision and behaviours resulting to increase in profit and employee satisfaction. The evidence as represented here implies that performance visibility is expressed in established measures, parameters or indicators which may also vary either among organizations, industry, or individual employees. In essence, this evokes the major area of debate when performance of firms is put in the burner. Again, there has been a strong interest in identifying the features of high performing organizations. This interest has been fired by the produced the ends. Ends necessarily historic in nature reported. Means performance current processes at the time is, in effect, a later indication previous means performance. A performing organization is performance (e.g. profit) is because it occurs before being (e.g. production rate) describe of reporting. Ends performance of the science or otherwise of Ivan (2000) postulated that that which has, evidence of previous decision and behaviours resulting to increase in profit and employee satisfaction. The evidence as represented here implies that performance visibility is expressed in established measures, parameters or indicators which may also vary either among organizations, industry, or individual employees. In essence, this evokes the major area of debate when performance of firms is put in the burner. Again, there has been a strong interest in identifying the features of high performing organizations. This interest has been fired by the fast changes in the competitive environment of companies especially among multinationals forcing them to adapt faster to growing international demands for flexibility (Laudicina, 2005).

Izhevbyeya (2008) work on performance of MNCs was anchored on communicational patterns in the firms. He advanced strongly that improper communicational styles of the firm have resulted increased operational cost which in turn affects their overall performance. In our thinking this, singular dimension may not convey the required understanding; the reason being that, the valued operational cost will no doubt deplete profit, but do not represent overall performance indices of the firms.

## **2.5 Concept of Efficiency**

Efficiency according to Ghalayini (2004) is the degree to which the system utilized prescribed resources. It is simply a comparison between the assets expected to be devoured and the resources actually consumed in accomplishing specific goals, objectives and activities therefore, an input measure. Nwachukwu (2002) in his attempt at defining efficiency drew a distinction between the concept and effectiveness. In his thinking, efficiency involves “doing things right”, that is using resources wisely and with at least waste. However, one problem arising from those definitions of efficiency is that of measurability since the terms used in the definitions do not precisely give a quantitative colouring rather it takes both the qualitative and quantitative dimension. Most of the things required to be done right and resources (inputs) to be consumed are in the qualitative and quantitative forms respectively. Although, it must be clearly stated here that we are in this review giving a peripheral attention to the measurability debate in efficiency, we are inclined to the fact that efficiency as used must stress an objective and wise use of resources and minimizing waste. In other words the degree to which management of cultural diversity helps in cost reduction resulting from reduced resource wastage and qualitative approaches to carrying out tasks among employees is the focus of our efficiency discourse.

## **2.6 Theoretical framework**

### **2.6.1 Social Network Theory**

The social network theory (SNT) was propounded by Jacob Moreno in 1980, concerned with how individuals in a network are connected. Specifically, a network comprises of a lot of hubs that are associated by ties (Kilduff & Tsai, 2003) and these ties determine several important outcomes such as human relationships, information exchange, performance, transactional contents, etc. (Burt, 2005). Because of its ability to understand human behavior within social units, social network theory has been utilized in various academic fields. For instance, Nelson (1989) utilized social network theory to focus conflicts within organizations and found that high-conflict organizations have fewer numbers of frequent contacts than low-conflict organizations. Sparrowe, Liden and Kraimer (2001) analyzed the impact of social advice networks on individual and group performance and revealed that network centrality and hindrance network density were predictors of individual and group performance. Grabner-Krauter (2009) used social network theory to investigate individual's decision process of offering individual data to other individuals in an on-line social network and found that the job of trust is contributed in the decision process.

This theory is related to the study because while the theory is concerned with how individuals in a network are connected, the study is concerned with cultural diversity management strategies and efficiency of multinational corporations in Nigeria.

## **2.7 Empirical review**

Miebi (2014) examined the nature of relationship between workforce diversity management and corporate performance of manufacturing firms in Nigeria. Their specific objective was to establish the nature of relationship that exists between workforce diversity management and corporate performance in companies. The study adopted a population size of 200 employees with a sample size of 65 using Taro-yamen formulae. A cross-sectional survey research design was adopted, while PPMC with the aid of SPSS was used as the statistical tools for data analysis. SPSS result output shows that there is an insignificant and moderate relationship between assimilation and innovativeness in the organization with result of p-value (0.611) as against ( $p < .005$ ). This result shows that assimilation is a way to manage diversity, but more effort is required to increase innovativeness in the organization. The examination infers that since assimilation is a factor that enhances cultural diversity, it is important to improve on effective assimilation strategy. While the study recommends that managers of organization should increase their level of assimilation through communication to increase innovativeness among employees in the work place. This study is related to the present study because while the study by Miebi (2014) is concerned with the idea of the relationship that exist between workforce diversity management and corporate performances in companies, the present study is concerned with cultural diversity management strategies and organizational performance of multinational corporations. Hence, the study collaborates with the resources dependency theory which focuses on how the external resources of organization affect the performance of the organization.

In the midst of all the positive outcome of research results by scholars, there is a shadow of doubt as to ascertaining the relationship between cultural diversity and efficiency in Nigeria with dimensions and measures like investiture, assimilation, the research was conducted by Darwin and Palanisamy (2015) with a population size of 178 respondents using a cross-sectional survey research design, a simple percentages, frequencies and tables with chi-square were used as the statistical tools for data analysis. The result shows that there is an insignificant relationship between cultural diversity and organizational performance with the chi-square result of 0.041. The findings shows that cultural diversity is paramount in the organization and significant effort must be made by management to maximize it potentials for organizational goals. The examination reasons that cultural diversity management is necessary if organizations want to maximize its potentials in performing optimally. This study collaborates with social network theory which stressed organizational members interaction based on the contractual relationship.

## **3.0 Methodology**

### **3.1 Research Design**

This study adopted a cross-sectional survey design and data generated through self-administered structured copies of questionnaire described personally to the target organizations of interest. This design is chosen as a result of the nature and characteristics of the study, which primarily engaged social phenomena concerned with human interactions and organizational activities. This included the determination of knowledge and the views of various social units and actors within the specified context as regards the manifestation of the variables: cultural diversity and efficiency.

### **3.2 Population of the Study**

The accessible population for this study comprised a total of 77 top level personnel where (top

level managers = 14, and middle level managers = 63 drawn from the regional offices of the 6 multinational oil and gas firms in Rivers State formed the population of the study. Presented in table 1 is the distribution of the population and the list of the 6 multinational companies.

**Table 1 Population for the study/Sample Population**

<b>Multinational Companies</b>	<b>Top level Managers</b>	<b>Middle level Managers</b>	<b>Total</b>
SPDC	2	12	14
Agip	3	15	18
Chevron	3	11	14
Mobil	2	8	10
Elf	2	8	10
Saipem Drilling	2	9	11
<b>Total</b>	<b>14</b>	<b>63</b>	<b>77</b>

*Source: Researchers Field Survey, 2019.*

This study therefore utilized the census study, we means that there wasn't any need determining sample size. The population here will be adopted as the sample size.

### **3.3 Method of Data Analysis**

The hypotheses were tested using inferential tools such as the Spearman's rank order correlation coefficient. This choice of data analysis tools in the test for hypotheses are utilized based on their noted flexibility for both linear and non-linear distributions (Neuman, 2006)

### **4.0 Result and Discussions**

A total of 77 copies of questionnaire were administered, however, only 70 copies were retrieved from the companies. This was as a result of the unavailability of some of the participants during the fixed day for retrieval and the inability of some to complete their copies as a result of busy work schedules. Copies retrieved were thereafter cross-checked for errors and blank sections.

The results for the bivariate analysis of the relationship between the dimensions of cultural diversity management strategies and efficiency is presented in this section. The tests (two-tailed) were carried out at a 95% confidence interval using the Spearman's rank order correlation coefficient. The hypotheses examined the effects and influence of three dimensions of cultural diversity management strategies (investiture, assimilation, divestiture) on efficiency. The  $P < 0.05$  critical region is adopted as the decision rule in the acceptance (where  $P > 0.05$ ) or rejection ( $P < 0.05$ ) of the null hypotheses.

**Table 2: Investiture and efficiency**

		Investiture	Efficiency
Spearman's rho	Correlation Coefficient	1.000	.405**
	Investiture Sig. (2-tailed)	.	.000
	N	70	70
	Correlation Coefficient	.405**	1.000
	Efficiency Sig. (2-tailed)	.000	.
	N	70	70

Source: Survey data, 2019

The result for the relationship between investiture and efficiency reveals that investiture is significantly associated with efficiency (where  $\rho = .442$  and  $P = 0.000$ ), furthermore, the relationship between investiture and efficiency is also observed to be significant (where  $\rho = .405$  and  $P = 0.000$ ). The results indicate that at a significance level of  $P < 0.05$  and thus based on the decision rule for acceptance (where  $P > 0.05$ ) or rejection ( $P < 0.05$ ) of the null hypotheses; the evidence of the analysis indicates that investiture is significantly associated with efficiency.

**Table 3: Assimilation and efficiency**

		Assimilate	Efficiency
Spearman's rho	Correlation Coefficient	1.000	.557**
	Assimilate Sig. (2-tailed)	.	.000
	N	70	70
	Correlation Coefficient	.557**	1.000
	Efficiency Sig. (2-tailed)	.000	.
	N	70	70

Source: Survey data, 2019

The result for the relationship between assimilation and efficiency is observed to be significant (where  $\rho = .557$  and  $P = 0.000$ ). The results indicate that at a significance level of  $P < 0.05$  and thus based on the decision rule for acceptance (where  $P > 0.05$ ) or rejection ( $P < 0.05$ ) of the null hypotheses; the evidence of the analysis indicates that assimilation is significantly associated with efficiency.

**Table 4: Divestiture and Efficiency**

			Divestiture	Efficiency
Spearman's rho	Divestiture	Correlation Coefficient	1.000	.645**
		Sig. (2-tailed)	.	.000
		N	70	70
	Creativity	Correlation Coefficient	.669**	.536**
		Sig. (2-tailed)	.000	.000
		N	70	70
	Efficiency	Correlation Coefficient	.645**	1.000
		Sig. (2-tailed)	.000	.
		N	70	70

Source: Survey data, 2019

The result for the relationship between divestiture and efficiency is observed to be significant (where  $\rho = .645$  and  $P = 0.000$ ). The results indicate that at a significance level of  $P < 0.05$  and thus based on the decision rule for acceptance (where  $P > 0.05$ ) or rejection ( $P < 0.05$ ) of the null hypotheses; the evidence of the analysis indicates that divestiture is significantly associated with efficiency.

### Discussion of the Findings

In this section of the study, the findings are discussed in line with the models and empirical positions offered by previous studies.

### Investiture contributes significantly towards the efficiency of multinational firms in Rivers State

Investiture is revealed to impact on efficiency of multinational firms in Rivers State. In the context of the theory provided by Olmeclo (2004), the tactics of cultural diversity management involves various ways of structuring experiences transmitted by members of the organization to the newly hired workers with different cultural backgrounds when taking their job roles. The investiture strategy of cultural diversity management can be chosen in a conscious and planned manner by the company management, e.g. requiring all new employees to attend formal sessions, training meetings or orientation programs before they take their specific job roles. These are formal forms of investiture include clear, pre-defined and formalized programs and activities aimed at introducing new employees to the business, their integration into the organization and their training for doing their jobs in a successful manner. In case of the investiture of managers

and other professional staff, these programs have become almost inevitable (Richard & Grimmes, 2000; Chatman, 2003).

**Assimilation has a significant impact on efficiency of multinational firms in Rivers State**

Evidence shows that assimilation significantly impacts on efficiency of the multinational firms in Rivers State. Adler (2000) found that the assimilation variables strongly predicted job satisfaction. In other words, employees were satisfied with their jobs when they perceived that their training, understanding of the company, support from co-workers, and future job prospects within the company were adequate. In the same vein, it was noted that assimilation contributes towards organizational identification which describes a motivation originating from an individual's membership in an organization to act on behalf of the group because the membership maintains and enhances part of their self-concept (Nivi, 2000). That is to say, an employee practicing member identification considers their organization's wellbeing when making work-related decisions because the act preserves and builds up their own image of themselves. Organizational identification is an important assimilation outcome because it denotes a member's affective connection to their organization and which can also lead to improved organizational performance. Within organizations, identification is an ongoing process for employees that is linked to work attitudes and other outcomes such as job satisfaction, role orientation, performance, employee interaction, length of service (Tatli, 2005), and citizenship behaviours (Baytos, 2000). Limited research specifies that there is a stronger correlation between identification and organizational performance (Mighty, 2000) and assimilation is mediated by a member's ability and willingness to identify with their organization (Kirton & Green, 2006).

**Divestiture significantly impacts on efficiency of multinational firms in Rivers State**

Divestiture is revealed in the analysis to significantly impact on efficiency of multinational firms in Rivers State. Work unit peers also are potential positive supportive influences for workers and the process of divestiture because they provide access to resources and social acceptance, which represent forms of favourable and supportive treatment and may lead to positive views of the organization (Chatman, 2003). Consequently, positive perceptions of organizations can be fostered through consistent and productive communication, and these perceptions create and maintain mutual trusting employment relationships over time (Louis, 2000). Conversely, if these communication opportunities are low, it may lead to a disconnected workforce and an absence of trusting relationships (Zureher, 1999). Thus, perceived organizational support is inherently a communication variable as it denotes an exchange relationship between new employees and seasoned organizational members, where they both gain knowledge about one another, the organization's culture and outside experiences. For instance, perceptions of support from an organization or colleague can be facilitated through communication. Also, messages exchanged with newcomers allow current employees to make sense or better prepare for the new team member (Chatman, 2003). As such, without a structured process of communication between newcomers and current incumbents inherent in structured socialization, perceived organizational support can suffer because communication helps newcomers manage relationships, understand performance expectations, and feel supported (Chatman, 2003). Hence, the communicative opportunities that a structured divestiture program offers should positively affect perceived organizational support.



