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1. Abstract (maximum 150 words)
2. Introduction
3. Literature review
4. Methodology
5. Results and Discussion
6. References (APA compliance)
7. Appendix (optional)

Manuscripts should contain a maximum of 5 keywords and 2 JEL classification codes.

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Submission fees

There are no submission fees

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Authors of accepted papers will pay an article processing fee of twenty thousand (N20,000) naira.

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EFFECTS OF FOOD INFLATION ON HOUSEHOLDS' NUTRITIONAL OUTCOMES: POLICY IMPLEMENTATIONS FOR THE NATIONAL SCHOOL FEEDING PROGRAM

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Abstract

Food inflation poses a significant threat to household nutritional outcomes, particularly in low- and middle-income countries where large segments of the population are vulnerable to price shocks. This study examines the nexus between rising food prices and the nutritional well-being of households, with a focus on the implications for children who depend on the National School Feeding Programme (NSFP) using Delta State as a focal state. A fixed effect model is estimated to analyze the survey data elicited. The result suggests that a rise in the price of food negatively and significantly affect weight-for-height measures of nutritional outcomes. The effect of food policy on households and nutritional outcome varies across food groups. Findings indicate that well-targeted, inflation-adjusted, and locally sourced school feeding programmes can play a pivotal role in mitigating the adverse effects of food inflation on child nutrition and educational attainment. The study concludes with policy proposals aimed at reinforcing the effectiveness and sustainability of the NSFP in Nigeria and similar contexts.

1. Introduction

There is global hike in food prices with social and economic implications. The rise in food prices may adversely affect the nutritional intake of households. Given the high prevalence of under nutrition, a rise in food prices may worsen families' nutritional intake and outcome. For example, under nutrition can cause stunting and wasting of children under five. Juarez-Torres (2015) posited that the burden of food price increases is borne more by the poor and vulnerable households who spend up to 80% or more of their earnings on foodstuffs. When households face massive negative price or income shocks, reduction in food budget is often their most immediate response. This manifests in compromised dietary intakes in terms of quantity and quality, which ultimately engender higher vulnerability to food insecurity, malnutrition, poverty and related issues. It has also been found that a large

proportion of households in the country consume less varied and low-quality foods (Efayena & Olele, 2024; Agada & Igbokwe, 2015).

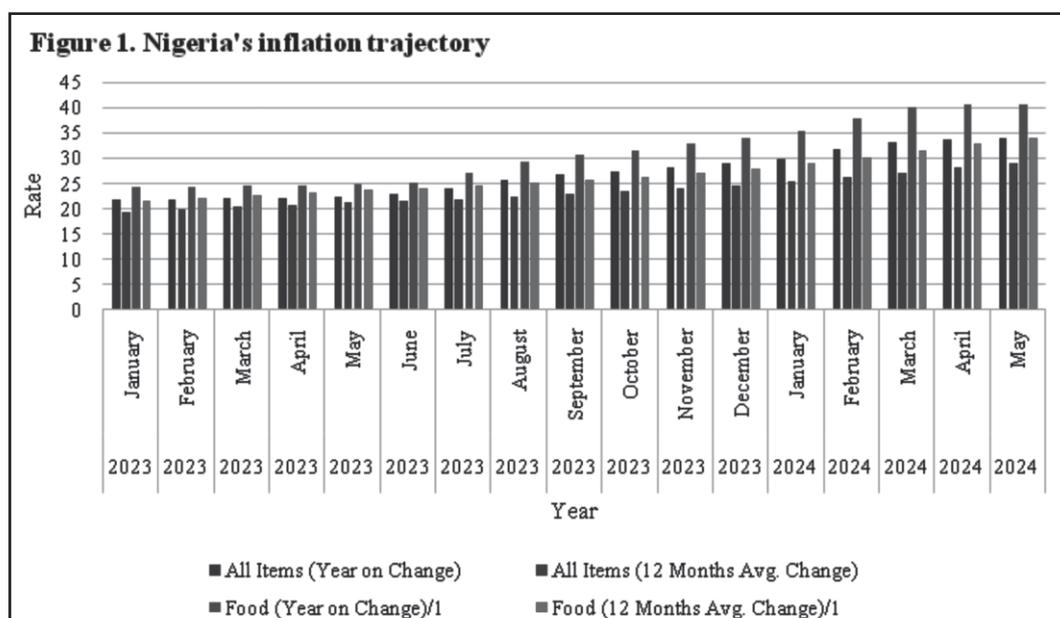
Another effect of food inflation is malnutrition among children. Malnutrition at the early age of child development has a long-lasting effect on children's education and health outcomes. Arndt *et al.* (2016) examined the effect of food price shock on child malnutrition using a household level data from Mozambique. The study finds that weight-for-height and weight-for-age measure of nutritional status deteriorate due to food price inflation. Their finding suggests that food price rises results in a substantial increase in malnutrition among under five children. A study by Hou *et al.* (2016) found that rising food price has a negative effect on school enrollment and it differs by gender, economic status and the presence of siblings. Households may respond to the rising food price by substituting across foods. Nutritional intake may not be affected if households are able to substitute from expensive to cheaper food that contain the same nutrients. The challenge for poor households is that they are already consuming low cost and low-quality foods. This implies that the effect of food price rise on poor households is severe.

The potential costs of malnutrition include death, high risk of impaired child development, and fall in productivity and economic growth. Moreover, it directly increased the cost of health care and indirectly affect productivity and maybe leading to a fall in adult wage. Given the high prevalence of malnutrition in Nigeria, rising food prices will negatively impact families' nutritional intake and outcomes, in addition to their health status (Efayena & Ichoku, 2024). There is need to investigate this crucial issue especially among rural and coastal households, who are mainly vulnerable and economically excluded.

Nigerians are experiencing the worst food inflation in decades amid a weakening naira, insufficient domestic agricultural production, and an over-reliance on expensive imported food. Rising inflation and slow growth have caused the number of impoverished Nigerians to rise from 89.8 million at the beginning of 2023 to 104 million (World Bank, 2023). In recent years, food prices have been on the rise across Nigeria. The situation deteriorated due to the impact of government policies such as the removal of subsidies on petrol, among others. Data from the National Bureau of Statistics reveal that the annual inflation rate for imported food in Nigeria increased from 18.49% in January 2023 to 26.29% in January 2024 (see Figure 1). Food imports have increased in price as a result of the Russia-Ukraine war, supply chain

disruptions in the aftermath of Covid-19, and border closures introduced by the previous Nigerian government. The country imports a significant amount of wheat, milk, and fish. The food inflation rate in February 2024 quickened to 37.92 per cent on a year-on-year basis, which was 13.57 per cent points higher than the rate recorded in February 2023 (24.35 per cent).

At the state level, the food inflation rate was the highest in Kogi (44.18%), Kwara (40.87%), and Rivers (40.08%), while the lowest annual rates of food inflation were recorded in Bauchi (28.83%) Adamawa (29.80%), and Kano (30.08%). It is clear, however, that food inflation is a country-wide phenomenon.



The upward trend in the prices of these staples and other products has weakened the purchasing power of many citizens, making it difficult for many households in the country to afford daily meals. The Food inflation rate in February 2024 was 37.92 per cent on a year-on-year basis, which was 13.57 per cent points higher compared to the rate recorded in February 2023 (24.35 per cent). The bureau said the rise in food inflation yearly was caused by increased prices of bread and cereals, potatoes, yam and other tubers, fish, oil and fat, meat, fruit, coffee, tea, and cocoa. On a month-on-month basis, the Food inflation rate in February 2024 was 3.79 per cent this was 0.58 per cent higher compared to the rate recorded in January 2024 (3.21 per cent). It explained that the rise in food inflation on a Month-on-Month basis was

caused by a rise in the rate of increase in the average prices of bread and cereals, potatoes, yam & other tubers, fish, coffee, tea, and cocoa. The average annual rate of Food inflation for the twelve months ending February 2024 over the previous twelve-month average was 30.07 per cent, which was a 7.95 per cent points increase from the average annual rate of change recorded in February 2023 (22.12 per cent).

In Nigeria, a few studies have been done in this area. For instance, Shittu et al. (2018) examined the welfare effects of food price spikes among households in the country. They found that higher spike in the price of cereals consistently has negative effect on food quantities (including calories) consumed, dietary diversity, and economic welfare of households, spikes of price of other staples such as animal proteins, fats and oils, fruits and vegetables exert heterogeneous influence.

Conversely, little is known about the potential impacts of food price spikes on nutritional outcomes of households in Nigeria. Such information is crucial for the development of policies and programmes targeted at the improvement of well-being of households in the country. The highlighted concerns provide the motivation for this study. The study therefore seeks to address the following specific questions: How do food commodity price spikes affect the nutritional outcomes of households in Nigeria? Findings from this study can provide useful information for redesigning existing policy actions and programmes or for the introduction of new ones for improved living conditions of farm households in Nigeria. However, the economic evidence of food price increases and poverty is inconclusive, with simulation studies finding that poverty increases as food prices rise, and survey evidence finding the opposite, at least in rural areas (Headey & Hirvonen 2023).

This study, specifically, will examine the effect of rising food prices on households' nutritional outcomes. The study will also investigate household's responsiveness to the change in food prices. Specifically, is there a shift from high price food item to low price food item? If so, what is the impact on nutritional outcomes of households? Given the nature of the data, one can see the dynamics over time, by region, and different socioeconomic groups. This will be done by estimating a seemingly unrelated regression for the quadratic almost ideal demand system (QUAIDS) for the seven food groups (cereals, fruits and vegetables, meat, milk, salt and sugar, tuber and stem, and pulses) in Delta State. Furthermore, a fixed effect model will be estimated to examine the effect of food price rise on households' nutrition outcomes. Such households'

studies have more policy implications and relevance for economic development (Efayena & Buzugbe, 2020).

2. Literature Review

A range of studies examined the effect of food price increase on household welfare and nutritional outcomes. The effect of food price rise varies by region. For instance, Ferreira et al. (2013) examined the effect of food price rises on household welfare in Brazil using a spatially disaggregated monthly data. The study found that a rise in food price increases extreme and moderate poverty in Brazil. The magnitude of the effect of food price rise in reducing welfare is higher in urban areas than rural areas due to the income effect of food price rise in rural areas. The study examined the effect of food price rise by controlling for market income effect, the expenditure effect, and the transfer income effect.

Jensen and Miller (2008) found that the impact of global food price rise on two Chinese provinces is small because households were able to substitute to cheaper domestic staple foods. Domestic food prices were low because of government intervention in the grain market. Moreover, the effect of food price rise on rural households depends on whether the households are net buyers or net sellers. Net seller households benefit from the rising food prices whereas net buyer households lose. For net seller of labor, a higher wage increases the welfare of the landless while reducing the welfare of net buyer of labor. The elasticity of food expenditure share with respect to the change in the price of food can be negative or positive depending on whether the substitution effect dominates the income effect or not. If the positive income effect dominates the negative substitution effect, an increase in food prices will increase food expenditure. The final effect of a change in the price of food depends on the marketed surplus. Marketed surplus is positive for net sellers of food and negative for net buyers. This means an increase in food price maybe leading to a fall in consumption for net buyers. The responsiveness of food consumption expenditure to an increase in food price can be positive if the positive marketed surplus is large enough.

Vu and Glewwe (2011) found that the overall effect of food price rise on average Vietnamese household welfare is positive because the average welfare loss of net buyers was smaller than the average welfare gains by net sellers. According to Lee et al. (2013), high food prices can be an immediate threat to household food security, undermining population health, retarding human development, and lowering labor productivity for the economy in the long

term. The study employs a panel dataset covering 63 developing countries from 2001 to 2010 to make a comprehensive assessment of the effects of food price inflation and volatility on population health measured by infant mortality rate, child mortality rate, and the prevalence of undernourishment. The study found that rising food prices have a significant and adverse effect on all three health indicators in developing countries. Furthermore, the impact of food prices is severer in the least developing countries although the effect is moderated in countries with a greater share of agriculture in gross domestic product.

Ivanic and Martin (2008) argued that the short run impact of rising food price on poverty in nine developing countries vary by country and by commodity. Similarly, Levin and Vimefall (2015) examined the effect of higher maize prices on different socioeconomic groups and regions in Kenya. The study found that a rise in maize price reduce household's welfare. It also found that poor households lose a larger proportion of their welfare than relatively wealthy households and rural landless households lose. But households that owns five acres or more land gain from price increase.

Attanasio *et al.* (2013) analyzed the welfare effect of food prices rise in Mexico. The study evaluated the effect of conditional cash transfer program and subsidy policy as a means of mitigating food price rise. The result suggests that food price rise results in welfare loss and the loss is not uniform among different groups of households. Shimeles and Woldemichael (2013) opined that rising food prices negatively affect the welfare of urban households and rural landless households, whereas it benefits land rich rural households.

Hadley *et al.* (2012) conducted a qualitative study on rising food prices and food insecurity in Jimma town in Ethiopia. The result shows that the rising food prices negatively affect different community level support systems. The rising food prices and food insecurity leads to poor mental health, stress, and deteriorating physical health. Woldemichael *et al.* (2017) also found that food price inflation has anegative effect on child weight and height in Ethiopia. Woldehanna and Tafere (2015) pointed out that price control measures may exacerbate the rising food prices by reducing supply while consumer associations help to stabilize food prices.

Adekunle *et al.* (2020) examined the effects of food price spikes on the quantity and quality of the dietary composition of farm households in Nigeria using the 2010/2011, 2012/2013 and 2015/2016 household survey panel data. The fixed effects models were estimated while controlling for participation in

non-farm livelihood activities. Analysis indicated that seasonal comparisons of the average per capita daily calorie intake is lowest in the post-harvest season of 2011 (2511.44 kilocalories), which is higher than the average recommended intake. The results also showed that rural households had lower per capita calorie intake and dietary diversity than urban households, which may be an indication of a shift in the calorie inadequacy from urban to rural farm households' setting in Nigeria.

Obiora *et al.* (2023) examined inflation's effects on Nigeria's food security, using comprehensive literature review to scrutinize their relationship. The study focuses on its effects on food costs, purchasing power, production, distribution, and household consumption patterns in Nigeria. The research underscored that inflation escalates food prices, diminishing consumer purchasing power, especially among low-income individuals, resulting in inadequate nutrition and health issues.