## 5.0 Conclusion

The finding from our analysis reveals a significant correlation between cultural diversity strategies and efficiency. The analysis also showed that practices related to cultural diversity strategies (investiture, divestiture and assimilation) were substantial and well appreciated by participants in the respective organization. Therefore, based on these observations and the results of the hypotheses which revealed significant associations between both variables; the following assertions and conclusions are hereby proffered:

- i. That the practice of investiture enhances their relationship with workers within the organization and also affords them sound supportive grounds upon which they become more aware and are able to improve the efficiency of multinational companies in Rivers State.
- ii. Assimilation has a substantial impact on the features of workplace relationships and the level of correspondence between groups within the organization; thereby contributing towards the efficiency of multinational firms in Rivers State.
- iii. Divestiture contributes towards the recognition and involvement of various groups within the organization; hence, it has a substantial influence on efficiency of multinational firms in Rivers State

## 5.1 Practical Implications

Based on the summary and conclusion above, the following recommendations are proffered:

- i. Organizations should develop structures that support and facilitate investiture within their workplace in a manner that facilitates and drives the learning and value alignment of groups within the organization
- ii. Assimilation policies should aim at driving the harmonization of individual goals and orientations with those of the organization through clearly defined processes and practices that are flexible, reflexive and well structured.
- iii. Divestiture should be emphasized using policies and programs designed to drive its appreciation within the organization in a manner that is healthy and which is supportive of group cohesion and collaboration within the workplace

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# Knowledge Gap: A Panacea for Conducting Research and Theory Building

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**Abstract:** Knowledge play key role in giving meaning to the world we live through the conscious activities of individuals as a reflective process to progressive problem solving. However, the paper focused on knowledge gap as a panacea for conducting research that aid in knowledge building especially in the behavioral research setting. Nevertheless, it argued that research is not just about data collection but an interpretation of facts that give credence to theory building through the process of closing identified gaps in literatures therefore, such theory must be capable of dealing with issues of applicability which are emancipatory to identifying key hidden choices surfaced to inform human inquiry. It concluded that closing the identified gaps only becomes relevant when its outcome contribute to the body of knowledge by making salient epistemic claims. These claims must be subjected to human inquiry and as such add value to knowledge by explicitly expressing views on the very nature of evidence and how it should be investigated with rigorous methodological standard that would be justifiable.

**Keywords:** Contradictory evidence, experiential knowledge, knowledge claim, skill knowledge, theory building

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## INTRODUCTION

Knowledge plays key role in giving meaning to the world we live through the process of knowing which contributes to the construction of our conceptual system (Bratianu, 2010). Hence, the knowing process is specific to human and knowledge is its outcome which is subject to human inquiry (Bolisani & Bratianu, 2018). However, considering the challenges facing mankind and his environment, the quest for knowledge building becomes inevitable and in meeting this knowledge need, certain gaps need to be bridge. The relevance of bridging or addressing these identified gaps supports in recognizing the importance in theory building. The knowledge gap concept was first conceptualized by Tichenor, Donohue and Olien in 1970 as an infusion of mass media effect into social system which they believed influences individual's ability to access information that gives rise to a gap in knowledge. These inequalities resulting from socioeconomic status brought about a gap in knowledge (Gaziano, 2017).

However, the contention in this paper is shifting ground to a more reflective process of progressive problem solving geared towards addressing critical issues that tends to build or test theory since research is not just about data collection, arrangement and classification of information but data interpretation (Dissanayake, 2013; Uyangoda, 2011) that give credence to

theory building through the process of motivating researchers to bridge identified gap (Muller-Bloch & Kranz, 2015). Hence, the question of knowledge void, theory application void, contradictory evidence, evaluation void, methodological and action knowledge conflict, becomes the focal point of this paper considering the paucity of research in the behavioral sciences that tend to address knowledge gap as the basis for conducting research and theory building.

### **Concept of Knowledge**

The concept “Knowledge” is universal and has drawn scholarly attention from philosophers, psychologist, social scientists, etc. Knowledge is an expressive tool to make salient epistemic claims within a social space that is subject to human inquiry (Bolisani & Bratianu, 2018; Vega-Encabo, 2016). However, knowledge is not an object but a field of force that involves the process of knowing and understanding the social world and the phenomena around it. The concept as seen in Gaziano (2017) is an information gained and remembered through the process of learning. Wang and Noe (2010) perceived knowledge to be information processed by individuals in the forms of ideas, judgment, facts and expertise relevant for organization and individual performance. Also Coker and Macaulay (2019) view knowledge as an embodiment of learned behaviour built upon careful observation of phenomenon, factual information, stored data and or skills acquired through practice and education.

However, the concept of knowledge cannot be totally understood without the epistemological assumptions that concerns the very bases of knowledge which involves its nature and forms, how it can be acquired and communicated to others (Louis, Lawrence & Keith, 2007; Burrell & Morgan, 1979). Nevertheless, knowledge presupposes consciousness which is basic to epistemology and knowledge starting point (Omogbe, 2009), which is certain and stable. Therefore, in giving meaning to the concept of knowledge, consciousness which is a fundamental activity that takes place in the mind must be included in the definition, considering the thinking activities, knowing, learning, listening, imagination, feeling, etc, that are embedded in the human mind. Although, we are not deviating totally from Coker and Macaulay definition above but in a nutshell, this study view knowledge as an embodiment of information gained via learned behaviour and conscious activities acquired through educational practice which is a reflective awareness of our experience (that is usable in solving or addressing contemporary issue(s)). Based on the definition, the study adopts Dombrowski, Rotenberg and Bick (2013) three categorization of knowledge (experiential, skill and knowledge claim) for the purpose of justification.

### **Knowledge Categorization**

Knowledge as an integrative concept has three basic categorization as posited by Dombrowski, et al., (2013) which include skill, experiential and knowledge claim. The categorizations are interconnected with each other but seemingly with different unique features (Bolisani & Bratianu, 2018). Nevertheless, they encompasses both the individual and organizational level which are fundamental to knowledge manifestation in different ways through continuous interaction with the environment that support in developing conscious cognition via direct interface with the environment which consist in reflection. However, it is rooted in the sensory system which when processed is open to abstract considerations (Bolisani & Bratianu, 2018).

The experiential knowledge is personal acquired knowledge through direct interface with the environment obtained via the sensory system and processed by the brain (Dombrowski, et al.,

2013; Bolisani & Bratianu, 2018). Individual perspectives of viewing things around their vicinity tends to influence their interpretations of phenomenon around them such that it creates a powerful interaction between their emotional, spiritual and rational knowledge, considering the fact that their entire body system and the mind are actively involved in the participative process (Bratianu, 2015).

Knowledge claims are what we know that exist in our cognition without the use of conscious rational process that enable individuals to learn from each other as well build shared knowledge (Bolisani & Bratianu, 2015; Dombrowski, et al., 2013). The skill knowledge is a procedural kind of knowledge that is action oriented and well-structured by performing a task unconsciously in a repeated manner. It is all about performing an assigned task in accordance with a given procedure that enable individuals to recognize a pattern as well build mental model via experience (Klein, 2003).

### **Knowledge Gap**

Several studies conducted, aim to bridge identified gaps in knowledge (Gaziano, 2017) and how these gaps are bridged is fundamental to theory building and or extension. However, the knowledge gap conceptualization was born out of the field of mass communication as an infusion of mass media information into social systems where individuals of higher socioeconomic status have access to information than those of lower socioeconomic status (Tichenor, Donohue & Olien, 1970) such that the gaps between these segments tend to increase rather than decrease. Though, Bonfadelli (2002) in contention with the above, asserted that the gaps between these segments is as a result of some causal mechanisms for the effect of media on knowledge which he latter attribute to media structure, selective use, poor knowledge, acceptance and storage of information. Nevertheless, Gaziano (2017) viewed the concept (Knowledge gap) from two distinct partway such as awareness of an issue and in-depth information where the former hinges on the Minnesota team categorization of lower and higher socioeconomic status access to information and the latter holds on an in-depth knowledge of an information in relation to issues, causes and solutions.

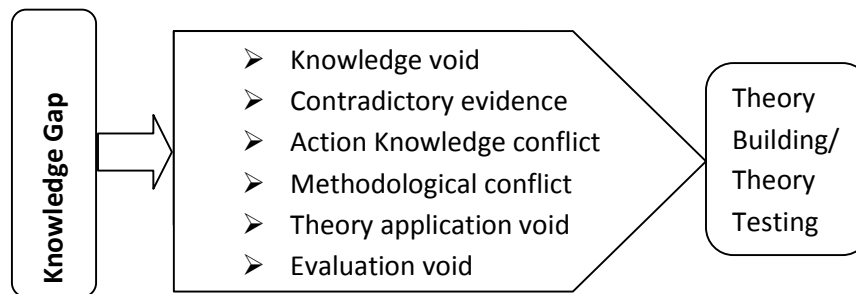
However, in the context of this paper, knowledge gap is shifting ground from the awareness issue of the Minnesota team to that of an in-depth knowledge of information that would inevitably add value to the body of knowledge. Thus, the goal of motivating researchers to bridge these gaps should identify critical issues in knowledge (Webster & Watson, 2002) that would express certain views on the nature of evidence and how it should be investigated with rigorous methodological standards that stand to be justifiable. Hence, Muller-Bloch and Kranz (2015) hold the starting point for research to begin with the identification of gap in knowledge. This gap according to Robinson, Saldanha and McKoy (2011) arises when an individual ability to draw conclusions is inadequate and narrow. Perhaps, this could be the reason why Jacobs (2011) call for resolution and action when there is a gap in information that requires researchers to resolve amidst inherent differences in information through new knowledge generation and theory introduction. However, Muller-Bloch and Kranz (2015) noted that research gap arises due to a gap in some set of information that is derived from literature synthesis that requires further investigation to resolve though recognizing other sources of knowledge gap identification other than literature synthesis is equally feasible.

### Knowledge gap identification and theory building

In an attempt to create new knowledge, research gap set the foundation for scholars to explore knowledge which is believed to be attainable through rigorous literature synthesis (Dissanayake, 2013; Robinson, et al, 2011). However, the review must be required to meet certain rigorous methodological standards of reproducibility by identifying research gaps (Rowe, 2014; Hart, 2009; Cooper, 1998) where problems must be derived by means of the review of literatures (Jacobs, 2011). Hence, the gap arises where there is paucity of information derived from the said literature synthesis and require further investigation to bridge (Muller-Bloch &Kranz, 2015). Nevertheless, in deepening our understanding of how these gaps may be identified aid in theory building which sets the template for new knowledge creation.

Perhaps, this is why Jacobs (2011) came up with the six forms of identifying research problems which include theoretical conflict, provocative exception, methodological conflict, knowledge void, contradictory evidence and action knowledge conflict. In contention with Jacobs (2011); Muller-Bloch and Kranz (2015) argued while refining their characterization of research problem in order to cause theoretical penetration expunge provocative exception and theoretical conflict due to their lack of support and identification. The current paper in an attempt to set a clear template for theory building synthesizes contradictory evidence, knowledge void, action knowledge conflict, methodological conflict, theory application void and evaluation void as the bases for theory building in behavioral research settings. It is believed that synthesizing the various constructs in a model could give rise to theory building in the behavioral sciences.

### Knowledge gap and theory building model for behavioral science research



**Sources:** *Researchers' conceptualization adapted from Muller-Bloch and Kranz, 2015; Jacobs 2011.*

According to Muller-Bloch and Kranz (2015) knowledge void result in a situation where desired research findings do not exist and as such pave way for new research in such area in order to close the void. However, Jacobs (2011) contended that knowledge void emanates in two distinct settings where the first instance results in a situation where knowledge is limited or may not exist in a particular field of research and as such require scholars to explore from related domain in order to close the void. The second results in the discrepancy in a study outcome from its expected result thereby motivating researchers to delve into such direction in order to build new knowledge base.

Contradictory evidence allows for conclusions in their own right but is contradictory when examined from a more abstract point of view. Coker and Macauley (2019) in this view, opines that contradictory evidence gap entails contradiction in thought regarding to the findings



of a previous research which could be misleading. Hence, an interrogatory approach on the contradictory evidence found in literature synthesis set the base for theory extension or building.

Knowledge conflict arises when professional behaviour and practice deviate from a research outcome or outside the research scope (Muller-Bloch & Kranz, 2015). The research in this context could seek to uncover the reason behind this deviation in behaviour in order to bridge the differences. In the case of variation of research methods, methodological conflict tends to arise in order to generate new insights or avoid distorted findings of previous research outcome. Coker and Macaulay (2019) perceived this gap to offer new line of inquiry and method in order to draw conclusion on issues that have been over researched.

In order to generate new insights into the body of knowledge, theory application becomes useful and relevant for improved action and practical problem solving (Lynham, 2000) since this application makes the practical world become an essential source of knowledge and experience for ongoing development and because theory is never complete, it becomes expedient to continually refine and develop it to avoid theoretical application void (Muller-Bloch & Kranz, 2015; Lynham, 2002).

The evaluation void is an up sooth of Muller-Bloch and Kranz (2015) developmental framework for the identification of research gaps. According to them, an evaluation void occurs when a research findings need to be evaluated or verified empirically which they believed can be done through rigorous studies challenging or confirming the notion before such assumption could be generalized or warranted to add to knowledge.

## **CONCLUSION**

There is a universally acclaimed fact that research is basically conducted on the basis of two standpoints i.e., practical problem solving and or filling identified gaps in knowledge. These standpoints give rise to the fact that individuals would always seek to universally understand the social world and the phenomenon around its environment in order to give meaning to human life. In an attempt to give this meaning, knowledge acquisition becomes relevant as it pave way for researchers to uncover(create) new knowledge through rigorous mental exploration which sets the foundational framework for analysis as well facilitates the efficient development needed for the applicability to practical real world situation. Nevertheless, identified gaps in knowledge stand to be the basis for conducting research in most field of human enquiry which we believe supports in theory building and or extension. Hence, these theory building must be capable of dealing with issues of applications which are emancipatory through the process of identifying potential hidden choices surfaced to inform human inquiry.

However, the study's position concludes that knowledge gap becomes meaningful to scholars and academia when its outcome contributes immensely to the body of knowledge by making salient epistemic claims. These claims must be subjected to human investigations and invariably add value by identifying critical issues in knowledge that would explicitly express views on the very nature of evidence and how it should be investigated with rigorous methodological approach that would be justifiable

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# Online Saring and Customer Engagement of Deposit Money Banks in Port Harcourt

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**Abstract:** *This study explored the link between online sharing and customer engagement of deposit money banks in Port Harcourt. The study adopted a descriptive research design and collected data from respondents using a structured questionnaire. The Spearman's Rank Order Correlation served as the test statistic relying on SPSS version 21.0. The study observed that there is a significant relationship between interaction and customer satisfaction. There is a significant relationship between interaction and advocacy. The study also found a significant relationship between credibility and customer satisfaction and a significant relationship between credibility and advocacy. The study concludes that, there is a significant relationship between online sharing and customer engagement. Based on the conclusion, it was recommends that deposit money banks interactivity in online should crops up friendly relationship among customers, deeper relationship building and connections between the online consumers and the firm; and ensure the credibility of information before sharing it online.*

**Keywords:** *Online Sharing, Customer Engagement, Interaction, Credibility, Customer Satisfaction, Advocacy*

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## INTRODUCTION

The dynamic nature of the contemporary environment, the quickly evolving value requirements of customers and the activities of competitors has created the need for firms to harness viable means to engage potential and existing customers with the company's value offerings. Online sharing has been a viable means for organizations to communicate and share media of their offering like videos, music, photos, news, text, information, among others to prospects and existing customers. Sharing value of organization's offering online depend on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss and modify user-generated online (Kaplan & Haenlein, 2010) . It creates imperative and all-encompassing changes in interaction between organizations, communities and individuals (Self, 2009).

Customer engagement according to Van Doorn, Lemon, Mittal, Nass, Pick, Pirner and Verhoef (2010), is the behavioral manifestation of customers towards a brand or a firm, beyond purchase, resulting from motivational drivers, including word-of-mouth activities, recommendations, helping other customers, blogging and writing reviews. Premise on this, it is imperative for the money deposit banks in general to leverage on online sharing as an effective way to connect with their customer's and builds brands. However, money deposit banks in Port Harcourt seems not to have consider the link between online sharing and customer engagement, the banks are yet to know the possible

impact online sharing will have on customer engagement activities like getting in touch with customer and engage them to have a full insight about their perception and building brand loyalty. Customers are very curious especially on information about banks service and the value of their financial service offering and satisfaction of their curiosity at a finger tips makes them feel appreciated as customer and becomes loyal. Based on this, the study examined online sharing and customer engagement of money deposit banks in Port Harcourt.

This study is built on the assumptions conceptualized below



**Figure 1:** Conceptual Framework of the Relationship between Online Sharing and Customer Engagement

**Source:** The study dimensions adapted from Mohammad and Jan (2015). The measures adapted from Sashi (2012).

### Objectives of the Study

This study explored the link between online sharing and customer engagement of deposit money banks in Port Harcourt. The specific objectives were to:

1. Examine the relationship between interaction and customer engagement of deposit money banks in Port Harcourt.
2. Ascertain the relationship between credibility and customer engagement of deposit money banks in Port Harcourt.

### Research Questions

The following research questions were raised to guide the study

1. What is the relationship between interaction and customer engagement of deposit money banks in Port Harcourt?
2. What is the relationship between credibility and customer engagement of deposit money banks in Port Harcourt?

### Research Hypotheses

This study proposed that:

- H<sub>01</sub>:** Interaction does not significantly relate with customer satisfaction of deposit money banks in Rivers State.
- H<sub>02</sub>:** Interaction has no significant relationship with customer advocacy of deposit money banks in Rivers State.
- H<sub>03</sub>:** Credibility does not significantly relate with customer satisfaction of deposit money banks in Rivers State.

**H<sub>04</sub>:** There is no significant relationship between credibility and customer advocacy of deposit money banks in Rivers State.

## **LITERATURE REVIEW**

### **Theoretical Framework**

Extant literature on online sharing reveals that, there are series of theories behind its practices. The current study however, adopted symbolic Interactionism theory.

### **Symbolic Interactionism Theory**

Symbolic Interactionism theory as stated by Mead is used for describing the methods in which people give shape to their individuality and authenticate the informal norms by interacting with other individuals. There has been constant change in the methods through which people interact with each other. But this theory has stood the test of time and is even applicable in the modern world of interaction using the online media (Arun, 2016). If the theory pertaining to symbolic Interactionism is applied on online sharing, then it can be postulated that, the users present in the communities online form their individuality and offer a large sphere in establishment of correlation. This theory is important as it helps in examining how online sharing affects customer engagement.

The Theory pertaining to Symbolic Interactionism comprises of three basic principles, which narrates as to how individuals interact among themselves by the use of language, meaning and their thoughts for creation of their self (Mishra, Narendra, Kumar & Sharma, 2012; Arun, 2016). Interactions are considered to be the focal point in the development of an individual's social identity and associate functions as per the norms and the values. The method and technique that an individual uses for working with other individuals is based on the sense that the individual has allocated on the various relations. The language is considered to be a medium, which is used for the assigning the meaning. The language is used for allocating a specific sense of perception for anything. Perception based on inference of the language can either be positive in nature or negative in nature.

The thought process is the final step, which arises during the deciphering of the language and their associated perception. It has been stated that at the point of time when the three basic principles of language, meaning and thought arises, that is an indication of the formation of "self" within an individual in the community (Jones & Putten, 2008; Arun, 2016). This theory by Mead was presented before the advent of the web or the internet. Although the principles of the theory is very much applicable to the interactions that are taking place by the use of social media marketing. For example, an analysis of a Facebook page based on the principles by Mead will help us in understanding the process of creation of the "self". The theory of Symbolic Interactionism has a major role in the formation of the profiles that are seen on Facebook and also is involved in the methods that helps an individual on social media marketing to discover their own identity while interaction over the internet (Arun, 2016).

### **Concept of Online Sharing**

Online sharing is the extent, to which an individual exchanges, distributes and receives online in a social media setting (Mohammad & Jan, 2015). Organizations will only succeed attracting and engaging customer to their online page by regularly sharing relevant online. To achieve customer

engagement, it is not enough to create social media pages but they must put up relevant online on the social media pages like pictures, video clips, and posts on how to use their products or services amongst others (Adeola, 2019). Sharing express behavioral and/or cognitive engagement elements as consumers contribute with information, knowledge and experiences (Brodie et al., 2013). Online sharing has been of interest to marketing research as it is stressed for its positive outcomes in aligning a firm's value proposition to the consumers by enhancing the customer value (Wasko & Faraj, 2005; Eric & Lars 2015; Erat *et al.*, 2006; Thomke & Von Hippel, 2002). Online sharing allows current and potential customers to comment about their experience or expectations. The received comments will be dependent on their kind of information provided about the brand. Social media has given customers the opportunity to express their experience either positive or negative, therefore it is important to understanding what the customers want and let it reflect in the product or service (Gingiss, 2017).

An example of sharing includes customers posting online in social media not intended by the firm (Jaakkola & Alexander, 2014). The sub-process of sharing could be viewed as a central element of participation of a firm and its current and potential customers (Vivek, Betty, & Morgan, 2012; Eric & Lars 2015). The importance of sharing can also be stressed in relation to other aspects of customer engagement as integration of customer resources is argued to affect firms' offerings and the value co-creation process (Jaakkola & Alexander, 2014). Also, sharing between multiple actors is important if leveraging the perspective into a network orientation because of its role in the mutually beneficial resource integration (Lusch & Vargo, 2014; Lusch, Vargo & Tanniru, 2010; Maglio & Spohrer, 2008; Eric & Lars 2015).

The success of individual or organizations lies on the ability of the person or company to together and process large volume of data interprets and communicate same for proper business management (Valos *et al.*, 2016). In the communication of value; products and services in all the social media platforms-Facebook, Instagram, Twitter, YouTube, Google+ etc, online sharing is what is used to explain the products or service characteristics to the online customers. All the players in the media are expected to communicate or receive the same online in other to close sales (Huotari *et al.*, 2015). The understanding between the firm representatives and the online customers is made possible with the help of proper online sharing. Whether a business is engaging with customers online or offline, online sharing is very prominent.

Gingiss (2017), posit that customer have expectations about company's brand and if they are able to meet the expectation of their customer will determines whether they will share their experience positively using social media. For instance, if brand exceeds expectations, customers are happy, satisfy and their willingness to share their experience in social media is high and vice-versa. According to Kotler *et al.* (2017), online sharing is a continuous process that requires consistency. It has no start and end dates, and business owners should continue to build his/her capability or consider acquiring the online from external sources. The easiest way as suggested by Kotler *et al.* (2017) that would be to outsource online sharing to professional online producers such as journalist, scriptwriters, animators and videographers. In addition to putting up online, it is important to respond to queries on your social media pages to create a sense of product ownership in the mind of the customers and doing all these will go a long way in establishing relationship and customer engagement (Adeola, 2019).

According to Mohammad & Jan (2015), there are five dimensions of online sharing, which means these five things are required to create connections with consumers or to build traffic to company websites. These include; online community, interaction, online credibility and

accessibility. On this premise, interaction and credibility are adopted as dimensions for this study.

### **Interaction**

Interaction in online brings about knowledge and information sharing among users; individuals and business organizations (Hudson *et al*, 2015). Interactivity in online should crops up friendly relationship among customers, deeper relationship building and connections between the online consumers and the firm (Cook & Rice, 2014). Interactivity can be defined as the degree to which two or more communication parties can act on each other on the communication medium and on the messages, and the degree to which such actions are synchronized (Liu & Shrum, 2002). A brand post with only text is not interactive; where as a link to a website is interactive, because users can click on it (Fortin & Dholakia, 2005).

Interaction is widely regarded as an essential factor in determining a variety of affective and behavioural outcomes such as satisfaction, attitude, decision making and involvement (Coyle & Thorson, 2001; Fortin & Dholakia, 2005; Stewart & Pavlou, 2002). Hence, information presented with a high degree of interactivity generates a high level of online engagement. Social networking sites enable greater interaction with the online community through broadcasting up-to-date; consumer relevant information (Fischer, & Reuber, 2011). Social media has torn down the technical limitations, enabling real time interactions worldwide more frequently, faster with richer online and multi-media formats. Social media provides a platform to interact with significantly large groups to co-create value (Sashi, 2012). The revolutionary change of social media is that the control of communication is shifted from companies to customers (PwC, 2012).

Social media are an active and interactive platform that helps the engagement between people or organization and the customers in the online environment. Thus, many large advertisers are shifting their advertising budgets away from network television in favour of more targeted, cost effective, interactive and engaging media". A social media platform engages with the users and has this exceptional characteristic of interactivity unlike the traditional media of communication (Kotler & Armstrong, 2008). Customers are no longer silent recipient in the exchange of goods and services. In today's business, consumers are seen playing prominent and active role in co-creating everything in the marketing exchange process; from manufacturing and design promotion and distribution (Hanna, Rohm & Crittenden, 2011). It is pertinent to note that "the rise in interactive digital media has catapulted company and consumer contact from the traditional web 1.0 model to highly interactive web 2.0 world, where consumers are dictating the nature, extent and context and of marketing exchanges". It is laudable to note that, customers make use of social media not for the sole aim of buying goods and services, customers leverage the online platform also to interact with the companies they buy from and their fellow customers for advice and exchange of valuable information, relating to the product or service offerings (Hanna, Rohn & Crittenden, 2011; Garretson, 2008). Online sharing engages customers in a rich, reasonable and interactive dialogue. Online sharing drives modern day business by connecting and interacting customers, companies and the marketing online through social media platforms. Social media platforms provide the tools necessary for the company-consumer interactive exchanges. Digital media helps users to communicate, interact and share information in real time (Shipps & Philips, 2013).

"This information sharing can be seen in ever increasing numbers in online virtual communities such as social networks". An important factor in customer interaction with the



social media platforms is that, level of interaction and usage of the platform determines the level of customer satisfaction. The implication is that, the social media platforms on the websites should be designed in a way that it is highly active and interactive with fashionable tools. This will make user stay on and play with the website, interact with the company and other users. Thus, a website that is active and interactive will lead to user satisfaction (Shipps & Philips, 2013; Clegg, 2000). Interactivity by firms and customer has made business to be effective both at the instance of the individual users or the organizational user. Information is shared among the community in a cost effective manner. Businesses now save enough money in executing business activities in the areas of marketing, advertising, sales, customer service etc by leveraging social media platforms. Some organizations in the product or services sectors, report more efficient and effective information sharing through online interactions, they are able to respond and quickly communicate and share information with others' namely, manufacturers, wholesalers, retailers, distributor, suppliers and end users (Hudson *et al.*, 2015).