Anugwa and Ugwu (2022) examined the perceived effects of food price inflation on the food security status of rural farming households' in Enugu state, Nigeria. The 18-item USDA household food security survey module was used in determining the food security status of the respondents. Mean scores were used to analyze the perceived causes and effects of food price inflation, respectively. The results showed that the majority of the households were food insecure, and the cost of production of major crops and prices of major staple foods had been on the increase. The major cause of food price inflation identified was climate change while its major effects on household food insecurity were reduction in caloric intake, among others. In addition, eating foods that are less preferred were the most frequently used coping strategy in cushioning the effects of food insecurity.

A review of the literature revealed a huge gap in empirics especially as regards studies at rural and other vulnerable groups who are at most times excluded from government palliative programmes to alleviate the ravaging effects of food inflation. This study seeks to investigate this in Delta State of Nigeria.

3. Methodology

1.3. Empirical model

A quadratic almost ideal demand system (QUAIDS) will be estimated in this study. This model is an extension of the almost ideal demand system (AIDS). This method has several desirable properties. The AIDS model satisfies the aggregation restriction, it is simple to estimate, and with simple parametric restrictions, homogeneity and symmetry can be imposed. The AIDS is derived

from the indirect utility (Deaton & Muellbauer, 1980). Banks et al. (1997) suggested the quadratic almost ideal demand system (QUAIDS) which allows expenditure shares to respond more flexibly with respect to total expenditure. Specifically, the quadratic term implies goods can be luxurious at low levels of total expenditure and necessities at higher levels. The QUAIDS is given as:

$$v_{it} = \alpha_i + \sum_j \varphi_{ij} \ln(p_{jt}) + \beta_i \ln\left(\frac{X_t}{x(P)}\right) + \frac{\gamma_i}{y(P)} \left[\ln\left(\frac{X_t}{x(P)}\right) \right]^2 \quad (1)$$

Where v_{it} is the expenditure share of food group i at time t ; p_{jt} is the price of food group j at time t ; X_t is the total food expenditure at time t , and \underline{P} is a translog price index. In order to examine substitution possibilities due to the rising food price, the empirical strategy is estimating a system of demand equation of the form (1) including household size, and age. A seemingly unrelated regression (SUR) will be estimated. Since the error terms are contemporaneously correlated, we cannot estimate each equation separately, and the own and cross price elasticities will be calculated. The elasticities are calculated for the seven food groups. The QUADS model will be used to generate the predicted value of expenditure share for the seven food groups, which will be utilized as a proxy for households' nutritional status. The study will, therefore, estimate the following model:

$$\hat{v}_{it} = \alpha_0 + \alpha_1 HS_{it} + \alpha_2 AGE_{it} + \alpha_3 FMHEAD_{it} + \alpha_4 PRICE_{it} + d_i + \varepsilon_{it} \quad (2)$$

Where \hat{v}_{it} is predicted value of the expenditure share of food group i at time t ; HS is the household size; AGE is the age of the household head; $FMHEAD = 1$ if household head is female, 0 = otherwise; $PRICE$ is the log of food group i price at time t ; d_i is the individual time invariant fixed effect, and ε_{it} is the error term. Food price rise may not immediately affect household's nutritional outcome. To control for the effect lag, the lag of all the food prices and policy variables is used in all the regressions.

Household size is expected have a negative effect on its nutritional outcome. Female headed households are expected to have lower expenditure share and nutritional intake relative to male headed households. Food price will be generated from amount the household spends on food items the data as follows. Information is available about the amount of money spent on 25 purchased food items and their respective quantities. First, the study generated the median price for the 25 food items by dividing the total amount of money spent with the total quantity consumed. The average of the median price for a given enumerating area is used as a food group price. Second, using the

quantity of food consumed from own production, gift and other sources; the value of food consumed from own production and gift is generated. Total food consumption is the sum of purchased food, own production, gift and other sources. The expenditure share for each food group is calculated based on this information. The food group includes cereals, fruits and vegetables, meat, milk, salt and sugar, tuber and stem, and pulses. Own and cross elasticities are calculated for each food group.

1.3. Data and Sources

A questionnaire will be constructed following the structure of that of the General Households Survey (GHS) of the World Bank. The questionnaire will include all the variables of interest.

4. Findings and Discussion

4.1. Summary statistics

The data used in the analysis is collected from rural and coastal communities in Delta State as utilized in Buzugbe & Efayena (2019). The data shows that the average household size is 5.1. The average age of the household head is 42. The average real annual consumption expenditure is N19,458.

Table 1: Household Demographics

Item	Value
Household size	5.05
No. of adults in the household	3.08
No. of working age in the household	2.43
No. of elderly persons in the household	0.15
No. of females in the household	2.09
No. of children under 15 in the household	1.67
No. of working age female in the household	1.36
Age of household head	42.18
Real annual consumption expenditure (in naira)	19458.50

Source: Field survey (2025)

From Table 2, on average, 35.18% of the household's face food price shock. Households used different coping mechanisms in the face of food price shock. To mitigate the effect of price shock households reported using personal saving, helps from different sources, change their eating pattern, work more, family member migration, reduce their spending on health and education, and obtain credit.

Table 2: Response to Price increase

Item	Value
Proportion of households facing price increase	0.3518
Response to price increase	
Savings	0.291
Other financial sources (e.g thrives, osusu, etc)	0.116
Changes in eating pattern	0.065
More work	0.174
Migration	0.018
Reduction in health and education expenditure	0.106
Borrowing	0.201

Source: Field survey (2025)

4.2 Empirical Analysis

The data is collected for three rounds. Based on this data, a seemingly unrelated regression for the QUAIDS model (equation 1) is estimated. The model is estimated by including demographic variables. The seven food group shares are used as a dependent variable.

As discussed in the methodology section, the study estimated the panel data model using the predicted value of weight-for-height z scores as a function of predicted expenditure share and other controls. As we can see in Table 3 below, the result shows that the price of cereals, oil seeds, and tuber are negatively and significantly related with weight-for-height z-score. This suggests that the increase in the price of those food groups deteriorates the weight-for-height measure of nutritional status. The price of meat is positive and significant indicating weight-for-height index is improving.

Table 3. Effects of food price and policy on weight-for-height (WHZ)

Dependent Variable: Predicted WHZ	Cereals	Fruits & Vegetables	Meat	Milk	Salt & Sugar	Tuber & Stem	Pulses
Predicted expenditure Share	4.312*** (0.718)	0.158 (0.156)	-4.193*** (1.075)	-2.137** (0.734)	-0.734*** (0.131)	-2.067** (0.781)	-0.535** (0.197)
Household size	0.159*** (0.053)	0.081** (0.028)	0.131** (0.046)	0.087*** (0.022)	0.117*** (0.032)	0.251** (0.088)	0.132** (0.047)
Age	-0.052** (0.019)	-0.073*** (0.024)	-0.116** (0.043)	-0.081** (0.029)	-0.019** (0.007)	-0.096** (0.034)	-0.128*** (0.041)
Age squared	-0.000 (0.000)	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Head female	-0.117* (0.063)	-0.027 (0.026)	0.031*** (0.007)	-0.119** (0.041)	0.027*** (0.007)	-0.101** (0.036)	0.312*** (0.071)
No. of Observations	2,429	2,429	2,429	2,429	2,429	2,429	2,429
R-square	0.316	0.285	0.291	0.405	0.322	0.295	0.317

Source: Field survey (2025)

Note: ***, **, and * denote statistical significance at 1%, 5%, and 10% level of significance standard errors in parenthesis

Predicted expenditure share significantly affect weight-for-height z score. The sign varies from food group to food group. It is negative for tuber, pulses, milk, sugar and salt and meat but positive and significant for cereals, and fruit and vegetables. This suggests that the higher the expenditure share of these food groups improve nutritional outcome (the weight-for-height z score).

4.3. Policy Implementations for the National School Feeding Programme

This study has policy implementations for the national school feeding programme in Nigeria. In the context of Nigeria's current economic challenges particularly persistent food inflation driven by exchange rate volatility, insecurity in food-producing regions, and rising logistics costs there is a pressing need to strengthen the National Home-Grown School Feeding Programme (NHGSFP) as a social protection and nutritional intervention. One essential policy response is to institutionalize *inflation-indexed budgeting* for the programme. This would involve adjusting federal and state-level allocations in line with official inflation figures released by the National Bureau of Statistics (NBS), allowing the programme to maintain the nutritional quality and adequacy of meals served to primary school pupils despite rising food prices.

To reduce the programme's vulnerability to market fluctuations and external supply shocks, greater emphasis should be placed on *local food procurement strategies*. By sourcing food from local smallholder farmers and aggregators within the communities where schools are located, the NHGSFP can reduce reliance on distant supply chains, cut down on transportation costs exacerbated by high fuel prices, and stimulate rural agricultural economies. This approach aligns with Nigeria's broader objectives of enhancing food security and promoting inclusive economic growth under frameworks like the Agricultural Transformation Agenda and the National Poverty Reduction with Growth Strategy (NPRGS).

Another critical component is the regular revision and enforcement of *nutritional standards* tailored to the Nigerian context. Meals should reflect the diverse dietary needs of growing children, incorporating locally available staples and micronutrient-rich foods such as vegetables, legumes, and fortified cereals. Monitoring frameworks led by the Ministries of Health, Education, and Agriculture should be strengthened to assess compliance, dietary adequacy, and child health outcomes.

Additionally, *digital payment systems* should be scaled up across states to improve the timeliness and transparency of fund disbursements to vendors and cooks. Leveraging platforms such as the Government Integrated Financial Management Information System (GIFMIS) or mobile money services can reduce leakages and bureaucratic delays, especially in rural and hard-to-reach areas. At the same time, *community and stakeholder engagement* through Parent-Teacher Associations (PTAs), school-based management committees, and local traditional institutions should be institutionalized to provide real-time feedback and promote accountability.

Given Nigeria's frequent exposure to supply chain disruptions, flooding, and other shocks, the establishment of *emergency food reserves* at local government or zonal levels would provide a buffer to sustain meal provision during crisis periods. Schools can also be encouraged to develop school gardens, supported by agricultural extension services, to supplement food supplies while also educating children on nutrition and farming.

Furthermore, integrating *nutrition education and health interventions* into the school feeding framework such as periodic deworming, health screenings, and hygiene promotion can amplify the developmental benefits of the programme. These efforts support national goals of improving child health and learning outcomes, in line with the Universal Basic Education objectives.

A dedicated *food inflation monitoring taskforce* within the Federal Ministry of Humanitarian Affairs and Poverty Alleviation, in collaboration with the Central Bank of Nigeria (CBN) and NBS, can help track inflationary trends and their impact on programme costs and coverage. This will allow for timely adjustments and more resilient planning.

Finally, fostering *public-private partnerships (PPPs)* is key to enhancing programme sustainability. The private sector through agribusinesses, food processing companies, logistics firms, and technology providers can contribute innovations and resources to improve food quality, reduce wastage, and support last-mile delivery systems.

By embedding these policy measures within Nigeria's federal governance and economic development frameworks, the NHGSFP can serve not only as a tool for child welfare but also as a lever for local economic empowerment, food system resilience, and long-term human capital development.

5. Conclusion

This study evaluates the effects of food inflation on households' nutritional outcomes. This study is conducted based on a data collected from rural and coastal communities in Delta State. A seemingly unrelated regression model of the quadratic almost ideal demand system is estimated for the whole sample, year by year and for rural and urban sample. The predicted expenditure share of the seven food groups, weight-for-age z scores are used as a dependent variable. A simulation exercise is conducted by generating the predicted expenditure share of all the food groups and the weight-for-height nutritional outcome indicators. The result suggests that an increase in the price food negatively and significantly affect nutritional outcome. Several policy implementations for the national school feeding programme in Nigeria were highlighted.

It is thus imperative for the Nigerian government to adopt projects and programmes targeted at improving food production and accessibility especially to individuals in

rural and coastal communities. There is need to boost agricultural production through utilization of modern technologies in the production process. In addition, farmers should be encouraged through the incentivization of financing options. Government interventions at curbing food inflation through public-private partnership should be encouraged.

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AGRICULTURAL PRODUCTIVITY AND INSECURITY CHALLENGES IN NIGERIA: ISSUES AND WAY FORWARD

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Abstract

This paper examines the impact of current insecurity challenges on agricultural productivity in Nigeria while adopting the failed state theoretical framework. The study highlights that the agricultural sector in Nigeria remains a critical factor for economic growth, food security, and poverty reduction. Insecurity was however identified as a major challenge to agricultural productivity in Nigeria as kidnappings, terrorism, banditry, ethno-religious crisis, political and electoral violence were identified to have affected agricultural activities. This paper adopts a descriptive research design and data was collected from secondary sources with content analysis utilized for data analysis. Findings reveal that insecurity has affected agricultural output, manpower availability for agrarian purposes, agricultural produce distribution and also caused inflation in prices of food commodities. Issues such as porous borders, unlawful possession of arms by unauthorized persons, corruption, poverty and unemployment amongst others were identified as major factors promoting insecurity in Nigeria. The study, therefore, recommends measures such as strengthening of security institutions, applying appropriate conflict resolution mechanisms and provision of adequate support in the area of finance and rural infrastructure provision as necessary solutions for improved agricultural performance amidst the current insecurity situation facing the country.

Keywords: Agriculture, Productivity, Insecurity

1. Introduction

Socio-economic development of a country entails the proper running of all sectors of the economy for the purpose of actualizing desired goals and objectives. Agriculture is a critical sector in Nigeria, contributing significantly to the country's GDP and employing a large percentage of the population. However, in recent years, the sector has faced severe disruptions due to increasing insecurity. Security of any country is a prerequisite for meaningful growth and development to take place as business activities cannot thrive in an

unconducive environment. Insecurity tends to cripple economic and social undertakings, reduce business prospects and has multiplier effects on other development sectors.

In recent times, insecurity and terrorism has been a major challenge facing the Nigerian Government. Banditry, kidnapping for ransom, terrorist attacks, militancy, destruction of oil related conflicts, herdsmen/farmers clash, religious and communal crisis, rape and attack on women and children have created a state of instability and reduced socio-economic activities greatly. This is not surprising as people tend to avoid investing in areas of conflict and uncertainty. The United Nations Conference on Trade and Development (UNCTAD) revealed that Foreign Direct Investment (FDI) to Nigeria averages \$5.3 billion annually from 2005-2007. However, this has dropped remarkably to \$3.3 billion within 2015 to 2019 which is the period that has been marked by intensified and extensive insecurity in Nigeria (Bailey, 2020).