### **Credibility**

Credibility is all about delivering a firms' message clearly to the people, establishing credibility for what it says or do, connecting emotionally with its target audience, motivating the buyer and generating loyal customers. Credibility refers to the believability of information, which treats credibility as a receiver-based construct and emphasizes a subjective judgment and perception on the part of a receiver concerning accuracy, reliability, currency and comprehensiveness of the information (Fogg & Tseng, 1999; Rieh & Danielson, 2007). Source credibility is defined as "judgments made by a perceiver concerning the believability of a communicator", which is the most widely studied area for credibility (O'Keefe, 1990:130-131). Message credibility examines message characteristics, such as its structure, online, and language intensity, impact perceptions of believability (Metzger *et al.*, 2003). Moreover, media credibility is concerned about technology and structural features of a medium channel in influencing perceptions of believability (Metzger *et al.*, 2003; O'Keefe, 1990: 130-131).

All of these conceptualizations focus on judgments, characteristics, online, and attitudes. Credibility research has placed emphasis on the characteristics of the source as the concept of credibility that rests largely on "the trustworthiness and expertise of the source or messages" (Metzger & Flanagin, 2015:446). Thus, this set of studies focuses on source credibility and explores how online users perceive credibility from different sources that are empowered by certain social media affordances during risk situations. Thus, starting with the belief that the public has the same goals online that they would have in face-to-face communication during a crisis, a central focus of this set of studies is on the relationship between media affordances and credibility.

Askew (2018) discovered that 'most people who shared what was happening on social media never stopped to check the facts.' In an interesting study (Hovland & Weiss 1951) experimenting on recall ability of respondents over perceptions of credibility, the authors found that 'at time of exposure, subjects discounted material from 'untrustworthy' sources. In time, however, the subjects tended to dissociate the online from the source with the result that the original skepticism faded and the untrustworthy material was accepted.' And it added that 'lies, in fact, seemed to be remembered better than truths.

### **Concept of Customer Engagement**

Firms are recognizing the pressing need to focus on building personal two-way relationships with customers who foster interactions (Kumar *et al.*, 2010; Farook & Abeysekara, 2016). Customer engagement has been recognized as an emotional connection between a company and its customers focused on interaction with customers and their participation. The key element to customer engagement is knowledge exchange, so information and communication technologies provide immense opportunities for organizations to exchange knowledge and engage with customers (Vivek, 2009; Farook & Abeysekara, 2016).

Bowden (2009) understood customer engagement as a psychological process that models the underlying mechanisms by which customer loyalty toward a service brand is formed in new customers, as well as the mechanisms by which that loyalty may be maintained for repeat purchase customers of a service brand. More recently, Vivek *et al.*, (2012) defined customer engagement as the intensity of individual participation and connection with the offers and activities of the organization initiated either by the customer or by the organization. The particular case of online customer engagement was defined by Mollen & Wilson (2010) as the cognitive and affective commitment of the customer to an active relationship with the brand as personified by the website or other computer - mediated entities designed to communicate brand value. Each of these concepts represents a single theoretical scope, which has complicated the achievement of greater conceptual advances, reflecting the lack of absolute consensus (Hollebeek, 2013).

However, from earlier definitions, it may indeed be concluded that the majority use a multidimensional perspective on engagement with three dimensions: cognitive, emotional and conation (Vivek *et al.*, 2012), although the self expression of these generic dimension can vary in accordance with the specific concept of engagement that is used, as well as the relative importance of each one in accordance with the context (Brodie *et al.*, 2013; Farook & Abeysekara, 2016). Curiously, many researchers claiming a psychological perspective emphasize its interactive nature asserting that customers choose to invest resources in particular brand interactions, thus, implying a behavioral component (Hollebeek *et al.*, 2016; Brodie *et al.*, 2011). Defining it behaviorally rather than psychologically may be preferable; it does not preclude the relevance of psychological constructs (e.g., involvement, satisfaction, brand love, cognitive and affective commitment) but rather allows these constructs to fluctuate independently, with unique antecedents and consequences, and relate to customer engagement as either a key antecedent or outcome (Pansari & Kumar 2016).

Defining customer engagement as behaviors outside the core transaction also has the benefit of clearly distinguishing the concept from behavioral loyalty (i.e., repeat purchases) and other transaction focused behaviors frequently studied in marketing (Dick & Basu 1994). Yet, construing it as any activity beyond purchase subsumes a wide variety of customer behaviors (e.g., product returns, product usage, product disposal, brand learning), potentially at the expense of retaining surplus meaning that could dilute the effectiveness of the term. Thus, we argue that a behavioral conceptualization of customer engagement better captures its implicit and explicit meaning and also that narrowing and clarifying this definition can help establish more effective building blocks for strong theory (Suddaby, 2010).

The essence of customer engagement taking an inductive approach, we turn to examples used previously to illustrate customer engagement. In particular, it has been construed as word of mouth, blogging, [or] providing customer ratings for a product or brand (Verhoef *et al.*, 2010, p.

249). Other sources suggest it is customer contributions of resources such as knowledge, skills, and time, to facilitate the focal firm's development of its offering (Jaakola & Alexander, emphasis added) or customer recommendation and referrals web postings and many other behaviors influencing the firm and its brands (Van Doorn *et al.* 2010). It is relevant in contexts where customers can co-create value, co-create competitive strategy, collaborate in the firms' innovation process, and become endogenous to the firm (Bijmolt *et al.* 2010). Jaakkola and Alexander (2014) thus suggest that customer engagement is behaviors through which customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental to the transaction.

The notion of a customer engagement cycle has previously been used (as we noted before) to refer to awareness, consideration, inquiry, purchase, and retention stages, which appear to represent stages in the purchase process that customers use to decide the specific product to be purchased, albeit with a feedback loop for future purchases, rather than customer engagement and might apply the first time new customers choose what product to buy (Sashi, 2012). According to Sashi, (2012), the stages of the customer engagement cycle are connection, interaction, satisfaction, retention, commitment, advocacy, and engagement. In this current study, satisfaction, commitment and advocacy are adopted.

### **Customer Satisfaction**

Customer satisfaction remains a key discourse among service marketing literature. Jani and Heesup (2011) define satisfaction as an emotional state resulting from a customer's interactions with a service provider over time (Timothy & Richard 2014). In examining the drivers of customer satisfaction Shankar, Smith and Rangaswamy (2002) identified two types of customer satisfaction, namely, service experience satisfaction and overall customer satisfaction. Whereas overall customer satisfaction is relationship-specific, service experience satisfaction is transaction specific (Timothy & Richard 2014). Overall satisfaction refers to the cumulative effect of a set of transactions or discrete service experiences with the service provider over a period of time. Even though the relationship between customer satisfaction and customer loyalty has been the focus of a good deal of previous research, the complexity inherent in the relationship continues to pose many unanswered questions. A customer's desire to remain loyal and purchase or use the services of an organization in future is dependent on how satisfied the customer is (Shanka, 2012; Timothy & Richard 2014).

Thus, a company's continued survival, existence and future growth is largely dependent on the value it places on customer loyalty through maintaining satisfied customers (Kim, Park & Jeong, 2012). In today's competitive and dynamic market, the term customer satisfaction (CS) has received much attention and interest among scholars and practitioners. This perhaps can be traced to its importance as a key element of business strategy, and goal for all business activities (Anderson *et al.*, 1994; Timothy & Richard, 2014). Parker and Mathew (2001) identified two basic definitional approaches to the study of customer satisfaction. The first approach defines CS as an outcome while the second approach views it as a process. It is however important to note that these two approaches are not mutually exclusive but complementary (Timothy & Richard, 2014). As a process, CS is defined as an evaluation between what was received and what was expected (Johnson, 2001); (Gustafsson, Johnson & Roos, 2005), emphasizing the perceptual, evaluative and psychological processes that contribute to customer satisfaction (Vavra, (1997; Timothy & Richard 2014). The process definitions of satisfaction however, concentrate on the

antecedents of satisfaction rather than satisfaction itself Parker and Mathews, (2001). The outcome approach of the CS is defined as the end-state satisfaction resulting from the experience of consumption. This is a post-consumption state and can be an outcome that occurs without comparing expectations (Oliver, 1996); Timothy & Richard, 2014). Parker and Mathews (2001) further expressed that attention has been focused on the nature of satisfaction of the outcome approach which include: emotion, fulfillment and state (Timothy & Richard, 2014). Only if interactions between a seller and a customer or among the members of a community including seller and customers result in satisfaction will they stay connected and continue to interact with one another and progress towards engagement. Satisfaction is not an end in itself as the use of customer satisfaction surveys and ratings sometimes implies but an intermediate step in strategies to achieve the goals of an organization (Mittal & Kamakura, 2001; Sashi, 2012). Indeed, it has been argued the goal of marketing is not satisfaction but customer empowerment through partnerships with sellers that enable customer communities to mutually construct their desires and products (Firat & Dholakia, 2006; Sashi, 2012).

Satisfaction is a necessary condition for customer engagement. But it is not sufficient for customer engagement. Satisfaction with interactions during a purchase process may precede or follow the purchase and dissatisfaction at any stage can disrupt the process and result in customer exit. Satisfaction, however, may not result in repurchases and a long-term relationship may not ensue (Sashi, 2012). A distinction has been drawn between transaction-specific and cumulative customer satisfaction, with cumulative or overall satisfaction defined as “an overall evaluation based on the total purchase and consumption experience with a good or service over time. A high level of satisfaction achieved when customer expectations are exceeded and emotions become highly positive has been described as not just satisfaction but delight (Oliver *et al.*, 1997).

### **Customer Advocacy**

Customer Advocacy is an evolving terminology in modern marketing. Advocates use constructive word of mouth recommend on the company product. Hayes (2008) narrates the progress of the company to customer advocates. Conferring to Walz and Celuch (2010) Advocacy is not merely word of mouth but it is confident word of mouth, talking upright about the company and commending it to others. Jaffe (2010) recommended to companies that they should concentrate more on advocates in order to decrease the cost of fascinating new customers. Optimistic word of mouth is more operative in service sector where customers are not certain about the services until they purchase it (Walz & Celuch, 2010).

Advocacy is the willingness of the customer to give strong recommendations and praise to other consumers on behalf of a product or service supplier (Susanta, *et al.*, 2013). When consumers enthusiastically provide positive recommendations on products, services or brands, they are acting as advocates on behalf of that object (Fullerton, 2003). Advocacy is a major step forward in the evolving relationship between a firm and its customers. Customer advocacy can be viewed as the top of a pyramid. Total quality management and customer satisfaction are at the base of the pyramid. The growth in customer power and the new marketing strategies of firms require that scholars examine their research strategies. The philosophy of marketing is different. Traditional marketing will be based on understanding customers' needs and then convincing them to buy the firm's products, but advocacy is based on maximizing the customers' interests and partnering with customers (Urban, 2004). The dictionary definition of “advocate” is “plead

for, defend, champion, recommend, support.” This is much more than customers who come back time and time again. Advocates are people who are prepared to argue your case. They are willing to offer their support as well as their business (Smith, & Wheeler, 2002). Concept of Altruism views that advocacy is a behavior provides valuable information to the other party voluntarily without expecting compensation directly or indirectly as a moral obligation that a person must provide benefits for others (Susanta, Taher, Idrus & Umar, 2013).

From the perspective of organizational citizenship behavior voluntary advocacy is unrelated to the organization's reward. Based on the theory of impression management, advocacy is to influence the behavior of others by showing his favorite against an object and condition themselves better so that others will follow. Advocacy research is important because it will be the strategy of business choice for responding to the new realities that customer hold controls of the company. Potential customers see information from peers or even strangers as more unbiased and reliable than those of an economic entity (Brown & Peter, 1987; Susanta *et al.*, 2013). Delighted customers may keep their delight to themselves or in a connected world interact with others in their social networks to spread the word about their positive experiences with a product, brand, or company. Loyal customers lacking an emotional bond to the seller they regularly patronize may not offer unsolicited encomiums about the product, brand, or company to others despite their enduring relationships with the seller or they may offer recommendations when presented with the opportunity to do so on a purely rational basis free of emotional attachment (Sashi, 2012).

In a study of customer commitment and word-of-mouth communication regarding hair salons and veterinary services, affective commitment is positively related but calculative commitment (termed high sacrifice commitment in the study) is not related to word-of-mouth communication (Harrison-Walker, 2001), suggesting that at least in offline interactions, delighted customers communicate their delight to others in their social networks but loyal customers are less prone to do so. Only if loyal customers in long-term relationships develop emotional bonds will they likely become advocates for a product, brand, or company. Sellers as well as customers can play advocacy roles in relationships. Urban (2004) suggests that digital technologies like the internet have shifted the emphasis from relationship marketing with its slogans like “customer care” and “delight your customer” to acting in the customers’ best interests and becoming advocates for them. Sellers must find the best products for their customers even if those offerings are from competitors because: “If a company advocates for its customers, they will reciprocate with their trust, loyalty and purchases – either now or in the future” (Urban, 2004). Customers in turn become advocates for sellers among those with who they have connections and interactions. In the future, sellers and customers are expected to look after each other’s interests and the focus will be on exchange of values that transcend their self-interest (Nordin, 2009; Sashi, 2012).

## **Empirical Review**

### **Online Sharing and Customer Engagement**

There are several empirical studies showing the relationship between online sharing and customer engagement. For example, Chen (2016), conducted a study on the influences of Personality and Motivation on the Sharing of Misinformation on Social Media in Nanyang Technological University, adopting a survey methodology and the study showed that user intrinsic factors and three motivation factors played influential roles in the sharing behavior. The

study concluded that sharing of misinformation on social media is mainly influenced by personalities or specific motivations. Again, Reijo (2017) carried out a study the information sharing and knowledge sharing as communicative activities in Tampere, Finland. Adopted spearman rank order correlation coefficient, the study reveal that activities of information sharing and knowledge sharing are largely similar and it can be used interchangeably.

Similarly, Shelley and Tatiana (2017) examine the effects of an information sharing system on employee creativity, engagement, and performance in Boston, the study adopted survey research design and Regression Analyses was used to analyze the data collected. The study was revealed that information sharing systems affect employees' creative work.