Despite efforts by the Government to tackle these challenges posed by insecurity and terrorism in the country, the rate of insurgency and insecurity is still alarming (Obi, 2015). The insecurity situation has also taken its toll on the agricultural sector of the country. The oil boom of the 1970s led to over reliance and dependence on revenue from the oil sector leading to the neglect of agriculture in Nigeria. However, due to current dwindling oil prices and reduced revenue from oil in recent times, there has been an urgent reawakening on the need to diversify the revenue base of the nation and promote agriculture. The agricultural sector over the years has experienced problems such as farmers' limited access to finance, outdated technology, poor infrastructure and storage facilities, inadequate government support and current insecurity problems leading to low productivity. Agricultural advancement is vital to a country like Nigeria which has the second highest burden of stunted children across the globe (UNICEF, 2015). With Nigeria having at least 5% of the global burden of under-nutrition and more than 14 million malnourished children, food and nutrition remains an important objective of the nation's agricultural policy (FAO, 2021). Included in the United Nations Sustainable Development Goals (SDG2) is the target to end hunger, achieve food security, improve nutrition and promote sustainable agriculture (United Nations, 2015).

Unfortunately, insecurity has greatly affected agricultural productivity as farmers no longer feel safe to go to their farms due to the incessant killings, kidnapping, banditry and terrorist attacks. Distribution of farm produce has

also been significantly affected by high transportation costs as the roads are no longer safe for movement of people and goods. This has increased cost of doing business and created difficult and cumbersome processes for distributing farm produce. Unfortunately, the impact of this problem has been transferred also to consumers as a result of high prices of food and declining purchasing power leading to poor nutrition.

Giving consideration to the rapid population increase in Nigeria, it is expedient that new innovations, safe and conducive environment for business activities be put in place to improve agricultural output which is a prerequisite for eradicating poverty and hunger. This paper therefore investigates the extent to which insecurity challenges have impacted agricultural productivity in Nigeria.

2. Insecurity in Nigeria

Insecurity refers to the state of fear, anxiety, restlessness, uncertainty stemming from lackadaisical attitude of our disgruntled and greedy politicians, militants and Boko Haram sects (Ndubuisi-Okolo, 2019). It can be described as the prevalent and manifold threat to the safety, stability and well-being of persons, groups and the country at large. Insecurity encompasses a broad spectrum of issues including violent crimes, terrorism, ethno-religious conflicts, political violence and socio-economic stability. Achumba et al (2013) define insecurity from two perspectives. Firstly, insecurity is seen as a state of being open or subject to danger or threat of danger where danger is the condition of being susceptible to harm or injury. The subsequent viewpoint identifies insecurity as a state of being visible to risk or anxiety. Anxiety in this case, is an unclear but unpleasant emotion that is experienced in the expectation of some possible misfortune. Insecurity therefore depicts a feeling of uncertainty and realization of being exposed to harmful situations.

When there is adequate security, there is improved business activities, peace, tranquility and human capital development. It is expected that the government and various communities work in a coordinated pattern to ensure a peaceful and conducive environment is maintained to facilitate development. Consequently, provision of national security of lives and properties within a sovereign state is an important social contract between the people, the state and the government (Etim et al., 2017).

Nigeria is currently confronted with loads of challenges which is rapidly stagnating the development and progress of her core industrial and sensitive

sectors. According to Akinola (2018), the nation's socio-political advancement, economic growth and quality of life of the Nigerian people have been significantly affected by the high level of insecurity. This is corroborated by the Africa Center for Strategic Studies (2021) which acknowledged that Nigeria faces series of security challenges that ranges from farmer-herder conflict to violent religious extremism, banditry, secessionist agitations, brutality by security agencies, especially the police, attacks on oil installations and infrastructure, piracy among others. These problems have constituted threats to the peace, security and development of the country and loss of resources. Forms of insecurity in Nigeria includes:

1. **Terrorism and Insurgency:** The emergence of terrorist groups such as Boko Haram in 2009 has been a major challenge to the country's security. There has been cases of bombings, assassinations, mass abductions notably the kidnapping of over 200 chibok school girls in 2014, kidnapping of 20 Greenfield university students in Kaduna and the Kaduna train attack in 2022 (Obiezu, 2024) etc. This insurgency and terrorist attacks have brought about displacement of millions of people and disrupted economic activities in these locations.
2. **Kidnappings and Banditry:** Violent attacks are carried out in many rural communities and mass abductions of innocent victims is on the increase. Unfortunately, families are made to pay huge ransoms to secure their loved ones who are brutally tortured and even killed in the process. Okoli and Ugwu (2019), noted that the rise in these activities have resulted to the displacement of thousands of people and strained the country's fragile security apparatus. Business activities especially agriculture and product distribution have been crippled due to the fear of travelling on the major road highways in Nigeria which has become a den for the operation of kidnappers.
3. **Ethno-Religious Crisis:** Ethnic and religious conflicts impose serious security threats in various communities in Nigeria. The herder-farmers conflict prevalent in the middle-belt region has led to the killing of many innocent citizens and this breeds deepening mistrust among various communities causing a lot of uncertainty and unrest (Ibrahim, 2014).
4. **Political and Electoral Violence:** Political and Electoral crisis are usually manifested during elections mainly due to the electoral processes being marred by vote-buying, political thuggery, rigging and killing of political opponents. Militant movements in the Niger-Delta

region have been involved in various agitations as a result of neglect of the development of their regions (political marginalization) and resource control (Obi, 2009). These agitations and violent acts have disrupted economic activities creating a non conducive environment for business activities to be executed.

2.1. Factors that Promote Insecurity in Nigeria

2.1.1. Unlawful possession of Arms and Weapons

Arms and ammunitions are in custody of unauthorized persons who use it to cause havoc and kill innocent citizens. The United Nations analysis reveals that out of the 500 million weapons circulating in West Africa, 350 million which represents 70% of such weapons are domiciled in Nigeria (Vanguard, 2016). This goes a long way to expose the nation's security inadequacies and reasons for the incessant maiming and destruction of lives and properties in the country.

2.1.2. Permeable Borders

The nation's frontiers are not adequately guarded against foreign invaders, and intruders who enter the country through these routes are not adequately scrutinized. Some of these foreign nationals from Chad, Niger and Benin Republic have come into the country with heavy weapons, bombs and personnel to propagate their evil acts. Eselebor (2018), rightly noted that poorly managed borders have encouraged illegal arms, illicit drugs and criminals to enter the country and move about freely without adequate identification, tracking and checkmating.

2.1.3. Poverty and Unemployment

One of the main causes of insecurity in Nigeria is the inability of successive administrations to handle the problems of unemployment, poverty, and unequal wealth distribution among ethnic nationalities. High unemployment rates especially among youths have promoted criminal activities such as armed robbery, kidnapping and cybercrime (Adebayo, 2013). Due to the absence of meaningful means of livelihood, these idle individuals engage in whatever available means to survive regardless of the legality or otherwise of the means. These youths are easily recruited into militant groups and trained to kill, rob, kidnap, smuggle and hijack (Udoh, 2015).

2.1.4. Religious Fanaticism and Ethnic clashes

Religious fanaticism has been a major cause of insecurity in Nigeria and this has given rise to many religious terrorist formations such as the Boko haram

sect which is responsible for causing major terrorist attacks especially in the North-Eastern part of Nigeria. Ethnic issues have also escalated due to land and power control tussles. Examples of ethno-religious conflicts in Nigeria includes the Kafanchan-Kaduna crisis in the 80s-90s, Kaduna Sharia riots of 2000, Jos riot of 2002, Tiv-Chukun crisis in 2001 just to mention but a few (Haldin & Opeyemi, 2016). These aforementioned crises have led to the killing of innocent lives and loss of properties worth millions of Naira.

2.1.5. Corruption

Corruption and the misappropriation of state resources constitute a significant catalyst for conflict in Nigeria. The public's sense of injustice and hardship as a result of the political elite's and government officials' corrupt practices has sparked violence and hostility and hindered peaceful coexistence and tolerance.

2.1.6. Low Motivation and Weak Security Systems

Nigeria's insecurity situation has been made worse by lack of security officials' training, inadequate intelligence collection, and a shortage of security equipment and experience. Furthermore, security officials' low pay and lack of enthusiasm have resulted in inefficiency and a negative work attitude. According to Olawale (2018), inadequate funding, corruption and poor training within security organizations have weakened their performance greatly. It has been observed that some security professionals are heavily political and work to further the goals of the ruling party rather than the country. Some of these personnel undermine government efforts to address insecurity by disclosing highly classified and confidential information.

2.1.7. Secessionist Movement

In Nigeria's history, there have been more calls for secession in recent times due to the sense of unfairness, neglect, and deprivation felt by residents of particular regions. Recent calls that pose a threat to Nigeria's continued existence are the Movement for the Indigenous People of Biafra (IPOB) in the South-East and the agitation for the Yoruba Nation, also known as the Oduduwa Republic, in the South-West. In the course of their agitations and as they work towards their objectives, these movements have caused turmoil, uncertainty, and disturbance.

The Federal Republic of Nigeria's 1999 constitution states expressly that it is the responsibility of government to ensure the safety and well-being of its citizens. Regretfully, the Nigerian government has failed in this area, making it

a significant challenge. Despite massive expenditures allocated to reducing insecurity, the number of kidnappings and terrorist assaults have been rising. The current insecurity situation has posed a big threat to human existence and economic development thereby causing retrogression and backwardness in the Nigerian economy. The nation's agricultural productivity is seriously threatened by the disruption of business, economic, and agrarian activities caused by terrorism, violence, inter- and intra-ethnic and religious conflicts, banditry and kidnapping of innocent citizens.

2.2. Insecurity and Agricultural Productivity in Nigeria: The Nexus

The United Nations (2017) has predicted that by 2050, Nigeria is likely to become the third most populous country in the world, after China and India. The ability to steadily meet food demands of the growing population is highly dependent on the performance of the agricultural sector. In recent times, Nigeria has witnessed an unprecedented level of insecurity and this has affected agricultural output to a very large extent. The following are the effect of insecurity on agricultural productivity:

2.2.1. Low Output

Due to fear of attacks by terrorists, herdsmen and kidnappers, a lot of farmers have abandoned their farm lands. Consequently, farmers are no longer able to produce in sufficient quantities to meet with demands. The National President of All farmers Association in Nigeria lamented that they have lost 50% of production to insecurity (Nnodim, 2021). This inability of farmers to produce in sufficient quantities has resulted to food shortages and scarcity. The National Bureau of Statistics reported that between 2022 and 2024, about half a million farmers were displaced leading to a loss of over 2 trillion Naira (Ajiboye, 2025). Farmers in Borno which is the country's major producing state have abandoned their farmlands and fled to other regions for safety resulting in decline of the state's contribution to the nation's food production from 30% to almost nothing (Proshare Financial News, 2021).

2.2.2. Decreased Manpower Available for Farming Operations

The present state of instability has given rise to the death of men, women, children, and young people. Kidnapping has also been on the increase which has caused the payment of huge ransoms in order to get family and friends reunited with their loved ones. The Institute of Peace Studies revealed that in 2024, over 3,500 cases of kidnapping occurred in Nigeria (Ajiboye, 2025). Consequently, able bodied persons who hitherto could have provided labour in

the farms have all taken to their heels and abandoned farming as an occupation for fear of being attacked. Kimenyi et al (2014) identified that the lack of labor was due to the threat of attacks on farmers on their way to their farms or bombs planted on the road to their farms and this has caused inadequate and improperly timed weeding and harvesting of crops. This decline in manpower has taken a toll on agricultural productivity in the country.

2.2.3. High Cost of food prices

Insecurity has grossly affected food production and this has ensued in the escalation of prices of food commodities in Nigeria. People can no longer continue their farming activities and this has brought about an alteration of the agriculture value chain in the country thereby leading to reduction of food production (Fawole et al 2015). The World Bank in its recent 2021 report on Nigeria stated that on the supply side, a combination of unfavorable weather, insecurity and conflict, and pandemic related shocks affecting agriculture is pushing food prices up. Also, the then Nigeria's Central Bank Governor, Mr. Godwin Emefiele while addressing the media explained that the uptick in Nigeria's food inflation was due to the worsening security situation in most parts of the country. He further explained that the increase in inflationary pressure is attributable to security challenges in the food-producing areas in Nigeria where farmers face frequent attacks by herdsmen and bandits in their various farms (Oyekanmi, 2021). Kimenyi et al (2014) attributed the rise in prices to a decrease in agricultural outputs, uncertainties at markets and an increase in transportation costs.

2.2.4. Displacement of People

Farming communities have been displaced as a result of terrorist assaults and conflict, particularly in northeastern Nigeria. Due to escalating conflicts throughout Nigeria, the number of displaced people has been rising since 2013 (Nwozor et al., 2019). This is linked to a startling rate of agricultural productivity since it has halted food production and impacted livelihoods. As at December 2023, 3,397,531 people were displaced in Nigeria due to conflict and violence (ReliefWeb, 2024). These displaced persons are currently staying at refugee camps and as such cannot contribute meaningfully to economic and agricultural activities.

2.2.5. Difficulty in distribution of Agricultural Supplies

Due to the closure of several trade routes and their unsafe use, it is now more difficult to distribute farm produce. It is anticipated that these routes will link rural marketplaces where food vendors and consumers meet, particularly on

market days. Unfortunately, bandits, kidnappers and terrorists attack innocent traders and buyers snatching food items, stealing their money, kidnapping or taking their lives. This is a major challenge as food distribution within the country is limited. Access to local raw materials for further production is a challenge as people no longer feel safe to travel by road. This has caused many manufacturers to depend mostly on importation of their agricultural supplies leading to increased demand for scarce foreign exchange (Guardian Newspaper, 2021).

2.2.6. Discouragement of prospective agro-based Investors

Insecurity no doubt has discouraged both foreign and local investors that previously had intentions to invest in Nigeria. Investor confidence can worsen particularly where there is weak and ineffective government response to security challenges (Omole, 2020). Due to uncertainty, potential agro-investors are not encouraged to carry out any form of investment in Nigeria and this greatly affects agricultural productivity and all-round economic growth.

3. Empirical Review

Usman, G.B. (2022) carried out an investigation on the impact of insecurity on food production in Igabi Local Government area in Kaduna State, Nigeria. The study adopted a descriptive design with questionnaires administered to farmers in the study area. Findings revealed that insecurity arising from banditry, kidnapping and cattle rusting was responsible for food shortage and high cost of food commodities. The study recommended the utilization of modern farming equipment for greater yield and enhanced productivity.

In a study carried out at Gombe state Nigeria, Agri, Babagario and Agri (2019) researched on the effects of insecurity on agricultural productivity in Nigeria. Findings revealed that communal clashes, militancy and rise in boko haram insurgency have negative impact on agricultural productivity leading to a decline in growth and development of the agricultural sector.

Amadi-Robert et al. (2024) investigated the effect of insecurity on the performance of the agricultural sector during the period of 1990 to 2021. While adopting the Auto-Regressive Distributive Lag (ARDL) model, the study revealed a relationship between insecurity and agricultural sector performance in the long run.

In a research carried out at Ose local government area of Ondo state, Nigeria, Abimbola, Olubanji and Tope (2024) studied the effect of insecurity on

agricultural production. The research was carried out in four farming communities in the study area and interviews were conducted to generate information on the causes and effects of insecurity on agricultural production. The study identified that herdsmen attack, armed robbery and kidnapping were major causes of insecurity which has led to loss of profit and food shortages.

In analyzing the impact of insecurity on agricultural development in Nigeria, Ioryue, Jimoh and Ejeh (2024) adopted the Human Security background as their theoretical framework and combined both quantitative and qualitative approach in conducting their research. Findings revealed a significant decline in agricultural productivity due to security challenges in the area of study and identified the urgent need for comprehensive security reforms in Nigeria.

4. **Theoretical Framework**

This study adopts the 'failed state theory' which identifies that a state is termed as "failed" when it loses its ability to perform the basic functions of governance. Such functions include provision of basic amenities, maintenance of law and order, upholding the rule of law among others. Ignatieff (2002) adopts an understanding of state failure as a situation where the central government has lost its monopoly of the means of violence. This is corroborated by Rotberg (2004) who perceives a failed state as one that is consumed by internal violence and ceases to deliver positive political goods to its inhabitants. The primary good identified by Rotberg, is the provision of security within a territory and its belief that security is a facilitator for the provision of all other goods and services. Insecurity tends to exist in states where institutions are weak, basic services are poorly provided, weak governance and also in states that lack capacity to maintain law and order. Di John (2010) postulates that several causes of state failure include issues bordering on resource paucity inciting conflict, resource abundance infuriating corruption and marginalization; clienteles' establishment that lead to criminalization of the state and the argument that contemporary wars have generated an economy built on plunder and sustained through violence. Key areas in which states are expected to perform are:

- a) To protect citizens from both internal and external threats and when governments fail to prevent violence, crime and insurgency, criminal organizations and unlawful institutions take over their territories.
- b) States are expected to provide basic amenities and infrastructure such as education, health, power supply, and welfare programmes. When

there is failure on the part of government to provide these facilities, it leads to poverty, unrest, agitations and struggles among the people.

- c) The rule of law must be followed for peace and equity to reign in societies. In a failed state issues ranging from corruption, impunity and lack of accountability tend to weaken the legal framework of institutions in existence.
- d) States are expected to possess monopoly on the use of force for bringing about security and orderliness. Unfortunately, in states where non-state actors like militant groups, terrorists and insurgents gain possession and control over weapons and territories, state authority is diminished.
- e) Legitimacy and public trust is an essential component of state authorities. When citizens no longer have trust or confidence in the ability of the state to practice good governance, it leads to loss of legitimacy and civil unrest in communities.

Failed state does not mean a complete collapse but signifies severe weaknesses in key areas of governance as very few states can be described as completely failed or collapsed (Barma, (2025)). While Nigeria is not a completely failed state, there are significant weaknesses that must be addressed to reposition the country for full actualization of its potentials. Criminality and conflicts by warring factions is a key indicator of a state losing its grip on the territorial security apparatus. The Boko Haram insurgency, banditry and kidnapping attacks on innocent citizens have greatly affected agricultural and economic activities as these hoodlums unleash mayhem on innocent citizens and go scot free on a daily basis. Lives and properties are lost and citizens no longer move freely to engage in their legitimate businesses for fear of these nefarious attacks. Institutional corruption has permeated into every sector of the Nigerian society which includes the political class, judiciary, executive, legislature as well as the law enforcement agencies. Corrupt and sharp practices foster inequality, poverty and bitterness which are usually exploited by violent groups. Failure to provide basic infrastructure and services such as education and healthcare facilitates anger, resentment and feelings of deprivation all leading to a crisis prone society. Insecurity in the agricultural sector has posed a major challenge on the nation's food security leading to acute food shortage and poverty with millions facing famine conditions and worsening crisis situation (FAO, 2020). There is an urgent need therefore to address these critical problems through stronger and inclusive governance,

introduction of effective anti-corruption methods and meaningful security reforms to ensure a conducive environment is provided for business activities to thrive.

5. Conclusion

Agriculture is strategic for building the nation's economy, contributing to Gross Domestic Product (GDP), promoting employment and ensuring food security. However, persistent insecurity which includes terrorism, banditry, herder-farmer conflicts and kidnappings have severely impacted agricultural productivity. Farmers are unable to access their farm lands which has culminated to inflation, food shortage and economic instability. Addressing these security challenges is critical for improving agricultural performance, food adequacy and economic stability. of which this study hereby recommends the following:

This study hereby recommends the following:

- ◆ Security institutions and personnel should be strengthened through the provision of periodic training and supply of equipment needed for combatting insecurity. The security apparatus in rural areas should be reinforced through professionalized rural security operations and promotion of community policing.
- ◆ Appropriate conflict resolution mechanism should be adopted through the means of dialogue with secessionist movements and warring factions so as to have full knowledge of their grievances and demands with the objective of finding solutions.
- ◆ Intelligence gathering should be more intensified and more effort in place to identify personnel and individuals working with bandits, kidnappers and terrorists. Drones and satellite technology should be provided to beef up surveillance which is necessary for efficient performance of law enforcement agencies.
- ◆ Offenders and perpetrators who violate Nigeria's national security should be made to face swift and severe penalties. When caught and convicted, those who violate national peace, terrorists, bandits, and kidnappers must be held accountable and subject to the full weight of the law. This would preserve peace and stability and act as a deterrence to possible criminals.
- ◆ To win back the confidence of the populace, the nation's political elite and government representatives should embrace the values of accountability, integrity, and good governance. National interest should take precedence over individual and self-serving objectives.

- ◆ To guarantee that young people are gainfully employed and involved in worthwhile endeavors, the government should step up its efforts to reduce poverty and combat the unemployment threat. This will help people avoid negative vices and advance peace and stability in the country.
- ◆ Support in the form of loan facilities and grants should be provided to displaced farmers and government is advised to intensify the provision of basic rural infrastructure, storage facilities and irrigation systems for improved agricultural sector performance.

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EFFECT OF ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PERFORMANCE

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Abstract

This research examined how organizational Culture affects Organizational Performance. The dimensions of Organizational Culture were used to give a better understanding of how it affects Organizational Performance. Relevant literatures were reviewed; empirical review was also carried out in this research. Findings showed that organizational culture was positively related to Organizational Performance. In Nigeria, there is the existence of strange and negative cultural indices in especially in the Public sector such as rigidity, wastefulness, mismanagement, inadequate attention to training, nepotism/tribalism and corruption. All these negatively affected the performance of public servants. The study recommended that organizations should boost training and learning to enable the employees to adapt to new changes, strategies and policies that are directly linked to the employees in the organization.

Introduction

Organizational performance is a component of a successful business entity because it has a long survival impact on organization effectiveness (Samad, 2010; Samad, Abdullah & Ahmed 2013). Because of the many uncontrollable changes that our world faces today, managers and employees must have a thorough understanding of the environment and be able to respond to the factors that influence organizational performance, which are found in both the

internal and external environments in which the organization thrives. In recent years, studies on organizational culture and performance have caused a great deal of concern among academics and managers due to its influence on positive organizational outcomes.

Previous studies have shown the interconnection between organizational culture and organizational performance. For example, in the Nigerian Public Service, there have been odd and negative cultural indices like rigidity, wastefulness, mismanagement, inadequate attention to training, nepotism/tribalism, corruption, etc., which have negatively affected the performance of public servants. They also proposed that the various values and beliefs based on employee performance help in organization association. The organization culture helps in internalizing joint relationship that leads to effective management of organization processes, and culture of organization affects improving performance (Chia & Emem 2018)

Nonetheless, this study emphasizes the significance of the Handys components of organizational culture-power, role, task, and person cultures as well as their connection to organizational effectiveness.

Conceptualizing Culture

The values, beliefs, attitudes, and behaviors of a group of people make up its culture. It significantly influences how individuals think, learn, lead, follow, and communicate. Culture affects leadership behavior, authority, interpersonal interactions, superior-subordinate relationships, and employee motivation (Osuoha, 2002). Since nearly everyone simultaneously belongs to many groups and categories and each group or category of individuals contains a set of shared mental programs that make up its culture, Hofstede (2005) in Wu & Pan (2006) argues that culture consists of multiple levels.

According to Chia & Emem (2018), culture offers organizations a sense of identity and establishes how "things are done around here" through the organization's legends, rituals, beliefs, meanings, values, standards, and language. The various levels of culture are described by Hofstede (2005) as follows:

- ◆ The national culture: It is linked to the entire country.
- ◆ Organizational culture: this refers to the specific culture of a company. Furthermore, it applies to people who have jobs.
- ◆ The regional culture: This refers to the linguistic, religious, or ethnic distinctions that exist within a country.

- ◆ Gender disparities (male vs. female) are linked to the gender culture.
- ◆ The generation culture is linked to the distinctions between parents and children as well as between grandparents and parents.
- ◆ The social class culture: It is linked to personal vocation or career and educational chances. Morcos (2018) used four criteria to determine culture. The first is that there is no one correct response since every culture is different. Despite having the same objective of producing contented workers, various organizations may approach this in quite different ways. Second, cultures provide us with a clear framework for identifying suitable candidates for employment. Businesses greatly improve their chances of success when they recruit individuals who are more likely to flourish in those settings. Third, civilizations are dynamic and developing naturally. Like any other relationship, they require development and care. Occasionally, cultures change as a result of changes in the outside world or when the business just develops and flourishes.

It may be necessary for the culture to adapt to the mission if it changes. At other times, businesses struggle to prevent their cultures from deviating from their basic principles. Instead of leaving it up to chance, businesses should monitor their cultures and take control of when and if they change. Fourth, some companies might elevate their internal cultures to distinguish themselves and integrate them into their outward identities (Morcos 2018). We can complete the concept of organizational culture with the aid of these four characteristics. It represents the experience of employees and frequently decides whether businesses succeed or fail (Morcos 2018; Weiner 2018).

A corporate culture, as defined by Camerer and Vepsalainen (1988) in Jusuf & Shpresa (2016), is a collection of widely accepted unspoken guidelines that guide workers in carrying out activities that take place in various contexts. An organization's corporate culture lays forth duties and regulations, which aid managers in resolving potential issues (Camerer & Vepsalainen, 1988; Jusuf & Shpresa 2016).

According to Jusuf & Shpresa (2016), corporate culture is the manner in which individuals within an organization act in a way that aligns with their values and beliefs as well as the aims and objectives of the company. Given that it directs an organization's performance and success toward achieving its goals, organizational culture is crucial.

Implementing and modernizing aspects of the current culture or altering an antiquated one are both considered forms of cultural management (Schein, 1992; Jusuf & Shpresa 2016).

Conceptualizing Organizational Culture

Organization culture, according to Morcos (2018), is the trait and the physical personality that originates inside any organization. Organizational culture is surprisingly palpable, despite the fact that some people may believe it is the product of the people and procedures within the business and cannot be managed or measured. It may be strategically planned and used. It has an impact on staff engagement and morale. It controls revenue rates, shapes business performance, and impacts profitability (Morcos 2018). Companies that are incredibly successful are distinguished from the others by their organizational culture. A strong competitive advantage might result from it.

What an organization has done well and what has succeeded in the past is reflected in its culture. Longtime employees of a firm are frequently able to accept these procedures without question. Some of the organization's tales are among the first things a new hire learns. Legends have the ability to stick with a company and become ingrained in the norm. The organization will eventually create "norms," or established (normal) anticipated patterns of behavior. An established pattern of behavior that is a component of a culture is called a norm. (Chia & Emem 2018)

By proposing that culture was a "human-made part of the environment," Herskowitz developed a broader definition of culture (Herskowitz, 1955). We may discuss "objective culture" (such as tables, computers, and trains) and "subjective culture" (such as norms, roles, and values) in an attempt to understand his description. Mulej, Treven, and Lynn (2008). These organizational norms govern how staff members work and interact with clients, how they collaborate, whether they are driven to achieve objectives, and if they genuinely care about the company's overarching aim (Groysberg, Lee, Price & Cheng, 2018)

When we discuss organizational culture, we are referring to the internal perspective and the employee experience. What are the opinions of the staff? How does working here feel? How can the leadership maintain their commitment, loyalty, and engagement? Every organization's everyday operations are governed by its organizational culture and employee experience (Morcos 2018).

When we discuss organizational culture, we are referring to the internal perspective and the employee experience. What are the opinions of the staff? How does working here feel? How can the leadership maintain their commitment, loyalty, and engagement? Every organization's everyday operations are governed by its organizational culture and employee experience (Morcos 2018).

The term "corporate culture" describes how employees act in line with their values and beliefs as well as the aims and objectives of the company (Jusuf & Shpresa, 2016). There is no denying that improving your company culture may boost output (Cui & Hu, 2012).

Since it directs an organization's performance and success toward achieving its goals, organizational culture is crucial (Jusuf & Shpresa 2016). A corporate culture, according to Camerer and Vepsalainen (1988) and Jusuf & Shpresa (2016), is a collection of widely accepted unspoken guidelines that guide workers in carrying out duties that arise in various contexts.