### **Interaction and Customer Engagement**

A study conducted by Hudson *et al*, (2014) on the relationship between social media interaction on consumers brand relationships in a context specific of a three country study of brand perceptions marketing behaviours in South Carolina, United States, using multiple linear regression analysis. It was revealed that social media interaction enhances consumer brand relationships. Olaf, *et al* (2016), investigated the effect of social media interactions on customer relationship management in Hamburg, Germany. The study adopted Pearson Product Moment correlation techniques. The study's results indicate that social media interactions may influence customer management variables. Again, Shipp & Philips (2012) conducted a study on the interactivity and its role in user satisfaction with social media platforms, using spearman rank order correlation coefficient with statistical package for social science (SPSS). It was found that perceived interactivity and level of focus do affect an end user's satisfaction with a social network".

Furthermore, Wang, Ling Wu, Chen and Yeh (2012) examined the interactivity of social media and online consumer behavior: the moderating effects of opinion leadership in Taiwan using survey research design with explanatory attribute and multiple regression analysis was also used to test the moderating effect of opinion leadership on the area of involvement and social presence on the independent and dependent variable. The study found that opinion leadership impacts positively on relationship between the independent and dependent variable. On the above ideas, we state the following hypotheses:

**H<sub>01</sub>:** There is no significant relationship between interaction and customer satisfaction of deposit money banks in Rivers State.

**H<sub>02</sub>:** There is no significant relationship between interaction and advocacy of deposit money banks in Rivers State.

### **Credibility and Customer Engagement**

It is useful to ascertain the findings of some scholars in their investigation into the relationship between credibility and Customer engagement. In this regard, Lia and Suhb (2015) did a research on factors influencing information credibility on social media platforms: Evidence from Facebook pages in Hong Kong, using a cross-sectional survey method for data collection and evaluate the hypotheses by applying the partial least squares (PLS) method. The study revealed that there is no significant influence on independent variable and dependent variable. Again,

Saher, *et al* (2016), studied the influenced of credible social media marketing on purchase intentions of females of Pakistan for clothing brand in Pakistan, using the regression and correlation analyses technique. The study discovered that social media marketing and website credibility has positive impact on consumer purchase intention.

Also a study concluded by Edogor, Jonah and Ojo (2015) on Nigerian Users' evaluation of credibility of social media sites using survey research method with a sample of three hundred drawn by the application of multi-stage sampling technique while questionnaire was used as instrument of data collection. The study show that the social media site were rated as credible means of communication in Nigeria, whereas Facebook was assessed as the most credible among them, some onlines of the sites were revealed as not credible to their Nigeria users. Furthermore, Amir (2013) examines the relationship of brand credibility on customer satisfaction in the banking industry in the North West of Iran. Using regression and correlation analyses technique and found out that brand credibility has a positive impact on customer satisfaction. Therefore, on the above, we state the following hypothesis:

**Ho<sub>3</sub>:** There is no significant relationship between credibility and customer Satisfaction of deposit money banks in Rivers State.

**Ho<sub>4</sub>:** There is no significant relationship between credibility and advocacy of deposit money banks in Rivers State.

## **METHODOLOGY**

The aim of this study was to determine the relationship between online sharing and customer engagement. The study adopted a descriptive research design. Nineteen (19) deposit money banks quoted in Nigeria Stock Exchange (NSE, 2019) constitute the population of the study. The study surveyed five (5) management staff of each of the nineteen (19) deposit money banks. Thus, the total number of respondents that participated in the study was ninety five (95). The choice of management level staff for the study is hinged on the conviction that they are better placed to provide answer to our research instrument.

Questionnaire was utilized as the instrument of primary data collection. Respondents were required to tick from 1-5 on a Likert scale, where 1= strongly disagree; 2= disagree; 3= neutral; 4= agree; and 5= strongly agree. To justify the study instrument, a comprehensive reliability test was conducted, with a threshold of 0.7 set by Nunnally (1978); while the opinion of scholars and practitioners with relevant experience on the study constructs was used to validate the instrument. Table 1 below displays the summary of the test of reliability.

**Table 1: Result of Reliability Analysis**

<b>Variable</b>	<b>Cronbach's Alpha</b>
Interaction	0.857
Credibility	0.883
Customer Satisfaction	0.855
Customer Advocacy	0.910

Source: Simulation from SPSS output of data analyses on online sharing and customer engagement (2019).

Based on the reliability result, it is expected that given the same background, the same results would be achieved if the questionnaire is re-distributed to the same, or distributed to a different set of respondents. This demonstrates the reliability of the research instrument and the integrity of the data obtained. The Spearman's rank-order correlation was used as the test statistic to ascertain the extent and direction of the association between the variables. All the statistical analyses were done with the aid of SPSS version 21.0. The key to the interpretation of the strength of the relationship between the variables of the study considered appropriate is the categorization set by Dunn (2001). The interpretation process was subject to 0.01 (two tail) level of significance. Positive sign connotes a positive relationship, while a negative sign means a negative relationship

**Table 2: Range of correlation (r) values and the corresponding Level of Association**

Range of r values	Descriptive level of Association	Remark
0.00 - 0.19	Very Low	Very Weak
0.20 - 0.39	Low	Weak
0.40 - 0.59	Moderate	Moderate
0.60 - 0.79	High	Strong
0.80 - 1.0	Very High	Very Strong

Source: Categorization set by Dunn (2001)

## DATA ANALYSIS AND RESULTS

**Table 3: Descriptive Statistics on (All Variables)**

		Interaction Credibility	Customer Satisfaction	Customer Advocacy
N	Valid	71	71	71
	Missing	0	0	0
Mean		4.0986	3.8404	3.8920
Std. Deviation		1.07407	1.10964	.92027
Sum		291.00	272.67	276.33
				255.11

Source: SPSS Output of Data Analyses on Online Sharing and Customer Engagement (2019)

Table 3 shows the descriptive statistics on the components of the predictor variables (interaction and credibility) and it also shows descriptive statistics on the criterion variables (customer satisfaction and customer advocacy). The Table reveals that interaction had a mean of (4.0986) and a standard deviation of (1.07407). Credibility had a mean of (3.8404) and a standard deviation of (1.10964). Customer satisfaction had a mean of (3.8920) and a standard deviation of (0.92027). Customer advocacy had a mean (3.5931) and a standard deviation of (1.13170). The mean values of all the variables were greater than 3; this implies that the required average of a five-point Likert scale is  $1+2+3+4+5 = 15$  which if divided by 5, will give us 3. The researcher consequently upheld the study variables.



**Table 4: Correlation Analysis on Interaction and Customer Satisfaction**

Correlations		Interaction	Customer Satisfaction
Spearman's rho	Interaction	Correlation Coefficient	1.000
		Sig. (2-tailed)	.772**
		N	.000
	Customer Advocacy	Correlation Coefficient	.772**
		Sig. (2-tailed)	1.000
		N	.000

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

Source: SPSS Output of Data Analyses on Online Sharing and Customer Engagement (2019).

Table 4 above displays the correlation between interaction and customer satisfaction. The table revealed that the correlation coefficient on the relationship between interaction and customer satisfaction is 0.772\*\*based on the categorization in Table 2, the r-value indicates a strong positive relationship which invariably means increased customer satisfaction is associated with an increase in interaction. The significant/probability value is 0.000 less than 0.05 level of significance; the researchers, therefore, reject the null hypothesis and accept a significant relationship between interaction and customer satisfaction.

**Table 5: Correlation Analysis on Interaction and Customer Advocacy**

Correlations		Interaction	Customer Advocacy
Spearman's rho	Interaction	Correlation Coefficient	1.000
		Sig. (2-tailed)	.718**
		N	.000
	Customer Advocacy	Correlation Coefficient	.718**
		Sig. (2-tailed)	1.000
		N	.000

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

Source: SPSS Output of Data Analyses Online Sharing and Customer Engagement, (2019).

Table 5 above establishes the correlation analysis between interaction and customer advocacy. The table revealed that the correlation coefficient on the relationship between interaction and customer advocacy is 0.718\*\*based on the categorization in Table 2, the r-value indicates a strong positive relationship. The correlation coefficient denotes that a strong positive relationship exists between the variables which invariably mean increase customer advocacy is associated with an increase in interaction. The significant/probability value is 0.000 less than 0.05 level of significance; the researchers, therefore, reject the null hypothesis and accept a significant relationship between interaction and customer advocacy.

**Table 6: Correlation Analysis on Credibility and Customer Satisfaction**

Correlations		Credibility	Customer Satisfaction
Spearman's rho	Credibility	Correlation Coefficient	1.000
		Sig. (2-tailed)	.737**
		N	.000
	Customer Satisfaction	Correlation Coefficient	.737**
		Sig. (2-tailed)	1.000
		N	.000

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

Source: SPSS Output of Data Analyses on Online Sharing and Customer Engagement, (2019).

Table 6 above establishes the correlation analysis between credibility and customer satisfaction. The table revealed that the correlation coefficient on the relationship between credibility and customer satisfaction is 0.737\*\*based on the categorization in Table 2, the r-value indicates a strong positive relationship which invariably means that the increase in customer loyalty is associated with increase inter-functional coordination. The significant/probability value is 0.000 less than 0.05 level of significance, the researchers, therefore, reject the null hypothesis and accepts a significant relationship between credibility and customer satisfaction.

**Table 7: Correlation Analysis on Interaction and Customer Advocacy**

Correlations		Credibility	Customer Advocacy
Spearman's rho	Credibility	Correlation Coefficient	1.000
		Sig. (2-tailed)	.812**
		N	.000
	Customer Advocacy	Correlation Coefficient	.812**
		Sig. (2-tailed)	1.000
		N	.000

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

Source: SPSS Output of Data Analyses Online Sharing and Customer Engagement, (2019).

Table 5 above establishes the correlation analysis between credibility and customer advocacy. The table revealed that the correlation coefficient on the relationship between interaction and customer advocacy is 0.812\*\*based on the categorization in Table 2, the r-value indicates a strong positive relationship. The correlation coefficient denotes that a strong positive relationship exists between the variables which invariably mean increase customer advocacy is associated with an increase in credibility. The significant/probability value is 0.000 less than 0.05 level of significance; the researchers, therefore, reject the null hypothesis and accept a significant relationship between credibility and customer advocacy.

## DISCUSSION

Having identified the strength and direction of the relationship between the predictor variables and the criterion variable through the test of the hypothesized relationships, the study found that interaction has a positive and statistically significant relationship with customer satisfaction and advocacy. The study equally found that there is a positive and strong relationship between

credibility and customer satisfaction and advocacy.

These findings are in line with existing literature on the variables. The study found bearing with Hudson *et al.*, (2014) on the relationship between social media interaction on consumers brand relationships in a context specific of a three country study of brand perceptions marketing behaviours in South Carolina, United States It was revealed that social media interaction enhances consumer brand relationships. Olaf *et al.*, (2016) investigated the effect of social media interactions on customer relationship management in Hamburg, Germany. The study's results indicate that social media interactions may influence customer management variables. Again, Shipp and Philips (2012) conducted a study on the interactivity and its role in user satisfaction with social media platforms. It was found that perceived interactivity and level of focus do affect an end user's satisfaction with a social network".

Also, Lia and Suhb (2015) did a research on factors influencing information credibility on social media platforms: Evidence from Facebook pages in Hong Kong, using a cross-sectional survey method for data collection and evaluate the hypotheses by applying the partial least squares (PLS) method. The study revealed that there is no significant influence on independent variable and dependent variable. Again, Saher, *et al* (2016) studied the influenced of credible social media marketing on purchase intentions of females of Pakistan for clothing brand in Pakistan, using the regression and correlation analyses technique. The study discovered that social media marketing and website credibility has positive impact on consumer purchase intention.

Also a study concluded by Edogor, Jonah and Ojo (2015) on Nigerian Users' evaluation of credibility of social media sites. The study show that the social media site were rated as credible means of communication in Nigeria, whereas Facebook was assessed as the most credible among them, some online of the sites were revealed as not credible to their Nigeria users. Furthermore, Amir (2013) examines the relationship of brand credibility on customer satisfaction in the banking industry in the North West of Iran. It was found out that brand credibility has a positive impact on customer satisfaction.

## **CONCLUSION AND RECOMMENDATIONS**

The study concludes that there is a significant relationship between online sharing and customer engagement. Also, there is a significant relationship between interaction and customer satisfaction and advocacy, and between credibility and customer satisfaction and advocacy. Based on the conclusion, it was recommends that deposit money banks interactivity in online should crops up friendly relationship among customers, deeper relationship building and connections between the online consumers and the firm; and ensure the credibility of information before sharing it online.

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# Effect of Macroeconomic Variables on Human Capital Development in Nigeria Using Health Care as Proxy 1986-2018

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**Abstract:** The inconsistencies in the application and implementation of macroeconomic variable in developing economies have constituted critical constant in human capital development. The complicating findings in studies of the nexus between macroeconomic variables and human capital development could result in misapplication and faulty implementation of macroeconomic policy instruments consequently the main objection of the study is to examine the effect of macroeconomics on human capital development in Nigeria proxy by proxy health care (life expectancy). Other specific objectives are to determine the effect of money supply on health care in Nigeria and to assess the effect of inflation rate on health care in Nigeria. The data used for the study was sourced from Central Bank of Nigeria (CBN) statistical bulletin and World Bank Development Indicator 2018. The data were analyzed with econometric techniques involving descriptive statistics, Augmented Dickey-Filler and Philip Perron tests for unit root. The autoregressive distributive log (ARDL) was used to determine the effect of relationship between macroeconomic variables and health care. The result obtained indicated that macroeconomic variables have a significant long run and short run effect on public health proxy by life expectancy in Nigeria. The study made some of the following recommendations that relevant policy instruments be put in place to enhance life expectancy through the creation of favourable socio-economic environment, government should increase the education budget to accommodate the poor children in the street whose parents cannot afford school fees and private sector investment should be encouraged by the government at all level to create employment opportunities so as to improve the quality life and living standard of Nigeria people.