The majority of academics and researchers concur that organizational culture matters to organizations. Because of the methods they employ, there are variations in how it is defined. It is described by Schein (2004) and Jusuf & Shpresa (2016) as a pattern of common fundamental beliefs that the group developed when resolving issues during internal integration and external adaptation. Since these patterns have shown to be effective, they are taught to new members as the proper approach to see, examine, and feel about those issues. But according to Jusuf & Shpresa (2016), Watson (2006) contends that the most significant development in management thought in recent years is the push for managers to establish a robust organizational culture.

Hofstede (1997) created the six cultural aspects that are covered below in Jusuf & Shpresa (2016): A preference for procedures or outcomes is represented by Dimension 1: Process oriented vs. outcomes oriented. As the name suggests, a process-oriented culture prioritizes bureaucratic and technical procedures. A result-oriented culture, on the other hand, is more concerned with reaching the intended results and outcomes in order to fulfill the company's goals. Because of this, people in process-oriented cultures see themselves as avoiding risks and putting up little effort at work; every day is essentially the same. People that are results-oriented see themselves as at ease in new circumstances; they face new difficulties every day (Hofstede, 1997).

Dimension 2: Employee oriented Vs. Job oriented this aspect reflects the culture's preference for workers or the work itself. People-oriented workplace cultures give employees the impression that the company cares about their personal issues and has a duty to look out for their welfare. Job-oriented cultures, on the other hand, make workers feel under a lot of pressure to finish their task and believe that the company is exclusively concerned with their job (Hofstede, 1997). Factor 3: Professional versus Parochial The way an organization's members identify themselves is reflected in this dimension. In companies with a professional culture, members are more likely to identify with their occupations. The rules of the company, according to members of the parochial culture, apply to both their behavior at work and at home (Hofstede, 1997). Dimension 4: Open system Vs. Closed system Members of open systems take into account both the organization and its members. They welcome outsiders and strangers. Even among insiders, the organization and its members feel isolated in closed systems (Hofstede, 1997). Dimension 5: Tight versus loose control The degree of internal structure inside the company is represented by this dimension. Employee autonomy is higher in loose control units, and departments may function with little to no coordination. Tight control unit employees characterize their workplace as closed. Managers are able to organize the operations of several divisions in accordance with a central plan as supervisors are fully aware of what employees perform (Hofstede, 1997).

Dimension 6: Normative vs. Pragmatic The sixth component, "Normative vs. Pragmatic," shows how a business interacts with its surroundings and clients. People from normative cultures place more value on adhering to organizational processes than they do on following the outcomes. According to Hofstede (1997), pragmatic cultures place greater importance on addressing customer demands and pursuing results. The business that the firm is in must be supported by its effective organizational culture (Tichy, 1982; Jusuf & Shpresa 2016). Diverse stakeholders from various backgrounds are present. Based on Hofstede's aspects of organizational culture, this research primarily addresses the function of organizational culture in defining values and beliefs.

Organizational Performance

The total of the achievements made by every department is regarded as the organization's performance. Wanyoike & Kamau (2018). The capacity of an organization to satisfy the demands of its internal and external environment while being resilient, particularly in the face of uncertainty, is a measure of its

performance. According to Samad, Abdullah, and Ahmed (2013), organizational performance is a component of a successful corporate entity as it has a long-term survival influence on organization effectiveness (Samad, 2010).

The concept of organizational performance is linked to an organization's ability to survive and thrive. Kamau & Wanyoike (2018) cite Ahmed & Shafiq (2014). Four components make up the multifaceted architecture of organizational performance. Kamau & Wanyoike (2018) cite Alam (2013). These components include supply chain flexibility, customer-focused performance, financial and market performance, and human resource performance.

Many firms have reorganized, established comprehensive quality management systems, and offered competitive worker perks in an effort to reach the required level of financial performance. Effectiveness, efficiency, productivity, quality, and innovation are all components of organizational performance (Kamau & Wanyoike 2018).

According to earlier assessments, organizational performance has typically been the focus of two study streams, primarily the organizational viewpoint and the economic perspective. The economic viewpoint places a strong emphasis on the significance of external market elements, including the enterprises' competitive business position and everything pertaining to finances. The organizational or noneconomic perspective is based on behavioral and sociological paradigms and how well they fit with the environment, which includes competitiveness, product quality, and service quality (e.g., employee, culture, and customer satisfaction) (Tvorik & McGiven, 1997; Samad, Abdullah & Ahmed, 2013).

Organizational Culture and Organizational Performance

Sinha and Arora (2012) investigated how the commercial performance of Indian power plants was affected by organizational culture elements as innovation, communication, environment, humanistic workplace, commitment, systems, and result oriented. Their findings demonstrated a moderately favorable association between business performance and all seven categories.

Four organizational culture dimensions involvement, consistency, flexibility, and corporate mission and their effects on role-based performance were examined by Aftab, Rana, and Sarwar (2012). The findings demonstrated a

favorable relationship between work performance and participation, consistency, flexibility, and company mission.

Al-Enezi (2011) assessed how Kuwaiti government workers perceived organizational culture and how it affected their ability to do their jobs. Performance evaluation, conflict resolution, teamwork and leadership, training, quality, and, lastly, purpose, vision, and values were the six aspects of corporate culture examined. The findings showed that there is no discernible relationship between job performance and any of the six organizational culture aspects.

Empirical Review

In order to determine the impact of organizational culture on organizational performance, Kamau & Wanyoike (2018) conducted a study with 360 employees at Mayfair Casino. Using stratified random sampling, 108 employees, or 30% of the total, were selected for the study. The findings showed that organizational performance at Mayfair Casino is closely related to employee satisfaction, productivity, and effectiveness, and that there is a strong positive correlation between corporate culture and organizational performance (correlation coefficient of 0.772) as well as a strong positive relationship between employee involvement and organizational performance (relationship coefficient of 0.611).

In their study, Ooncharoen and Ussahawanitchakit (2008) examined the connection between organizational excellence and five aspects of service culture: providing high-quality services, communicating honestly and openly, being responsive, preventing service failures, and recovering from them. The hotel industry in Thailand was chosen by the writers. 278 of the 1000 postal surveys that were distributed to hotel managers were returned and could be analyzed. The findings showed that organizational excellence was positively impacted by every aspect of service culture.

Samad, Abdullah, and Ahmed (2013) conducted research on management personnel in logistics organizations located in Malaysia. Their research revealed that organizational culture had a substantial influence on organizational performance and was associated with it. The most significant element of organizational culture that impacted organizational success was shown to be engagement.

In their study, Olanipekun, Aje, and Abiola-Falemu (2013) examined the effect of organizational culture on the performance of quantity surveying firms in Nigeria and found that organizational culture has an impact on the performance of quantity surveying firms in the areas of reward, stability,

competitiveness, and performance orientation. Fakhar, Zahid, and Muhammed (2013) conducted a study on the impact of five organizational culture dimensions, including customer service, employee participation, reward system, innovation & risk-taking, and communication system, on the job performance of selected software houses in Pakistan. The findings indicated that all five organizational culture dimensions had a significant positive impact on employees' job performance at selected software houses in Pakistan.

In a similar vein, Ezekiel and Darius (2012) investigated how employee loyalty to the company was affected by four corporate culture factors: engagement, consistency, flexibility, and mission. The findings indicated that while mission and consistency did not correspond with commitment, engagement and flexibility did.

Additionally, Hua-Lin, Shih-Yun, Chun-Weilu, and Sheng-Hsu (nd) looked on how the corporate culture of Southern Science Park, Taiwan, affected organizational performance. The findings demonstrated that all organizational performance metrics were positively impacted by the bureaucratic culture, which necessitates standardized operations and procedures. On the other hand, innovative, helpful, and successful cultures only improve a portion of organizational performance metrics.

Summary, Conclusion & Recommendations

This study aimed to expand the body of knowledge about how organizational culture affects performance. It can be concluded from the studied literature and the empirical study that corporate culture and performance are strongly correlated and that organizational culture is an effective instrument for achieving organizational goals. This study comes to the conclusion that corporate culture should be supportive and in line with workers' everyday activities and planned strategies in order to increase organizational performance. In addition to concentrating on organizational cultures that enhance performance, organizations should also prioritize cultures that promote employees' overall welfare. This is due to the fact that workers are dynamic resources in any business and have professional progression ambitions in addition to working to ensure the organization meets its goals and objectives.

Recommendations

In order to improve their competitive edge, this study suggests that businesses should put more effort into creating a positive workplace culture.

The study also suggests that companies should increase training and education to help staff members adjust to new policies, initiatives, and changes that directly affect them.

Suggestions for further Study

To determine how group and professional cultures affect an organization's performance, more study is required. Organizational performance may also be impacted by other aspects of corporate culture, such as leadership, organizational structure, and innovation and growth. To determine how much these aspects impact organizational success, more research is required. Other suggested areas include; Cross-cultural studies to examine the impact of national culture on organizational culture and performance, longitudinal studies to investigate how organizational culture evolves over time and its impact on performance and industry-specific studies to explore the relationship between organizational culture and performance in specific industries (e.g., healthcare, technology).

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THE INFLUENCE OF SOCIAL MEDIA ON CONFLICT RESOLUTION

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Abstract

Conflict is an inevitable part of organizational life, arising from differences in perspectives, interests, beliefs and communication styles. If managed poorly conflict can harm productivity and morale. However, if managed effectively, conflict can lead to innovation and improved relationships. Social media has transformed the landscape of conflict resolution by providing platforms for communication, awareness, and negotiation. While it facilitates dialogue, mobilizes communities, and spreads real-time information, it also has the potential to escalate tensions, spread misinformation, and reinforce biases. This paper explores the dual impact of social media on conflict resolution, analyzing case studies from political, organizational, and social contexts. It also provides recommendations on how social media can be leveraged as a tool for constructive conflict resolution.

Keywords: *social media, communication, conflict resolution.*

1. Introduction

The advent of the twenty-first century brought about communication advances that allow individuals to send and receive messages instantly and with feedback. Interaction becomes more immediate and intimate, bridging the temporal divide. In the digital age, social media has become a powerful tool for shaping public discourse, influencing opinions, and resolving conflicts at various levels. According to the World Bank, Sub-Saharan Africa currently has nearly 650 million mobile phone customers, outnumbering the United States and the European Union, indicating an exceptional surge in the growth, use, and popularity of modern communication technologies in the developing world. Adepetun (2020) notes that in the year 2020, platforms for social networking such as Facebook, Instagram, and, most notably, Twitter were major mobilization tools used by young Nigerians demanding that the government dismantle SARS, cease police brutality, and reform the Nigerian police force. It has evolved into a call for Nigeria to be reformed. Platforms such as Twitter, Facebook, and WhatsApp have been used to mediate disputes, foster dialogue, and promote peace initiatives. Many Nigerians use social media constantly to discuss their own and their family and friends' experiences, which is fueling the demonstrations.

However, social media can also amplify conflicts through misinformation, polarization, and cyber aggression. Social media is a hot topic right now. People nowadays rely a lot on social media platforms for the latest news and information. According to Kietzmann, Hermkens and McCarthy (2011), individuals and groups employ mobile and web-based technology to construct highly interactive platforms where they may share, produce, talk, and change user-generated content. Arens, Weigold and Arens (2011) mentioned that “these sites are called social, primarily, for their ability to connect like individuals in a manner that have never been seen before”. According to Rohwerder (2015: 23) “the extensive social conflicts in Nigeria have frequently played out against a backdrop of profound poverty, illiteracy, and poor governance systems weakened by unfavorable trade conditions, debts, and administrative incompetence”. This paper examines both the positive and negative roles of social media in conflict resolution and suggests strategies to enhance its constructive use. The study will explore the following objectives.

- ◆ To explore the role of social media in facilitating or hindering conflict resolution.
- ◆ To analyze real-world cases where social media has been instrumental in conflict mediation.
- ◆ To propose strategies for using social media effectively in conflict resolution efforts.

2. Literature Review

Kietzmann, Hermkens, McCarthy, and Silvestre (2011) introduced the "honeycomb framework," identifying seven functional building blocks of social media: identity, conversations, sharing, presence, relationships, reputation, and groups. This model provides a structured approach to understanding how social media platforms facilitate user interactions and content dissemination. The authors emphasized that these elements collectively shape user experiences and influence behaviors on social media platforms. Their work underscores the importance of recognizing these components when analyzing social media's impact on societal issues, including conflict resolution.

Rohwerder's (2015) report for the Governance and Social Development Resource Centre (GSDRC) examined the role of social media in conflict management within post-conflict and fragile contexts. The study highlighted that social media can both aid and hinder conflict resolution efforts. On the positive side, platforms have been used to hold governments accountable, coordinate relief efforts, and build bridges across divided communities. Conversely, they have also been exploited to spread misinformation, polarize

societies, and promote violent agendas. The report emphasized the need for careful consideration of the dual nature of social media in conflict scenarios.

Akinfeleye (2020) explored the dual role of social media in Nigeria, highlighting its capacity to both facilitate peace and exacerbate conflicts. The study noted that while social media platforms have been instrumental in promoting dialogue and raising awareness on critical issues, they have also been used to spread hate speech and misinformation. The research emphasized the importance of media literacy and regulatory frameworks to harness social media's potential for peace building effectively.

3. Methodology

This study employs a mixed-methods approach, incorporating literature review, case study analysis, thematic analysis, and a survey questionnaire to examine the influence of social media on conflict resolution. This methodology ensures a comprehensive understanding of both qualitative and quantitative perspectives on the topic.

3.1. Research Design

A qualitative and quantitative research design is used to explore the role of social media in conflict resolution. The qualitative aspect involves case study analysis and thematic coding, while the quantitative aspect is based on survey responses from social media users.

3.2. Survey Questionnaire

A structured survey was designed to gather data on how individuals perceive and experience the role of social media in conflict resolution. The survey includes demographic questions, multiple-choice, Likert-scale, and open-ended questions. It was distributed online to social media users across different regions.

3.3. Data Analysis Techniques

The study employs the following approaches in analysing the data obtained.