**Keywords:** Macroeconomic variables, Healthcare, Life Expectancy, Monetary Policies

## INTRODUCTION

Macroeconomic variable are indicators or main sign posts signaling the current trends in the economy. These macroeconomics affect the aggregate performance, structure, behavior and decision-making of an economy as a whole (Osullivan and Sheffrin, 2003). Like all expects, the government, in order to manage the economic aggregates, must do analysis and understand the major variables that determine the current behavior of macro economy (Berharden, 2009). The major macroeconomic indicators used for the study are money supply, interest rate, inflation rate, government expenditure and exchange rate. In today's world, we interpret macroeconomic variables quite differently within the parameters of the global crisis and other external economic shares as they occur.

Human are the most valuable assets in every economy (Ogunliye, Owolabi, Sanyaolu and Lawal, 2017). To achieve development, it therefore between imperative for these assists

to be managed properly and effectively. One way this can be done is by ensuring adequate investment is made in human capital. Human capital refers to the abilities and skills of human resources and human capital development refers to the process of acquiring and increasing the number of persons who have the skills, education and experience which are critical for the economic development of the country (Adekunle, 2011). The government efforts contribute to human capital development (Ragan and Lipsey, 2005).

### **Statement of the Problem**

Over the past decades, macroeconomic variables and human capital development have attracted significant attention from finance and development experts and have been debated extensively. Several studies carried out on macroeconomic variables and human capital developments are with mixed findings. For instance, Temitope and Bola (2013), and Ewurum, Mgbemena, Nwogwugwu and Kalu (2015) found that human capital variable like health expenditure impacts positively on macroeconomic like economic growth in Nigeria; whereas Fabiyi, Adeyi and Isiaka (2018) revealed unemployment as negatively related to GDP, capital formation and export. Also, public health expenditures and growth engenders good health outcomes like reduced mortality rate Okeke 2015; Oluwatoyin, Adegboye and Fagbeminiyi (2018), growth of the economy Onisanwa (2014), but no effect on education (Okeke, 2015).

More so, empirical studies in Nigeria are few that employed time series and focused on the effect of macroeconomic variables on human capital development. In addition. Most of the studies did not consider the short run shocks on human capital development. Also, a good number of the extant studies used panel and cross-section data and as well lack consensus on their findings on macroeconomics variables and human capital development nexus. One of the reasons for this is the fact that these countries have different levels of macroeconomic variables and human capital development and their measurements. The current study, therefore, complements the existing empirical studies by using annual data for most current year 2018, and Autogressive Distributive Lag model that is capable of reporting both long run effect and short run shocks of macroeconomic variables on human capital dynamics proxy by healthcare (life expectancy) in Nigeria.

### **Objectives of the Study**

The main objective of this study is to investigate the effect of macroeconomic variables on human capital development in Nigeria. However, other specific objectives include:

- (i) Evaluate the effect of interest rate on healthcare (life expectancy) in Nigeria proxy for human capital development;
- (ii) Analyze the effect of inflation rate on healthcare (life expectancy) in Nigeria proxy for human capital development;
- (iii) Determine the effect of government expenditure healthcare (life expectancy) in Nigeria proxy for human capital development;
- (iv) Ascertain the effect of money supply on healthcare (life expectancy) in Nigeria proxy for human capital development; and
- (v) Examine the effect of exchange rate healthcare (life expectancy) in Nigeria proxy for human capital development.

### **Research Questions**

The following research questions are raised in the course of this study:

- i) How does interest rate affect healthcare (life expectancy) in Nigeria proxy for human capital development?
- ii) What are the effects of inflation rate on healthcare (life expectancy) in Nigeria proxy for human capital development?
- iii) How does money supply affect healthcare (life expectancy) in Nigeria proxy for human capital development?
- iv) What are the effects of exchange rate healthcare (life expectancy) in Nigeria proxy for human capital development?

### **Research Hypotheses**

The following are the research hypotheses for the study stated in their null form.

**H<sub>01</sub>:** Interest rate has no significant effect on healthcare (life expectancy) in Nigeria

**H<sub>02</sub>:** Inflation rate has no significant effect on healthcare (life expectancy) in Nigeria

**H<sub>03</sub>:** Government expenditure has no significant effect on healthcare (life expectancy) in Nigeria.

**H<sub>04</sub>:** Money supply has no significant effect on healthcare (life expectancy) in Nigeria

**H<sub>05</sub>:** Exchange rate has no significant effect on healthcare (life expectancy) in Nigeria

### **Significance of the Study**

Findings from the study will be of immense benefits in a number of ways and to different groups of persons.

**Public:** The understanding of the study will enhance the ability of the public to see reasons while unemployment remains abated despite government various grant policies and programmes towards reducing unemployment.

**Government:** It would also be of paramount significance to the government for policy formulation purpose in the quest for sustainable investment growth and reducing unemployment in Nigeria.. Government will definitely find this research work useful as it tends to proffer solutions or recommendation that is capable of helping her in nation building.

**Academics/Future Research:** Both academic and other future researchers in this subject matter will find it useful source of research material.

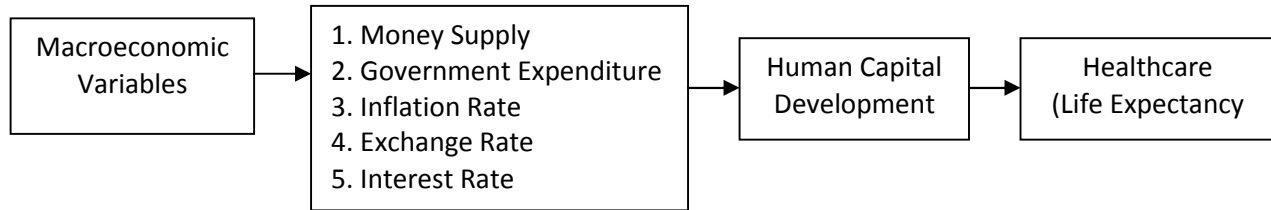
## **LITERATURE REVIEW**

### **Conceptual Framework**

#### **Macroeconomic Variables**

According to Oliver (2000) Macroeconomic factors are such factors that are pertinent to broad economy at the regional or national level and affect a large population rather than a few select

individuals. The following Macroeconomic factors such as inflation, money supply, government expenditure, exchange rate and interest rates are employed and deeply explain in this study.



The relationship between macroeconomic variables and human capital development

### **Human Capital Development**

Human capital development is a worldwide wonder which involves guaranteeing ideal performance of individuals by empowering a feeling of proprietorship and responsibility among specialists (Chidi, 2012). The earth under which organizations work today is normally portrayed as unpredictable, dubious, dynamic, or complex because of broad changes and changes. In the present, very focused work showcase working with others profitably drives individual and organizational adequacy; employees work in groups framed to handle ventures, virtual groups and customers or in specially appointed mixes. Regardless of the groups' incredible esteem, numerous organizations still support practices that undermine collaboration or participation (Wukan, 2014).

Instruction that reflects satisfactory pragmatic and mechanical training parts holds the way to Nigeria winding up innovatively applicable and universally aggressive. It is likewise the best methods for engaging the citizenry to animate a supported national development, upgrade work enhance the nature of lives, diminish destitution, restrain the frequency of social indecencies due to joblessness and advance a culture of peace, opportunity and serenity. Targets of occupation creation must be accomplished through suitable training which engages results of the instruction framework with aptitudes and capabilities to end up independently employed. Without change in the nature of human capital, no advance is conceivable in an immature nation. The monetary nature of Nigerian populace still stays low since the existing economic situations don't support fast proficient progression of subjects. Mass migration of experts from Nigeria is only an indication of presence of surplus work which is to a significant degree because of deficiency of basic aptitudes. With every one of these issues and insufficiencies, individuals who frantically long for proficient progression would dependably be enticed to join the movement prepare.

### **Healthcare**

Health is of vital importance in the development of an economy of any particular nation and its importance to economic growth and development of a nation cannot be overemphasized. Health is a crucially important economic asset for many poor people and their livelihoods depend upon it. Health is recognized as an essential component of human development. This has created several opportunities for improving the health of people, enhancing quality of life and ensuring a better future. Professor Eyitayo Lambo, former Minister of Health made it known at the January

2013 edition of the Nigerian-South Africa Chamber of Commerce meeting sponsored by Total Health Trust. Modern theory of economic growth argues that human capital, especially health and education has the principal role in achieving economic growth and development (Gyimah-Brempong and Wilson, 2015). Health affects national economic output because people who are ill are likely to be less productive at work, to lose their job, or to retire prematurely, thereby decreasing household earnings and increasing the risk of poverty.

Life expectancy increased in early 19th century but till there is same countries while it stay low in the retest of the world. It shows that health standard is not same across the globe. In 20 century this global inequality is decreased and similarly today the life expectancy is approaching up to 70 to 75 years and similarly no country of the world today having low life expectancy than the countries of high life expectancy in 1800 (Roser, 2016).

Life expectancy is a measure of the length of life expected to be lived by an individual at birth. Improvement of life expectancy to as least 70 years by 2020 is one of Nigeria's health policy targets. Life expectancy is frequently utilized and analyzed in the composition of demographic data for the countries of the world, for the attainment of mortality experiences and for more reliable international comparisons (Julien, 2009). Lie, Zhang and Less 92017 noted that life expectancy has important implications for the individuals and aggregate human behavior. They noted that it has crucial effects on fertility behavior, economic growth, human capital investment, intergeneration transfers and incentives for pension benefits. Granstein and Kanganovich (2016), noted from the social planner's perspective that life expectancy has implication for public finance.

### **Interest Rate**

Interest rate is the charge a borrower pays for the money lend to him for business or other transaction motives. Investors borrow money from banks and other financial institutions. The response of investment expenses changes keenly with interest rate which is at the mind of money-making analysis Acha &Acha, (2011). Interest rates are the other strong factors that affect financial policies as well as weaker financial payments in guiding principles of investors. It facilitates investment if the high interest rate is applicable on savings. The negative influence of higher investment rate inhibits the macroeconomic effect of interest rate policy. In New York, borrow and cash offers money as a guarantee to the lender of collateral. This is the most common form of investment in business performance. This program takes the type of customized term loan of a portfolio of securities. Because the transaction is customized, it is difficult to make general statement regarding its use. That said borrowers may negotiate an annual free for rights to borrow securities from beneficial owners entire portfolio. The net result is a government spending on GNP which has been the remains to single significant source of difference in excess of stabilization interest rate policy. The purpose of interest rate is in response to money investment to look forward in narrowing the divergence concerning the effects of cost and interest rates in the commercial banks. The reactions of interest rates depend on the fundamental substitutability of capital for other factors in investment to take place.

### **Inflation**

It is the persistent increase in the general price level within the economy which affects the value of the domestic currency (Fatukasi, 2012). It is not once and for all upward price movement but has to be sustained over time and affect all goods and services within the economy. Several

factors are responsible for inflation in Nigeria. The inflation which results from excess aggregate demand is called the demand fall inflation, the cost push inflation results from upward movement in the cost of production while the structure inflation arises from some constraints such as inefficient production, marketing and distribution systems in the productive sectors of the economy. Other forms of inflation in developing country could be imported, open and seasonal inflation. The imported inflation comes as a result of transmission of inflation through internationally traded goods and services. This is when the economy imports goods from countries already, experiencing inflation.

The open inflation comes as a result of uninterrupted market mechanisms and seasonal inflation is associated off season in production when supply constraints permeates the economy as a result of fall in production especially farming produce. In Nigeria, other factors can be attributed to inflation such as the nature of the economy, its history, and fiscal and monetary policy direction. Inflation is defined as a generalized increase in the level of price sustained over a long period in an economy (Lipsey and Chrystal, 2015), that is, a persistent rise in the price levels of commodities and services, leading to a fall in the currency's purchasing power. Although inflation is a household word in many market-oriented economies, and there exist a compendium of empirical studies on the over-arching problem of inflation, yet only selected few seem to know about the determinants, mechanics, and the real impact of inflation on national economic growth.

### **Government Expenditure**

Government expenditure is the total in cash terms of the federal, state and the local government spending including transfers to the parastatals and the three levels of government (Anyato, 2016). In as much as public expenditure is highly desirable it however talks from of allocation stabilization of resources (Musgrave and Musgrave 1989). The allocation function becomes necessary so as to provide both private and public goods in particular social goods in appropriate mix with available resources. The provision of social and physical infrastructure through public investment and expenditure on some goods and services theoretical can directly improve productivity in the private sector through more efficient allocation of resources due to the special characteristics of social goods ( Kellick 2009). It is the responsibility of the state through expenditure to provide the desirable services which the price mechanism cannot provide or produce at all or would only do so at high cost and with smaller social benefit. The recurrent expenditure is government expenditure made regularly from year to year. Some examples includes personnel cost overhead cost utility services telephones, furniture and equipment.

On the other hand capital expenditures are spend on new construction, land and building acquisitions. This divides total expenditure into transfer and non- transfer expenditure. Generally, there is certain expenditure which does not result in corresponding of the transfer of real resources to the government. The payment of debt, unemployment benefit are examples of this expenditure. Here the governments usually transfer additional financial resources to some sections of the society. On the other hand non transfer payment may include the actual expenditure incurred by the government for the use of goods and services. To a large extent, the use of resources received in returns for non- transfer payment may also be for consumption or investment purpose. To this effect, one can say expenditure on defense, education energy, road, and infrastructure,are usually referred to as real expenditure, with respect to public expenditure categorization on component. It is because capital and recurrent expenditure result from different

period of benefit that financing differences exists, because capital expenditure confers benefits over several years, it is expected that the cost should be spread over the years of that benefit. Therefore if a health center is built and paid for the current, it would seem harsh expecting the total cost to be financed by current year's tax payers money.

### **Money Supply**

Money is a collection of liquid assets that is generally accepted as a medium of exchange and for repayment of debt. In that role, it serves to economize on the use of scarce resources devoted to exchange, expands resources for production, facilitates trade, promotes specialization, and contributes to a society's welfare (Singh et al, 2011). The supply of money at any moment is the total amount of money in the economy at a point in time (Jhingan, 2006). In Nigeria, the narrow money supply (M1) is defined as currency outside bank plus demand deposits of commercial banks plus domestic deposits with the central banks less Federal Government deposits at commercial banks.

### **Exchange Rate**

Conceptually, an exchange rate implies the price of one currency in terms of another. Exchange rate is the ratio between a unit of one currency and the amount of another currency for which that unit can be exchanged at a particular time (Ngerebo- and Ibe, 2013). In other words, exchange rate is the price of one currency vis-à-vis another and is the number of units of a currency required to buy another currency (Mordi, 2006). Exchange rate of currency is the link between domestic and foreign prices of goods and services. Also, exchange rate can either appreciate or depreciate. Appreciation in the exchange rate occurs if less unit of domestic currency exchanges for a unit of foreign currency while depreciation in exchange rate occurs if more unit of domestic currency exchanges for a unit of foreign currency.

### **Theoretical Framework**

The theoretical framework of the study is anchored on the monetarist model because the theory is associated with economic growth, investment and productivity by human capital.

### **The Monetarist Theory**

The monetarist are the twentieth century economist who criticize the model and lay emphasis on the importance of monetary policy especially money supply in stabilizing the economy. The monetarist led by Professor Mitton-Friedman also regarded as the chief priest of the monetarist propounded in their discussions of the working of monetary policy, used a less-formal approach that allowed with to include multiple interest and wealth (or permanent income) no key variable in their discussions. They believed that there is a strong short run correlation between money, supply, GDP and price level. They also poist that long-run economic growth is independent of monetary change, being determined by basic growth factors such as expanding productive capacity, population growth, advancing technology and natural resources.

In the long-run, it is opined that monetary change affects only the price level. Thus, stabilization policy should seek a growth rate of money that closely approximate the long-run rate of growth of real productive capacity. It is a known phenomenon that less developing companies have abundant supply of labour and lack sufficient physical capital stock or saving that hold back their economic growth and development.

Macroeconomic variable therefore become an important tools to use by the government

to influence level of saving, national, improvement in the welfare and wealth of it's citizens and development of human capital.

## **Empirical Studies**

### **Macroeconomic Variables and Life expectancy**

Momodu (2014) examines public health activities and macroeconomic variables in Nigeria within a period of forty years (1970-2010). A test of causal relationships between government expenditure (GE) and other explanatory variables- GDP, unemployment (UER), inflation (IFR) Balance of payment (BOP) was examined using the following statistical tools -Augmented Dicky Fuller (ADF) stationarity test, Johanson's co-integration test, OLS, multiple regression analysis and Granger causality test. The time series data were found to be stationary in the short- run and a number of co-integrating equations were found to establish long-run relationships among the variables of study. The results include: 1. Public health was more effective though marginally in stimulating economic growth (measured by GDP) in the period of regulation and more effective in reducing unemployment and enhancing BOP in the period of regulation.2. With respect to maintaining price stability, the public sector was significantly more effective in the period of deregulation. Granger causality test shows causal flow from government expenditure (GE) to BOP no causal flows to GDP, inflation rate (IFR) and unemployment (UER). The studied therefore recommend appropriate policy mix improvement in quality of government expenditure, infrastructural development value-added export, regulated flow of FDI to retail sector, emphasis on import of capital good, and focus on the agricultural sector among others.

Bourne, Mills, Campbell-Smith, Sharpe-Pryce, Francis, Ikhalfani and Davis, (2014) examined the influence of macroeconomic variables on health indices, murder and mortality: a case of Jamaica studied how selected macroeconomic variables influence murder, mortality and ill health. The variables were on Health Indices, Murder and Mortality, interest rate, inflation rate, money supply, and government expenditure. Ordinary least square regression analyses were used to establish the model for 1) mortality, 2) murder and 3) ill-health. There was a strong correlation between murder and health insurance coverage (rs0.960; P0.0001), inflation (rs-0.861 P=0.0001), exchange rate (rs=0.950; P0.0001); a moderate relationship between mortality and health care utilization (rs0.654; P=0.001) and no bivariate relationship existed between murder and illness (rs-0.41 1, P=0.090).The reality is government should have a coherent policy in place to address these events, as every life lost through murder is important and represents a reduction in potential contribution to economic growth and development.

Temitope and Bola (2013) investigated the effect of health investment on economic growth in Nigeria, from 1977 to 2010. Using the vector error correction model, the study finds that there is a long run relationship between health expenditure and economic growth. The variables were health investment, private investment, per capita income, and degree of openness. The results from the study also reveal a positive relationship between health expenditure and economic growth in Nigeria. However, the results from the vector error correction model showed that in the short run, the impact of health expenditure on the economic growth did not converge to the long run growth. Investment in health could boost economic growth, if government invests more in this aspect of human capital.

Ewurum, Mgbemena, Nwogwu and Kalu, (2015) investigated the impact of health sector reforms on Nigeria's economic growth from 190 -2013. The method of analysis is the Bound F-Test approach. The variables were on gross domestic product per capita, secondary school



enrolment and life expectancy at birth and HIV. Mortality Rate and ADIS. The result shows that there is a long-run co-integrating relationship existing among the variables of GDP per capita, improved sanitation facilities (LISF), mortality rate under 5 years (LMTU 5) and Out-of-pocket expenditure (ELOPE). It also shows that 58% of the total variation in GDP per capita is accounted for by the changes in LHIV/AIDS, LISF, LMTUS and LOPE. We therefore, recommend a universal policy of healthcare system that will guarantee the populace's access to healthcare services. Similarly, there is need to reduce the out-of-pocket expenses, healthcare beneficiaries incur in Nigeria.

Boachie (2015) assessed the growth effect of health in Ghana is examined for the period 1982 to 2012. We use life expectancy at birth as a proxy for health, and real per capita GDP as a proxy for economic growth. After employing ARDL bounds test approach to co integration, and controlling for the effects of education, international trade, FDI, inflation, and accumulation of physical capital, we find that economic growth is significantly driven by health, both in the short and long run. However, the favorable growth effect of health in the short run is found to be lower. The implication is that improvement in health status of the population raises output in the economy. In this regard, policy should aim at raising health sector investment and strengthen the healthcare system to improve health status.

Employing annual time series data on Ghana from 1970-2006 and an error correction model that captures both short-run and long-run relationships; the analysis clearly captures the demand-size factors that motivates decision to allocate financial resources to the health sector. The main finding highlights the dominants of per capita income (Per capita GDP) and other macroeconomic factors such as health status of the population and age structure of the population in influencing the decision to invest in healthcare.

Onisanwa (2014) examined the impacts of health on Economic growth in Nigeria. The Co-integration, and Granger Causality techniques were used in analyzing Quarterly time series data of Nigeria for the period of 1995-2009. The study finds that GDP is positively influenced by health indicators in the long run and health indicators cause the per capita GDP. It reveals that health indicators have a long run impact on economic growth. Thus, the impact of health is a long run phenomenon.

Riman and Akpan (2010) investigate the causal direction and long run relationship between government health expenditure, poverty and health status, in Nigeria for the period 1970-2009. They employed the Granger causality test and Vector Error Correction Model (VECM) in establishing a strong causal bi-directional relationship running between life expectancy and poverty in Nigeria. Their study also reports the existence of a long-run relationship between poverty and health status. However, they found a non-significant longrun relationship between health status and government health expenditure. They conclude that policies that would improve health status should be such as would promote adult literacy level, reduce the poverty and income disparity since, increasing budgetary allocation to funding health sector alone without reducing poverty level, would not be sufficient to improve the health status of the country.

Lucian, Straciuc, Maghiarand Ciprian, (2010) examined the relationship between economic growth and health by using the results of some previous works and applying them on the recent data, in order to find out if the economic growth rate in the current European Union member countries is connected to the growth rates of various diseases, Based on the existing economic theories, they examine if the results found in literatures apply when regressing

different types of variables in the. EU member states for the period of 1995-2007. Their results show a positive relationship between the health of population and the GDP, with the causality in the relation between the real GDP and the economic growth directed from the economic growth to the diseases growth rates.

## **RESEARCH METHODOLOGY**

### **Research Design and Sources of Data**

The study use the ex-post facto research design to examine macroeconomic variables dynamic and unemployment rates in Nigeria. The data for the study was generated from the official publications of financial institutions such as CBN Statistical Bulletin, CBN Annual Report and Accounts. The data were extracted from the soft copies of the named sources as made available by the authorities on their websites. The time frame is expected to cover thirty seven (32) years from 1986 to 2018.

### **Model Specification**

Model for Macroeconomic variables and health (life expectancy). The model for the study was adapted from the work of (Momodu, 2014) who studied public health and macroeconomic variable in Nigeria and its variable are:

$$PH = f(GOVT, UNE, NFL, BOP)$$

Where;

PH	=	Public Health
GOVT	=	Government Expenditure
UNE	=	Unemployment Rate
1NFL	=	Inflation Rate
BOP	=	Balance of Payment

This present study modified the model as

$$LIEX f(MS, JNF, EXCH, GOV, NT), \text{ Equation (1)}$$

Where:

LIEX	=	Life Expectancy
MS	=	Money Supply
INF	=	Inflation Rate
EXCH	=	Exchange Rate
GOV	=	Government Expenditure
INT	=	Interest Rate

The relationship can be explicitly formulated into a model thus:

$$LIEX = \alpha_0 + \alpha_1 MS + \alpha_2 EXR + \alpha_3 INFL + \alpha_4 GOV + \alpha_5 INT + p \quad - \quad \text{Equ 2}$$

Where  $\alpha_0$  is a constant or intercept,  $\alpha_1$ ,  $\alpha_2$ ,  $\alpha_3$ ,  $\alpha_4$  and  $\alpha_5$  are the coefficients of the explanatory variables,  $p$  is stochastic error term.

## DATA PRESENTATION AND ANALYSIS

### Data Presentation

The logged data for this study was presented in the appendix. The data was logged to present the data in the same base before it was use for the analysis. Another reason is to achieve normality.

### Analysis of Data

**Table 1: Descriptive Statistics**

Macroeconomic Variables and Life Expectancy						
Mean	48.25500	6.547237	68.07474	90.09474	11.67463	17.61579
Median	46.00000	6.611111	70.18000	97.40000	11.81725	17.68500
Maximum	54.49000	10.12982	85.66000	360.5000	14.53615	29.80000
Minimum	45.00000	2.672078	37.97000	0.610000	8.431766	7.750000
Sid. Dev.	2.971298	2.555846	12.61960	91.21405	2.287401	4.626646
Observations	32	32	32	32	32	32

The summary statistics show that the average mean of life expectancy is about 48.2, money supply is 6.54, while average mean of inflation rate, exchange rate, government expenditure and interest rate were 6.547237, 68.07474, 90.09474, 11.67463 and 17.61579 respectively. The standard deviations of macroeconomic variables such as money supply, inflation rate, exchange rate, government expenditure and interest rate are 2.971298, 2.555846, 12.61960, 91.21505, 2.287401 and 4.626646. The value of the standard deviations indicate that there is wide spread in the life expectancy in Nigeria. This is also evident in the wide gap between the maximum and minimum values. For example, the maximum value of life expectancy is 54.49000 while the minimum is 45.000 with difference of 9.49. Similarly, the maximum of money supply is 10.12982 while the minimum is 2.672078. These performance variations are rather on the high side. Even in the case of inflation rate, the maximum is 85.66 and the minimum is 37.97. It is equally observed that exchange rate varied widely over time. For instance, exchange rate is 360.5 while its minimum value is 0.61. The wide variation over time indicates high level of fluctuation of macroeconomic variables which affects life expectancy.

### Unit Root Test

The tests employed are the Augmented Dickey Fuller (ADF) test and the Phillips-Perron test (PP) Test. The null in both the ADF and PP is the presence of unit root.

**Table 2: Augmented Dickey Fuller Test (ADF)**

Variables	At Level	First Difference	Order of
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	t-Statistics	Prob.	t-Statistics	Prob.	Integration
MS	-2.264016	0.1892	-2.425122	0.1437	1(2)
INT	-4.656213	0.0007			1(0)
INF	-4.323464	0.0025			1(0)
EXR	1.753328	0.9995	-4.934566	0.0004	1(1)
GOVT UNE	-2.046787	0.2665	-4.355259	0.0050	1(1)
LEXP	0.848250	0.9932	-5.318523	0.0030	1(1)

**Table 3: Augmented Dickey Fuller Test (ADF)**

Variables	At Level		First Difference		Order of Integration
	t-Statistics	Prob.	t-Statistics	Prob.	
MS	-2.264016	0.1892	-2.425122	0.1437	1(1)
INT	-4.656213	0.0007			1(0)
INF	-4.323464	0.0025			1(0)
EXR	1.753328	0.9995	-4.934566	0.0004	1(1)
GOVT	-2.046787	0.2665	-4.355259	0.0050	1(1)
LEXP	0.848250	0.9932	-5.318523	0.0300	1(1)

**Table 4: Augmented Dickey Fuller Test (ADF)**

Variables	At Level		First Difference		Order of Integration
	t-Statistics	Prob.	t-Statistics	Prob.	
MS	-2.264016	0.1892	-5.575709	0.0010	1(1)
INT	-4.774825	0.0005			1(0)
INF	-2.775847	0.0730			1(0)
EXR	1.753328	0.9995	-4.927991	0.0004	1(1)
GOVT	-1.995253	0.2873	-3.355259	0.0150	1(1)
LEXP	1.624073	0.9932	-7.307302	0.0000	1(1)

The analyses of the stationarity of the variables were performed using the ADF and PP tests. Both tests showed similar result outcomes. The ADF result are shown on Table 3 while the PP results were in Table 4. From both Tables, the results for TNT find INF were integrated at levels. This suggests that the variables are stationary at their level forms. However, MS, EXR, 44D1, GOVT, and LEXP were not stationary in their levels [1(0)], but were found stationary in the first differences 1(1). It is worthy of note that MS was not stationary at 1(0) and 1(1) using the ADF but was found stationary at 1(1) using the Pp. Thus the result of the PP was taken to imply that MS is stationary at 1(1).