- **Thematic Analysis:** Qualitative data from case studies and close-ended survey responses are categorized based on recurring themes, such as misinformation, digital activism, polarization, and online mediation strategies.
- **Descriptive Statistics:** Survey results are analyzed using statistical tools to determine trends in perceptions of social media's role in conflict resolution.
- **Comparative Analysis:** Results from case studies are compared to

survey responses to identify consistencies and differences in public perception vs. real-world applications.

3.4. Ethical Considerations

Participants were informed of their anonymity and the voluntary nature of the survey. No personally identifiable information was collected. In addition, secondary data sources (case studies and literature) were cited appropriately.

4. Results and Discussion

4.1. Results

A total of 17 persons in Africa (Nigeria) were surveyed. The survey was thoroughly carried out with precision and discretion. The data shows that 70.59% of them are of the age grade of 18-24, 17.65% are of the age grade of 25-34 and 5.88% are of the age 45-54. The highest level of education shown in the data with 4 high school or below is 23.53% and with 17 bachelor's degree (76.47%). The data also shows the consistency in using social media platforms with 16 people using it multiple times in a day (94.12%) and 1 person using it a few times a week (5.88%). The surveyed have used social to engage in discussions related with 2 persons using it frequently (11.76%), 7 people occasionally (42.18%), 3 rarely uses it (17.65%) and 5 people who has never used it (29.41%).

The data shows that the surveyed believes that social media helps in raising awareness about conflicts and disputes with 17 people answering yes, to a great extent (100%). Also, the data of the respondents shows if they have ever been involved in a conflict on social media with 0 person saying yes, and it as resolved peacefully (0%), 1 person answered yes, but it remained unsolved (5.88%). Also 8 persons replied no, but I have seen others in conflict (47.06%) and 7 people saying no, I avoid online conflicts (41.18%).

Table 1: Which social media platforms do you use most frequently for news and discussions? (Select all that apply)

Responses	Frequency	Percentage (%)
Facebook	10	19.61
Twitter/X	3	5.88
Instagram	7	13.73
Tiktok	8	15.69
WhatsApp	15	29.41
LinkedIn	1	1.96
YouTube	6	11.76

Source: Author's compilation

The data shown above shows the social media platforms surveyed used

frequently for news and discussions. With Whatsapp being used the most (29.41), followed by Facebook (19.61%), then tiktok (15.69%), Instagram (13.73%) and then YouTube (11.76%). Then we have the least two social media platforms Twitter (5.88%) and LinkedIn (1.96%). This shows that Whatsapp is mostly used and LinkedIn is rarely used by the respondents we surveyed.

Table 2: *Have you ever witnessed a conflict being resolved through social media?*

Responses	Frequency	Percentage (%)
Yes, multiple times	8	47.06
Yes, but only once or twice	4	23.53
No, I have never seen this happen	1	5.88
Not sure	4	23.53

Source: *Author's compilation*

The data above shows that 8 persons have witnessed a conflict resolved through social media multiple times (47.06%), 4 people have seen but only once or twice (23.53%), 1 person has never seen this (5.88%) and 4 persons not sure (23.53).

Table 3: *Which conflict resolution strategies have you observed being used effectively on social media? (Select all that apply)*

Responses	Frequency	Percentage (%)
Mediation by third party	5	18.52
Fact-checking and misinformation correction	10	37.04
Open discussions and debates	7	25.93
Community-led peace initiative	5	18.52
None of the above	0	0

Source: *Author's compilation*

The data above shows the commonly used conflict resolution strategies the surveyed has seen. From the percentage above, this shows that open discussions and debates and fact-checking and misinformation correction are mostly seen by the surveyed.

Table 4: *What are the biggest challenges to resolving conflicts on social media? (Select up to three)*

Responses	Frequency	Percentage (%)
Misinformation and fake news	16	39.02
Online harassment and hate speech	12	29.27
Political or ideological bias	6	14.63
Lack of accountability for users	5	12.2
Algorithm-driven echo chambers	2	4.88

Source: *Author's compilation*

The data above shows the challenges in resolving social media conflicts with

misinformation and fake news and online harassment and hate being the top challenges in resolving social media conflicts.

Table 5: Do you believe social media platforms should take a more active role in resolving conflicts?

Responses	Frequency	Percentage (%)
Yes, by moderating discussions and preventing misinformation	15	88.24
Yes, but only through user-led initiatives	0	0
No, social media should remain neutral	1	5.88
Not sure	1	5.88

Source: Author's compilation

The data above shows if social media platforms should take a more active role in resolving conflict. 15 people believe it should by moderating discussions and preventing misinformation (88.24%), while 1 surveyed believes that social media should remain neutral (5.88%), and 1 person is not sure (5.88%).

Table 6: What improvements would you suggest to make social media a better tool for conflict resolution? (open-ended question)

Responses	Frequency
Fast checking information before conclusion	1
Stop the promotion of fake or unidentified news	2
Stop those who uses aggressive words on social media	1
Create more awareness in conflict resolution through education	3
Communicate openly and honesty. Identity the source and nature of the conflict, that would make social media a better tool	1
Right mediation	2
Stoppage of misleading information	2
A more streamlined content for users and viewers to enable the right age interact with topics within their level of understanding promoting empathy	1
It is almost impossible to resolve conflicts in social media due to the large audience with diverse perspectives	1

Source: Author's compilation

The above data shows an open-ended question about the improvements you would suggest to make social media a better tool for conflict resolution.

Table 7: Overall, do you think social media is more helpful or harmful in conflict resolution?

Responses	Frequency	Percentage %
Mostly helpful	4	23.53
Somewhat helpful	7	41.18
Neutral	5	29.41
Somewhat harmful	0	0
Mostly harmful	1	5.88

Source: Author's compilation

The data above highlights the question of social media being harmful or

helpful in conflict resolution. 4 people responds that it is mostly helpful (23.53%), 7 people responds that it's somewhat helpful (41.18%), 5 people think it's neither helpful nor harmful (29.41%), and 1 person responds to it as being mostly harmful (5.88%).

4.2. Discussion of Findings

The statistical analysis of the survey conducted among 17 respondents in Nigeria provides valuable insights into how social media influences conflict resolution. The findings suggest that social media plays a crucial role in raising awareness about conflicts, yet its effectiveness in resolving disputes remains mixed due to challenges such as misinformation and online harassment.

- **Demographics and Social Media Usage:** The survey shows that the majority of respondents (70.59%) fall within the 18-24 age group, with most having at least a bachelor's degree (76.47%). Additionally, social media usage is very high, with 94.12% of respondents engaging multiple times a day. Despite this high engagement, only 11.76% frequently participate in conflict-related discussions, while 29.41% have never done so. This suggests that while social media is widely used, active participation in conflict discourse remains relatively low.
- **Social Media as an Awareness Tool:** A striking 100% of respondents agreed that social media helps raise awareness about conflicts. This aligns with the role of digital platforms in disseminating real-time information, mobilizing support, and amplifying voices during crises. However, while social media serves as a tool for awareness, its effectiveness in direct conflict resolution is debatable.
- **Engagement in Online Conflicts and Resolution:** Interestingly, none of the respondents reported being personally involved in an online conflict that was resolved peacefully, while only 5.88% experienced an unresolved conflict. However, 47.06% have witnessed others in conflict, suggesting that while people may avoid direct confrontations, they are still exposed to online disputes. A significant 41.18% actively avoid conflicts, which may reflect a preference for maintaining a positive digital presence rather than engaging in contentious debates.
- **Preferred Platforms for News and Discussions:** WhatsApp emerged as the most frequently used platform (29.41%), followed by Facebook (19.61%) and TikTok (15.69%). In contrast, platforms like Twitter (5.88%) and LinkedIn (1.96%) were less popular. This distribution indicates that closed-group communication, as seen in WhatsApp, is preferred over public discourse platforms like Twitter, potentially impacting how conflicts are discussed and resolved.
- **Effectiveness of Social Media in Conflict Resolution:** Nearly half of

the respondents (47.06%) have witnessed conflicts being resolved through social media multiple times, while 23.53% have seen it happen once or twice. This suggests that while conflict resolution does occur online, it is not universally experienced. Common strategies include open discussions, debates, and fact-checking, highlighting the importance of dialogue and misinformation correction in digital conflict resolution.

- **Challenges in Resolving Conflicts on Social Media:** The data identifies misinformation and fake news, along with online harassment and hate speech, as the biggest challenges in resolving social media conflicts. These issues often escalate tensions rather than de-escalate them, making conflict resolution more difficult.
- **The Role of Social Media Platforms:** A majority (88.24%) believe that social media platforms should take an active role in moderating discussions and preventing misinformation, while only 5.88% believe they should remain neutral. This reflects a growing expectation for platforms to implement stronger policies in managing online discourse.
- **Perceived Harmfulness or Helpfulness:** When asked whether social media is helpful or harmful in conflict resolution, 41.18% said it is "somewhat helpful," while 23.53% found it "mostly helpful." However, 29.41% felt it was neither helpful nor harmful, and 5.88% viewed it as "mostly harmful." These mixed responses indicate that while social media has the potential to facilitate conflict resolution, its effectiveness depends on how it is used and the presence of mitigating factors like misinformation control.
- **Recommendations for Improvement:** Respondents suggested several improvements, including mediation, reducing misleading information, and promoting emotional empathy. These recommendations emphasize the need for structured interventions and ethical digital engagement to make social media a more effective conflict resolution tool.

4.3 Conclusion

This study explored the influence of social media on conflict resolution, using both survey data from 17 Nigerian respondents and case studies involving Nigerian celebrities. It examined how digital platforms contribute to awareness, engagement, and potential resolution of conflicts, while also highlighting the associated challenges. The research found that social media is widely recognized as a powerful tool for raising awareness about conflicts, with all respondents acknowledging its role in disseminating information and

mobilizing public support. However, while awareness is high, active participation in conflict resolution is relatively low, suggesting a gap between engagement and impact. The majority of users prefer to avoid direct conflict, and only a few have personally experienced peaceful conflict resolution online.

Additionally, the study revealed that platforms like WhatsApp and Facebook are more commonly used for discussions compared to Twitter or LinkedIn, indicating a preference for more private, controlled environments. Respondents pointed to misinformation, harassment, and lack of regulation as significant barriers to effective conflict resolution on social media. Nonetheless, nearly half had witnessed successful online conflict resolution, showing that with the right strategies such as open dialogue and fact-checking positive outcomes are achievable. Importantly, the study underscores the need for social media platforms to take a more active role in moderation and misinformation control, a sentiment shared by most participants. It also highlights the value of empathy, ethical communication, and structured mediation in transforming social media into a more constructive space for dialogue and resolution.

In summary, while social media holds potential as a tool for conflict resolution, its success depends on informed use, responsible platform policies, and user willingness to engage constructively. These insights contribute to ongoing conversations about the evolving role of technology in peacebuilding and conflict management.

Owing to the influence of social media in conflict resolution, the study made the following recommendations.

- **Encourage Digital Literacy:** Educating users on identifying misinformation and engaging in respectful dialogue.
- **Implement Fact-Checking Mechanisms:** Platforms should collaborate with fact-checking organizations to prevent the spread of fake news constructively
- **Promote Algorithmic Transparency:** Social media companies should adjust algorithms to reduce echo chambers and encourage diverse perspectives.
- **Leverage AI for Hate Speech Detection:** Automated tools can help detect and mitigate inflammatory content before it escalates conflicts.
- **Use social media for Mediation:** Governments, organizations, and communities should develop structured online mediation programs to

resolve disputes.

Despite the findings of the study, the study suffers basically from two limitations. First is the issue of self-reported data bias. Survey responses are based on personal experiences, which may introduce bias. Second, the study suffers from limited sample size. The survey sample may not fully represent all demographics or regions. In addition, due to the evolving nature of social media, findings may need frequent updates as new social media trends emerge. These limitations do not affect the significance of the study's findings and policy recommendations.

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ACCESSING THE FINANCIAL DEVELOPMENT AND ECONOMIC GROWTH NEXUS IN NIGERIA: IMPACT AND CAUSALITY

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Abstract

The Nigerian financial sector is crowded with upheavals that have frustrated its potential to enhance economic growth. The study investigates financial development and economic growth, nexus in Nigeria: impact and causality between 1981 to 2023, using data sourced from CBN Statistical Bulletin. The autoregressive distributed lag model was employed and the long run result shows that inflation is negative and significantly related to gross domestic product growth (economic growth). The study also reveals that the coefficient of broad money supply has a positive but insignificant effect on gross domestic product growth (economic growth). The Granger causality analysis shows that no causal relationship between interest rate and gross domestic product growth and between credit to private sector and gross domestic product growth.

1. Introduction

The relationship between financial development and economic growth has received extensive attention from both economic scholars and policymakers across the globe. Schumpeter (1911) is one of the earliest scholars to investigate the correlation between financial development and economic growth. His proposition was that the services rendered by monetary institutions, such as mobilization of savings, project evaluation, risk management, and transaction facilitation, are key ingredients of financial technological progress and consequently, economic growth. Shaw (1973) further highlighted the importance of financial intermediation in boosting economic growth. He explained that firms must rely on external financing in the form of bank loans, which leads to an increase in bank deposits and facilitates greater access to credit capital. Thus, increased financial intervention can stimulate economic growth.

According to Creane et al. (2004), a modern financial system promotes investment by identifying and funding good business opportunities, mobilizing savings, monitoring the performance of managers, enabling the

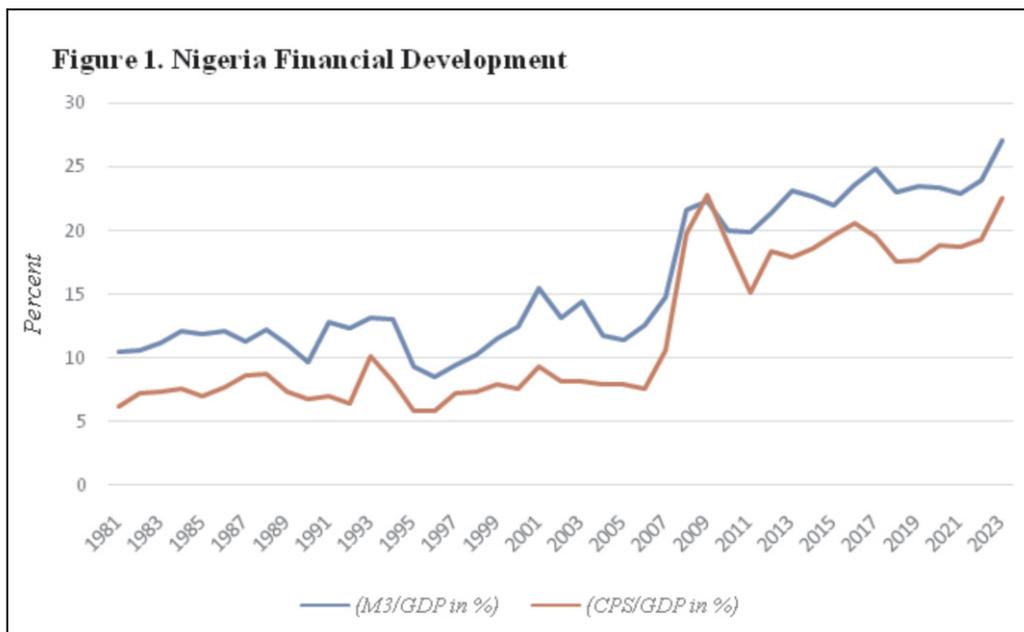
trading, hedging, and diversification of risk, and facilitating the exchange of goods and services. These functions result in a more efficient allocation of resources, leading to a more rapid accumulation of physical and human capital and faster technological progress, which in turn fuels economic growth. Financial development is one of the main factors influencing growth in developed and developing economies. It consists of various indicators such as broad money supply, credit to the private sector, and interest rates. These indicators measure the depth of financial development. The component of money supply used as an indicator of financial development is broad money supply (M2), which represents the amount of money in circulation and demand deposits.

The ratio of M2 to GDP provides a rough estimate of the depth of financial development. If M2/GDP increases simultaneously, it indicates an increasing depth of financial development. However, if GDP increases faster than money supply, the financial sector is said to be shrinking, making it difficult to predict the impact of financial development on economic growth over the long run (World Bank, 2022). The growth and development of every economy depend on the performance of various sectors, with the financial sector playing a crucial role. The development of the financial sector enhances efficient access to financial services and products. Financial development is a process that builds the financial sector through financial institutions such as banks, insurance companies, and financial markets. This process includes policies and factors that rely on the availability of financial resources to enhance economic growth.

Financial development is an economic driver of a country that relies on financial institutions and markets to provide financial resources. These institutions and markets require infrastructure and policies to strengthen their functions (Efayena & Olele, 2024; Cihak et al., 2012). The features of financial development provide a broader understanding of the importance of the financial sector in contributing to economic growth. As a result, financial development indicators, such as financial institutions and markets, have established a strong foundation enabling them to contribute to economic growth (Sahay et al., 2015). Developments in the financial sector enable the flow of funds, which drives consumption and investment, thereby increasing employment, reducing poverty, and improving overall economic performance (Chamyau & Asongu, 2017).

There are key findings on how financial development affects economic growth. The first is through the savings rate, which leads to investment and capital accumulation. The second is through channel allocation, where financial development enhances efficient investment allocations, thereby increasing productivity (Nayak, 2022). Economic theory suggests that financial development occurs through an organized financial system, which allocates financial resources to productive sectors in a way that contributes to economic growth, capital accumulation, and economic efficiency.

For Nigeria, studying the relationship between financial development and economic growth is a vital one considering the continuing progress in its financial sector performance. According to the Central Bank of Nigeria Statistical Bulletin (2023), the depth of its financial sector showed some significant improvements as broad money supply to nominal GDP ratio increased from 19.82 percent in 2011 to 27.09 percent in 2023. This can be seen in Figure 1.



The banking sector also showed stronger capacity to finance real sector activities with substantial credits flows to the core private sector as CP/GDP ratio increased from 15.07 percent in 2011 to 22.56 percent in 2023. In addition, the increased use of the various electronic money products reflected the shift away from cash transaction and thus an improvement in the efficiency

of funds intermediation. Evidently, improved financial development is expected to have a significant effort on the economy and fasten the pace of economic growth. By economic growth, it means increase in real per capita income over time, it also connotes rising national income over time as a result of increase in its determinant (Banton, 2023).

Similarly, credit to private sector from CBN (2023) revealed that the credit issued to the Nigerian private sector rose to 41.8 trillion Naira as of December, 2022 which represents 6.61 trillion Naira in new net loans compared to 35.19 trillion as at the beginning of the year. However, financial development has been fluctuating and has not contributed significant impact on economic growth in Nigeria. Although government, over the years have introduced policies to enhance the performance of the financial development and appreciable development is yet to be achieved, this is because the indicators of financial development have been of low ebb, for instance private sector credit has been grossly inadequate and this has affected the investment potentials of the economy. Nigerian economy depends on the oil sector and failure to diversify the revenue base and foreign exchange in the economy led the country to the recent recession in the second quarter of 2016 where many bankers lost their jobs (Economic Recovery and Growth plan, ERG, 2017).

Despite increased financial sector reforms in Nigeria over the last decades existing evidence on the mechanism by which financial development impact growth in Nigeria is still weak. The objective of this paper is to investigate financial development and Economic growth in Nigeria. Thus, this study adopted the Autoregressive Distributed Lag (ARDL) model. The study will be significant in determining the progress made so far by the Nigerian Government in improving the economy through financial development. The study will also inform policy decisions and assist policy makers to ascertain if financial development has been able to enhance economic growth.

The study will be conducted on Nigeria and will cover 42 years, from 1981 to 2023. These data will be sourced from World Development Indicators (WDI), and Central Bank of Nigeria (CBN). The study attempts to fill this gap by addressing the following two questions:

- ◆ Does financial development impact economic growth?
- ◆ Does a causal relationship exist between financial development and economic growth?

The remainder of this paper is organized as follows: section 2 provides the literature review, section 3 provides the materials and method, section 4, examines the empirical results and finally, section 5 outlines the concluding remarks.

2. Literature Review

There are empirical studies that analyzed the effect of financial development on economic growth. For instance, Zaheer *et al.* (2022) investigated the effect of financial development on economic growth, using data from 44 countries, and economic inequality using data from 42 middle-income countries. The estimates are obtained through a panel Autoregressive Distributed Lag (ARDL) model for a period of 23 years (1995-2018). Results show that financial development contributes to economic growth in both groups of countries in the long-run. However, the contribution financial development makes to economic growth is more noticeable in the case of upper-middle income countries. Additionally, Granger causality test based on Vector Error Correction (VEC) showed two-way Granger causality between financial development and economic growth.

Okeke (2022) investigated financial development and economic growth in Nigeria from 1986 to 2020, using ordinary least square regression analysis. The findings of the study revealed that money supply to GDP has positive and significant relationship with economic growth in Nigeria. While private sector credit to GDP and insurance premiums to GDP ratio had negative relationship with economic growth in Nigeria.

Argandi *et al.* (2015) carried out a study on 52 countries and proved that financial development does not have a significant impact on economic growth. The weak condition of financial development in terms of institutions and markets is the reason for the lack of contribution from the financial sector to the economy.

Using the dynamic panel General Method of Moment (GMM) technique, Ngogang (2015) examined the impact of financial development on the economic growth of 21 sub-Saharan African countries. The study reveals that there is a strong direct relationship between financial development and economic growth. Luintel *et al.* (2016) analyzed the impact of financial development on economic growth in 60 countries and found that it had a significant effect.

Adeyemo and Chinonso (2022) investigated the nexus between financial development, trade performance and growth in Nigeria between the period 1985 to 2020, financial development, government expenditure, inflation rate and trade openness were used as independent variables while real GDP was used as the dependent variable. Using the Autoregressive Distributed Lag (ARDL), the results show that in the long-run, financial development and government expenditure coefficients have positive relationships with real gross domestic product and they are also statistically significant.

Ndubisi (2017) investigated the relationship between financial development and economic growth in Nigeria, using annual data for the period 1981–2014. The study employed multivariate VAR framework approach to co-integration which was used to evaluate the long-run relations between financial development and economic growth. The result revealed that real GDP and financial development variables have at least common stochastic trend driving their relationship.

Nguyen *et al.* (2019) conducted a study in 90 countries and the findings show that financial development has a negative effect on economic growth in high-income countries. However, it has a positive effect in low-income countries.

Demetriades and Rousseau (2016) analyzed financial development and economic growth in 84 countries and the result indicate that financial development has no significant effect on economic growth due to the declining allocation of financial resources during the year of the study.

Gozgor (2014) analyzed financial development and economic growth in 35 organizations for economic cooperation and development countries. The results prove that economic growth can be achieved by financial development, which becomes an important indicator for productive activities to continue to develop.

Ebiringa and Duruibe (2015) used vector autoregressive model to analyze the relationship between financial system development and economic growth in Nigeria. The empirical results reveal that there is no long-run causality from financial system development indicators to growth. This implies that the role of the financial institutions in terms of credit access to the less privileged played towards the output growth has been less significant in Nigeria.

Omankhanlen *et al.* (2022) investigated the effect of financial development on economic growth in Nigeria covering 1990-2019, using autoregressive distributed lag (ARDL) the main research goals were to investigate the linkages among markets capitalization, money supply and credit to private sector on the economy's growth. The result showed that the market capitalization and ratio of money supply to GDP of the financial development have a bigger impact on the economic growth in Nigeria. However, ratio of credit to the private sector to GDP of financial development is inversely not significant to economic growth in Nigeria. Ibrahim and Alagidede (2018) found that even though sub-Saharan African countries are still developing financial development is still able to make a positive contribution to economic growth.

The importance of financial development in economic growth has inspired many researchers to assess the actual nature of the relationship between financial development and economic growth. To this end, some have employed various econometric models and variables to assess the relationship in a particular country (Nigeria) (Ndubisi, 2017; Iheanacho, 2016; Monogbe *et al.*, 2016; Okeke, 2022; Adeyemo & Chinonso, 2022; Ebiringa & Duruibe, 2015; Omankhanlen *et al.*, 2022) or group of countries (Zaheer *et al.*, 2022; Samargandi *et al.*, 2015; Ngogang, 2015; Luintel *et al.*, 2016; Nguyen *et al.*, 2019; Demetriades & Rousseau, 2016; and Gozgor, 2014). The results are frequently mixed with some of them having positive impact and others having negative impact and relationships.

A review of the literature shows a lack of research on the impact of financial development on economic growth in Nigeria, as well as the causal nexus that exists between the variables.

3. Methodology

3.1 Theoretical Framework

Financial deepening theory by Gurley and Shaw (1967) is adopted in this research; the theory serves as the framework for this study in order to test the impact and causality of financial development on economic growth. The theory shows the relationship between household, financial sector and firms and how it leads to economic growth.

$$y=f(h,fs,f) \tag{1}$$

Where $y, h, f_s,$ and f represent growth, household, financial sector, and firms, respectively.

3.2 Model Specification

This study adopted the model of Omankhanlen *et al.* (2022) to investigate the impact of financial development on economic growth in Nigeria. The model is specified as:

$$GDPG = f(M_2, CPS, INF, INT) \tag{2}$$

Where, GDPG denotes *Growth in Gross Domestic Product*; M_2 denotes *broad money supply as a percentage to GDP*; CPS represents *Credit to Private Sector as a percentage to GDP*; INF denotes *inflation*; and INT represents *interest rate*.

However, this model was adopted because ARDL model allows the mix order of integration which makes it different from ordinary least square model that allows order of integration at level and also cointegration model which allows order of integration at first difference (Efayena. & Olele, 2023).

Furthermore, financial development does not have a single measure, therefore, instead of a single proxy: two measures will be adopted from the work of Omankhanlen *et al.* (2022) which are M_2 and CPS. M_2 was chosen because it has a significant impact on economic growth while credit to private sector was also chosen in order to determine its impact on the economy.

In addition, growth will be proxied by growth rate in GDP while financial development (FD) will be proxied by broad money supply (M_2) as a percentage of GDP, and credit to private sector as a percentage of GDP. The control variables in the model include inflation and real interest rate.

The ARDL model is estimated as;

$$GDPG_t = a_0 + \sum_t^N \beta_1 \Delta GDPG_{t-1} + \sum_t^N \beta_2 \Delta M_{2t-1} + \sum_t^N \beta_3 \Delta CPS_{t-1} + \sum_t^N \beta_4 \Delta INF_{t-1} + \sum_t^N \beta_5 \Delta INT_{t-1} + Q_1 M_{2t-1} + Q_2 CPS_{t-1} + Q_3 INF_{t-1} + Q_4 INT_{t-1} + v_t \tag{3}$$

Similarly, the short-run ARDL model is given as:

$$GDPG_t = a_0 + \sum_t^N \beta_1 \Delta GDPG_{t-1} + \sum_t^N \beta_2 \Delta M_{2t-1} + \sum_t^N \beta_3 \Delta CPS_{t-1} + \sum_t^N \beta_4 \Delta INF_{t-1} + \sum_t^N \beta_5 \Delta INT_{t-1} + u_t \tag{4}$$

D is the first difference operator

N is the optimal lag length

$b_1, b_2, b_3, b_4,$ represent short-run dynamics of the model

Q_1, Q_2, Q_3, Q_4 , represent the long-run elasticities.