These results of Unit root tests (stationarity test) showed that some of the variables (INT and INF) are stationary at level 1(0) while others including MS, EXR, GOVT, UNE, and LEXP are found stationary at first difference 1(1). The stationarity found at level suggests that the variable cannot be affected by changes in time series when they are employed in regression analysis. On the other hand, the variables that are stationary at first difference showed that they

respond to changes in time series. Based on the Ju4ure of the variables having a combination of 1(0) and 1(1) stationaries, the most suitable tool of analyses is the Autoregressive Distributive Lag (ARDL) technique.

### Estimation of the Specified Models

The Autoregressive Distributive Lag (ARDL) technique was used to investigate the effect of macroeconomic variables on human capital development in Nigeria. The two forms of regression conducted are the Bound test and ARDL Short run regression estimation.

**Table 5: ARDL Bounds Test for Long Run effect of Macroeconomic Variables on Health (Life Expectancy)**

Model	F-Statistics	Lower Capital Value Bound at 5% Level	Upper Critical Value Bound at 5% Level
Health	17.6293*	2.62	3.79

\*Significant at 5%

Source: Extracts from Eviews 9 Output on Appendix

From the results in Table 5, the critical bound values were computed at 5% level of significance. The lower critical bound value is 2.62 while the upper critical value is 3.79. The F-statistics is 17.6293. The results showed that life expectancy has F-statistics greater than the upper (3.79) and lower (2.62) critical bound values. This model with F-statistics that fall outside the critical bound values, suggest rejection of the null hypotheses. The results are summarized as follows:

Macroeconomic variables (money supply, exchange rate, inflation rate, government expenditure and interest rate) have significant long-run effect on healthcare in Nigeria.

### Analyses of ARDL Long Run Coefficients and Error Correction

The model proved to have long run relationships in a macroeconomic variables and human capital development nexus. Thus, healthcare receives long-run macroeconomic shocks within the period under study within the periods under study.

**Table 6: Model of the Long-Run Relationship between Macroeconomic Variable and Healthcare in Nigeria.**

Cointegrating Form				
Variables	Coefficient	Std. Error	t-Statistics	Prob.
D(LEXP(-1))	-0.701181	0.113529	-6.176245	0.0085
D(LMS)	1.808202	0.798355	2.264909	0.1084
D(LMS(-2))	1.775394	0.656928	2.702572	0.0736
D(INF)	-0.039287	0.012490	-3.145357	0.0514
D(INF)	-0.010120	0.007587	-1.333873	0.2745
D(INF)	-0.005855	0.006464	-0.905756	0.4318
D(EXR)	0.001477	0.003060	0.482677	0.6624

D(EXR(-1))	0.005010	0.004918	1.018639	0.3834
D(EXR(-2))	0.007346	0.007258	1.012210	(1.3860
D(EXR(-3))	-0.008795	0.006212	-1.415787	9.2518
D(LGOVT)	0.645880	0.242784	2.660305	0.0763
D(LGOVT(-1))	2.420938	0.614234	3.941395	0.0291
D(LGOVT(-2))	-1.512428	0.467546	-3.234819	0.0480
D(ENT)	0.120896	0.030680	3.940548	0.0291
D(INT(-1))	-0.132958	0.031105	-4.274476	0.0235
D(INT(-2))	-0.140137	0.052271	-2.680974	9.0750
D(INT(-3))	0.040854	0.027654	1.477314	0.2361
CointEq(-1)	-0.250858	0.141613	-2.771432	0.0460
Long-Run Coefficients				
Variables	Coefficient	Std. Error	t-Statistics	Prob.
LMS	6.9854 17	3.760848	4.857405	0.0002
INF	-0.036831	0.069592	-0.529242	0.6333
EXR	-0.000997	0.023476	-0.042472	0.9688
LGOVT	2.381884	2.195660	3.084814	0.90574
INT	-2.113515	1.404145	-2.505198	0.0293
C	-14.450188	41.724640	-0.346323	0.7520

The result on Table 6 has a coefficient of error correction of -0.250858 and the corresponding probability value of 0.0460. The coefficient is rightly signed with a negative and a sign p.value that is less than 0.05 level of significance. Thus, this indicate that health an adjustment effect. This means that changes in healthcare as proxied life expectancy eventually return to the long-run equilibrium. This confirms the bound test result and thus posit that there is significant long-run relationship between macroeconomic variable and healthcare (life expectancy) in Nigeria. This generally implies that macroeconomic variables is an effective policy mechanism for controlling public health in Nigeria.

The result long-run equation showed that:

$$LEXP = 6.9854LMS - 0.0368INF - 0.0010EXR + 2.3819LGOVT - 2.1135INT - 14.4502.$$

The coefficients show that in the long-run, inflation, exchange rate and interest rate have positive relationships while money supply and government expenditure had positive relations with macroeconomic variables in Nigeria. The probability values are less than 0.05 ( $p < 0.05$ ) for Money Supply (MS) and Interest Rate (INT) and greater than 0.05 ( $p > 0.05$ ) for INF, EXR and GOVT. Thus, the study posit that government expenditure, inflation and exchange rates have no significant long-run relationship in the model. However, money supply (LMS) has a positive (6.985417) and significant ( $p < 0.05$ ) effect on public health (life expectancy) in Nigeria. Also, interest rate (INT) has a negative (-2.113515) and significant ( $p < 0.05$ ) effect on public health (life expectancy) in Nigeria.

### Hypotheses Testing

HYPOTHESIS: Ho - Macroeconomic variables (money supply, interest rate, exchange rate, government expenditure, inflation rate) have no significant effect on life expectancy (public health) in Nigeria.

**Table 7: Short Run Model of the Relationship between Macroeconomic Variables and Public Health in Nigeria**

Dependent Variable: LEX1

Method: ARDL

Sample (adjusted): 1990 2018

Dynamic Regressors (4 lags, automatic): LMS INF EXR LGOVT INT

Variables	Coefficient	Std. Error	t-Statistics	Prob.*
LEXP(-1)	0.047961	.0153756	0.311931	0.7755
LEXP(-2)	0.701181	0.113529	6.176245	0.0085
LMS	1.808202	0.798355	2.264909	0.1084
LMS(-1)	0.972709	0.863799	1.126083	0.3421
LMS(-2)	0.746831	0.789965	0.945397	0.4142
LMS(-3)	-1.775394	0.656928	-3.702572	0.0436
INF	-0.039287	0.01 2490	-3.145357	0,05 14
INF(-1)	0.014073	0.008444	1.666573	0:1942
INF(-2)	0.010120	0.007587	t.333873	0.2745
INF(-3)	0.005855	0.006464	0.905756	0.43 18
EXR	0.001477	0.003060	0.482677	0.6624
EXR(-1)	0,001833	0.003114	0.588686	0.5975
EXR(-2)	-0.005010	0.004918	-1.018639	0.3834
EXR(-3)	-0.007346	0.007258	102210	0.3860
EXR(-4)	0.008795	0.006212	1,415787	0.2518
LGOVT	0.645880	0.242784	2.660305	0.0763
LGOVT(-1)	0.179976	0.587910	0.306128	0.7795
LGOVT(-2)	-2.420938	0.614234	-3.941395	0.0291
LGOVT(-3)	-0.514860	0.489543	-1.051715	0.3702
LGOVT(-4)	1.512428	0.467546	3.234819	0.0480
INT	0.120896	0.030680	3.940548	Q0291
INT(-1)	0.177055	0.034199	5.177154	0.0{40
UST(-2)	0.132958	Q031105	4.274476	0.0235
INT(-3)	0.140137	0.052271	2.680974	0.0750
INT(-4)	-0.040854	0.027654	-1.477314	0.2361
C	-3.624945	8.574446	-0.422761	0.7009
P-squared	0.999687			
F-statistics	383.7132	Durbin-Watson Stat		2.017034

Prob. (F-statistics)	0.000189
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The result of the short run effect of macroeconomic variables on public health as measured by life expectancy is shown on Table 10. From the ARDL, the coefficient of the dependent variable (LEXP) introduced as an endogenous variable in the model showed a positive value at lag land lag 2 but significant effects only at lag of 2. This indicate that a unit increase in the public health of Nigerians will lead to further improved public health in the subsequent years two years. This suggests that public health is an endogenous variable in the model. This implies that previous status of the citizens' health predict current year health in Nigeria.

Table 10 further revealed that Money Supply (M2) has positive relationships at current period and lag 2 but negative relationship at lag3. However, only the lag 3 short run result has significant effect. This suggests that a unit change in money supply would bring about a positive change in life expectancy (public health) in Nigeria after three years.

More so, Inflation rate (INFL) showed a negative relationships at current year, and positive relationship at lags 1, 2 and 3, respectively. However, the p.value indicated significant effect only in the current period. This indicate that inflation rate has a significant positive effect on public health in the current period.

Again Exchange Rate (EXR) was found to have a positive relationship with public health current year, and lag I, but negative relationship at lag 2, 3 and 4, respectively. The p.values show that the coefficients are statistically significant in the current year, lag 2 and 3. However, EXR was not found significant at all the short term periods. This suggests that exchange rate has no significant effect on public health in Nigeria.

However, Government Expenditure (GOVT) showed positive relationship with public health at current year and lags I and 4, and negative relationships in their lags 2 and 3, respectively. The probability value are less than 0.05 in periods of lags 2 and 4. This indicate that government expenditure a significant negative effect on public health in the second year and a reversed positive effect in the fourth year. This means that government expenditure has mixed effect on public health in Nigeria.

The result of the Interest Rate (INTR) revealed positive effects from the current year to lag 3 and a negative effect in lag 4. The probability values indicate showed significant effects from the current year to the second year lag. This means that interest rate has a continuous significant positive short run effect on public health in Nigeria.

In the overall, the coefficient of determination ( $R_2$ ) revealed that about 99% of the change in public health can be explained by macroeconomic variables in Nigeria. This is confirmed by a significant p.value of 0.0000 from the F-statistics (383.7132). The Durbin-Watson statistics of 017034 suggests that the result is reliable.

The results has shown that macroeconomic variables have a shirt-run significant effect on public health in Nigeria. Specifically, money supply, ,inflation rate, interest rate have a significant positive effect on public health, government expenditure has negative and positive effect after 2 and 4 years, respectively while exchange rate had no significant effect on public health.

### **Discussion of the Findings**

This research examined the effect of macroeconomic variables on human capital development



proxy by unemployment. Data were sourced from the Central Bank of Nigeria (CBN) statistical bulletin and World Bank development indicator 2018. The data generated were subjected to statistical analysis and the following output was ascertained.

Macroeconomic variables and life expectancy: The study found that macroeconomic variables have a significant positive effect on life expectancy in Nigeria. The implication of these findings is that, for life expectancy to be functional to achieve their aim and purposes, Macroeconomic variables need to satisfy the expected needs of the individual, and must be seen to be fair or equitably satisfying to the individual. This further agreed with the findings of Temitope & Bola (2013), who found increase in macroeconomic variables increase the life expectancy. The Z findings also corroborate with the findings of Onisanwa (2011) that macroeconomic variables positively influence life expectancy.

### **SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION**

This study examined the effect of macroeconomic variables on the human capital development in Nigeria from the periods of 1986-2018 using life expectancy as proxy. The results of the study are summarized as follows:

Macroeconomic variables including money supply, inflation rate, exchange rate, government expenditure and interest rate, have a significant long run and short run effects on public health measured by life expectancy in Nigeria. Specifically, money supply, inflation rate, interest rate have a significant positive short run effect on public health; mixed (negative and positive) significant short run effect from government expenditure; and no significant effect from exchange rate.

The study has shown that macroeconomic variables are authentic policy instruments for long run management of human capital development in Nigeria, especially in the areas of public health. A combined management of money supply, inflation rate, exchange rate, government expenditure and interest rate has sufficient as short run policy instrument in managing the standard of living and public health of a developing economy as Nigeria. Money supply is the most powerful macroeconomic indicator of human development in Nigeria.

- i. It is therefore recommended that 'relevant policy instruments be put in place to enhance life expectancy through the creation of favourable socio economic environment. This can be achieved by effective manipulation of the relevant policy instruments such as redistribution of income, employment drive, and diversification of the economy away from oil dependent. These are necessary and highly important in actualizing the 70 year Life expectancy objective of Nigeria.
- ii. Private sector investment should be encouraged by the government at all levels to create employment opportunities. Government should decrease trade restriction and this will result in an increase in openness of trade.
- iii. Government should as a matter of urgency increase the education budget to accommodate the poor children on the street whose parents can not afford school fees.
- iv. That government should ensure stable macroeconomic policies and also increase its expenditure in the area of infrastructural developments and provision of more health care facilities to improve health delivery in Nigeria.

- v. Government should be proactive in ensuring that the literacy rate and Human Capital Development is encouraged by channeling more funds to educational development and the health sector to boost the nation's industries and productivity. This will in turn facilitate economic growth.

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