Granger causality

After ARDL model, pair wise Granger causality test developed by Granger (1988) was employed. Since ARDL cannot determine the direction of relationship among the variables, Granger causality test assists the study to know the variables that Granger cause each other or whether no relationship exists. The decisions whether to accept or reject the hypothesis are made on the value of the F-statistics and the probability. There exist three types of causality: bidirectional causality, which arises when the two variables relate with each other, that is, they influence one another; unidirectional causality occurs when only one variable influence the other variable and when no causality occurs from the variables implies that none of the variable relates. However, the Granger equations for the model are presented as follows:

$$GDPG_t = \sum_{i=1}^n \beta_i GDPG_{t-1} + \sum_{j=1}^n \alpha_j M_{2t-j} + \mu_{1t} \quad (5)$$

$$M_{2t} = \sum_{i=1}^n \rho_i M_{2t-1} + \sum_{j=1}^n \sigma_j GDPG_{t-j} + \mu_{2t} \quad (6)$$

$$GDPG_t = \sum_{i=1}^n \gamma_i GDPG_{t-1} + \sum_{j=1}^n \vartheta_j INF_{t-j} + \mu_{3t} \quad (7)$$

$$INF_t = \sum_{i=1}^n \phi_i INF_{t-1} + \sum_{j=1}^n \theta_j GDPG_{t-j} + \mu_{4t} \quad (8)$$

$$GDPG_t = \sum_{i=1}^n \delta_i GDPG_{t-1} + \sum_{j=1}^n \pi_j INT_{t-j} + \mu_{5t} \quad (9)$$

$$INT_t = \sum_{i=1}^n \eta_i INT_{t-1} + \sum_{j=1}^n \psi_j GDPG_{t-j} + \mu_{6t} \quad (10)$$

$$GDPG_t = \sum_{i=1}^n \varphi_i GDPG_{t-1} + \sum_{j=1}^n \tau_j CPS_{t-j} + \mu_{7t} \quad (11)$$

$$CPS_t = \sum_{i=1}^n \omega_i CPS_{t-1} + \sum_{j=1}^n \zeta_j GDPG_{t-j} + \mu_{8t} \quad (12)$$

According to equation (5), M_2 Granger causes GDPG when the past (lagged)

values of GDPG and M_2 really cause the behavior of the current value of GDPG. Equation (6) also shows that GDPG is said to Granger cause M_2 if the past (lagged) values of M_2 and GDPG cause the behavior of the current value of M_2 . This is also applicable to equations (7)-(12).

Diagnostic tests

To fulfill the basic assumptions, one underlines ARDL, which emphasizes that the model must not suffer from serial correlation. That is, no autocorrelation must exist with the error terms, data should not have heteroscedasticity. This implies that the variances and means must be constant over time, and the data in question must follow normal distribution. Finally, cumulative sum (CUSUM) test was also employed to know the fitness of the model. The study conducts four diagnostic tests using normality test, serial correlation LM test, heteroscedasticity test, and cumulative sum (CUSUM) test to fulfill all these conditions.

3.3 Scope of the Study and Variable Operationalization

The study spans from 1981 to 2023. The variables employed in the model are operationalized alongside their sources in Table 3:

Table 3. Variable and Source

Variables	Measures of the Data	Sources of Data
GDPG	Annual percentage growth rate of GDP at market prices based on constant local currency	CBN Bulletin (2023)
M_2	Broad money supply as a percentage to GDP	CBN Bulletin (2023)
INF	Change in Consumer Price Index as a percentage of GDP	CBN Bulletin (2023)
INT	Prime lending rate	CBN Bulletin (2023)
CPS	Credit to private sector as a percentage to GDP	CBN Bulletin (2023)

Source: Author's compilation

4. Results and Discussion

This section begins with descriptive statistics of the variables. This is followed by the time series property using test statistics of Augmented Dickey Fuller (ADF) to provide the basis for the analysis was also considered.

4.1 Descriptive Analysis

Table 4 reports the descriptive values of all the variables employed and shows that the mean value of GDPG, INF, INT, MS_2 , and CPS is 10.17, 2.89, 2.90, 6.90, and 5.15, respectively.

Table 4. Descriptive Statistics

	GDPG	INF	INT	MS ₂	CPS
Mean	10.17	2.89	2.90	6.09	5.15
Maximum	11.35	4.16	3.38	10.88	8.13
Minimum	9.08	1.44	2.80	2.17	1.66
Std. Dev.	0.71	0.68	0.45	2.38	2.47

The series that measures the level of discrepancy as shown in the standard deviation result is MS₂, while INT shows the lowest level.
 Source: Author's compilation

4.2 Unit Root Test

Table 5 reveals the result of the unit root; it shows that variables such as INF and INT were integrated at order zero, while GDPG, MS₂, and CPS were found stationary at first difference.

Table 5. Unit Root Test

Variable	Critical value	ADF t-statistics		Order of integration
		@Level	@ First Diff.	
GDPG	-2.883	-1.63	-18.11	I(1)
INF	-2.883	-2.89	-3.89	I(0)
INT	-2.883	-3.03	-3.64	I(0)
MS ₂	-2.883	-0.98	-4.19	I(1)
CPS	-2.883	-1.45	-7.82	I(1)

The result of the unit root provides the basis for the study to use autoregressive distributed lag for both short- and long-run estimation of the model.
 Source: Author's compilation

4.3. ARDL Estimation

Table 6 reveals the lag selection criterion suggested by LR, FPE, AIC, SC, HQ. The result shows that the optimum number of lag suitable for this analysis is 1. The suggestion is taken into consideration when analyzing ARDL model.

Criterion	Lag 1	Lag 2	Lag 3	Lag 4	Lag 5	Lag 6
AIC	1.47	1.47	1.47	1.47	1.47	1.47
FPE	1.47	1.47	1.47	1.47	1.47	1.47
LR	5.38*	2.90*	2.11	2.39	2.39	2.39
SC	1.47	1.47	1.47	1.47	1.47	1.47
HQ	1.47	1.47	1.47	1.47	1.47	1.47

Source: Author's compilation

Note: * Indicates the selected lag order by criterion, Likelihood Ratio test (LR), Final Prediction Error (FPE), Akaike Information Criteria (AIC), Schwarz Information Criteria (SC) and Hannan-Quinn Information Criterion (HQ).

clearly the long-run relationship among the variables.

Table 7. ARDL result

Model	F-statistic	No. of regressors (K)
f (INF, INT, MS2, CPS)	68.91	4
Bounds test result		
Significance	I(0) Bound	I(1) Bound
10%	1.89	2.82
5%	2.31	3.20
2.5%	2.61	3.56

Table 8, Panel A explains the short-run relationship between financial development and economic growth of Nigeria. Firstly, the significance of error correction mechanism (ECM) result and the negative sign of the coefficient lend credence to the establishment of co-integration among variables in this study. This coefficient indicates -0.69 and suggests that about 69% of previous year disequilibrium is corrected in the current year. Hence, the ECM adjusts rapidly to changes in the long run.

Variable	Coefficient	t-statistic	Significance
Short-run relationship			
Ib C	0.045	3.623	***
Ib Ç	0.027	2.991	**
a {2}	0.027	2.991	**
/ t {	0.027	2.991	**
Const	0.027	2.991	**
Long-run relationship			
5 Ib Ç	0.027	2.991	**
5 Ib Ç	0.027	2.991	**
5 a {2}	0.027	2.991	**
5 / t {	0.027	2.991	**

In terms of the signs and magnitude of the coefficients, the long-run result indicates that inflation is negative and significantly related to gross domestic product growth (economic growth). The result shows that a unit increase in inflation will lead to 0.045 units decrease in GDP growth. The coefficient of interest rate and financial development (proxied by CPS-GDP ratio) exert a positive and significant effect on gross domestic product growth. The result shows that a unit increase in interest rate and financial development will lead

to 0.632 and 0.063 units increase in GDP growth, respectively. The coefficient of MS_2 has a positive but insignificant effect on gross domestic product growth 0.527 units.

In terms of the signs and magnitude of the coefficients, the long-run result indicates that inflation is negative and significantly related to economic growth. The result shows that a unit increase in inflation will lead to 0.027 units decrease in gross domestic product growth. The coefficient of interest rate and financial development exert a positive and significant effect on gross domestic product growth. The result shows that a unit increase in interest rate and financial development will lead to 0.316 and 0.047 units increase in gross domestic product growth, respectively. The coefficient of MS_2 has a positive but insignificant effect on gross domestic product growth 0.106 units.

4.4 Causality Analysis

Table 9 indicates the causality test result conducted to examine the causal relationship among the variables. Evidence from this result shows no causal relationship between inflation and gross domestic product growth, while unidirectional relationship was found between interest rate and gross domestic product growth, between broad money supply and gross domestic product growth, and between financial development (proxied by CPS GDP ratio) and gross domestic product growth.

Table 9: Causality result

Direction	Observation	F-statistic	Prob.
INF@GDPG		0.420	0.721
GDPG@INF	43	0.632	0.534
INT@GDPG		12.641	0.000
GDPG@INT	43	0.292	0.510
MS_2 @GDPG		32.734	0.000
GDPG@ MS_2	43	0.643	0.437
CPS@GDPG		9.437	0.000
GDPG@CPS	43	0.606	0.187

Source: Author's compilation

The direction of the flow comes from interest rate, broad money supply, financial development, to gross domestic product growth. Meaning that financial development is granger causing economic growth, but economic growth does not granger cause financial development.

Diagnostic Analysis

Table 10 presents the post-estimation test to examine the suitability of the model using serial correlation LM test, normality test, and heteroscedasticity

test. From the three estimates, variables are normally distributed; there is no problem of serial correlation and the variables show homoscedasticity.

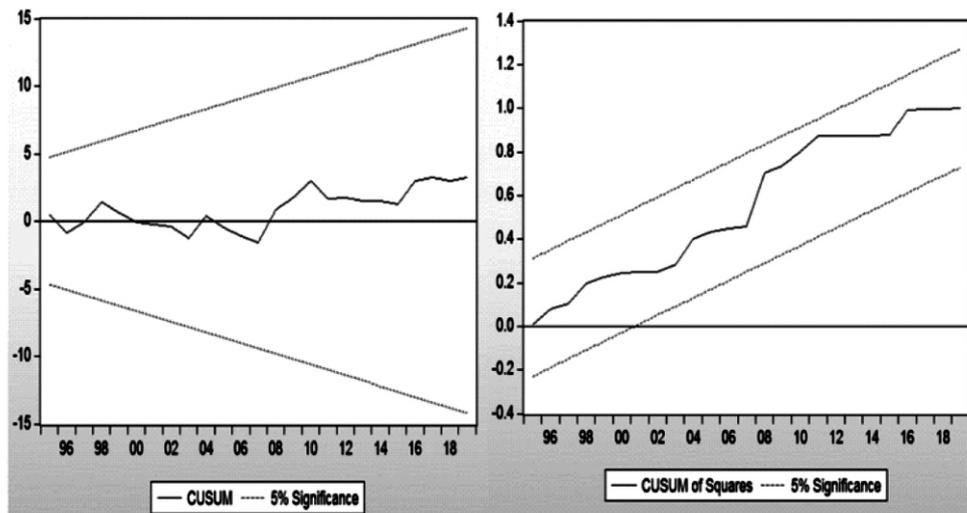
Table 10: ARDL diagnostic estimation

Statistics	Value	Prob.
<i>Normality test</i>		
Jarque-Bera	0.720	0.833
<i>Serial correlation LM test</i>		
Obs*R-squared	3.861	0.193
<i>Heteroskedasticity test</i>		
Obs*R-squared	14.952	0.176

Source: Author's compilation

In an attempt to ensure that the ARDL model is well fitted, the study employs cumulative-sum (CUSUM) test. The test decision is that, if the plotted CUSUM statistics lies within 5% significance level, the coefficient estimates are accepted.

Figure 2. CUSUM plot



(i) *Source:* Author's compilation
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4.5 Discussion of Findings

The empirical analysis showed several findings. The study findings shows that the coefficient of interest and credit to private sector exert a positive and

significant effect on gross domestic product growth the result shows that a unit increase in interest and credit to Private sector will lead to 0.316 and 0.047 unit increase in gross domestic product growth, respectively. The findings corroborate those of previous studies such as Monogbe et al. (2016), Zaheer et al. (2022), Luintel et al. (2016), Ngogang (2015), as well as Ibrahim and Alagidede (2018). However, our findings contrast some previous studies including Nguyen et al. (2019), Demetriades and Rousseau (2016), Iheanacho (2016), as well as Samargandi et al. (2015).

The study also found that in the long run Inflation is negative and significantly related to gross domestic product growth (economic growth) the result shows that a unit increase in inflation will lead to 0.045 units decrease in gross domestic product growth. There are several reasons for this trend in inflation. This is possibly as a result of inflation reducing investments, distorting prices and creating uncertainty, which in the long run will adversely impact economic growth. The study also reveals that the coefficient of broad money supply has a positive but insignificant effect on gross domestic product growth.

The Granger causality analysis shows that no causal relationship between Interest and gross domestic product growth while unidirectional relationship was found between broad money supply and gross domestic product growth and between credit to private sector and gross domestic product growth.

5 Conclusion

In conclusion, this study provides empirical evidence supporting the positive impact of financial development on economic growth in Nigeria between 1981 and 2023, with variations in the short-run and long-run effects. The bidirectional causality observed in some cases highlights the interdependence between the financial sector and economic performance. To maximize the growth-enhancing effects of financial development, policymakers must implement reforms that strengthen financial institutions, promote financial inclusion, ensure financial stability, facilitate productive investments, and address structural bottlenecks.

By fostering a well-functioning financial system, Nigeria can achieve sustainable economic growth, enhance macroeconomic stability, and improve the overall standard of living. However, achieving these objectives requires a holistic approach that combines sound financial policies, technological innovations, and institutional reforms. Future research should continue to explore the evolving dynamics of financial development and economic

growth in Nigeria, particularly in the context of emerging financial technologies and global economic uncertainties.

This study contributes to the growing body of literature on financial development and economic growth by providing empirical evidence on the Nigerian economy using the ARDL methodology. Unlike previous studies that often rely on traditional linear models, the use of ARDL bounds testing allows for a more robust analysis of both short-run and long-run dynamics. Additionally, the study extends the literature by incorporating multiple financial indicators, thus offering a more comprehensive understanding of how different dimensions of financial development influence economic growth.

The findings reinforce the argument that financial development is a crucial determinant of economic growth in developing economies. However, they also highlight the complexities and challenges associated with achieving an optimal finance-growth relationship. By examining the causal linkages between financial development and economic growth, the study provides insights into the dynamic interplay between these variables, which can inform policy formulation and implementation.

While this study provides valuable insights, it is not without limitations. First, the study primarily focuses on aggregate financial indicators, which may mask sector-specific dynamics. Future research could explore the disaggregated impact of financial development across different sectors of the economy to provide more targeted policy recommendations.

Second, the study relies on historical data, which may not fully capture emerging trends in Nigeria's financial sector, especially with the rise of fintech innovations and digital finance. Future research could incorporate alternative data sources, such as real-time financial transactions and big data analytics, to provide a more dynamic assessment of financial development.

Third, the study does not explicitly account for external factors such as global financial shocks, trade policies, and geopolitical risks, which can influence the finance-growth relationship. Future studies could adopt a global perspective by incorporating international financial integration, foreign direct investment (FDI) inflows, and external debt dynamics into the analysis.

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