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## Editorial

This edition of *NIU Journal of Management Sciences* touches on as Financial Inclusion, Customers' Care Support, Human Resource Management as well as Government Support Initiatives and Sustainability of Small Businesses.

One of the papers, in this issue, examines how components of employee capital such as employee knowledge, employee skills and employee capabilities influenced customer satisfaction. Corresponding research questions and hypotheses were developed and tested. It is recommended that bank management should increase their efforts in developing their employee capital to enhance customer satisfaction

Another paper also reveals that financial inclusion measures affected the economic development in Nigeria. It is recommended that government should focus on the financial inclusion policies as a means of ameliorating poverty, through a participation of all economic agents in the financial system. The paper therefore, recommends that there is a need for the government of Nigerian to prioritize the importance of financial inclusion.

On the whole, this edition of *NIU Management Sciences* features many empirical and theoretical based articles which can be of great benefit to every reader.

**Professor Oyetola O. Oniwide**

Nexus International University,  
P.O. Box 70773,  
Kampala, Uganda.  
editor@niuournals.ac.ug

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## Relationship Between Government Support Initiatives and Sustainability of Small Businesses in Lagos State, Nigeria

OCHADE MAXWELL  
Girne American University, Cyprus

**Abstract.** This paper examines the effect of government support on the sustainability of small-scale businesses in Lagos State, Nigeria. SMEs are crucial in their contribution to economic growth, creation of employment and stimulation of innovation especially in the developing countries. However, these enterprises are confronted with multiple challenges which include lack of access to finance, poor infrastructure and barriers such as regulations which prevent them from fostering growth and sustainability. It is the government assistance in the form of financial assistance, infrastructure development, training facilities and tax benefits, necessitated in overcoming these challenges and facilitating a friendly ambience for small businesses to grow. Methodology The study adopted a correlational research design surveying 174 Small Business owners, representing 20 local government areas of Lagos State, through a structured questionnaire to examine the influence of government support on business sustainability. Descriptive statistics are used in the study to describe the characteristics of the respondents and Pearson's Product-Moment Correlation (PPMC) is used to find the relationship between government intervention and small business sustainability.

We find a positive correlation ( $r = 0.30$ ,  $p = 0.04$ ) between government support initiatives and sustainability of small businesses in Lagos State such that, firms that access government support are more likely to be sustainable. It was discovered that business support programs and capital injection by government will have a positive impact on small businesses operational effectiveness, ease of access to the market, and its long-term survival. In particular government tax incentives and building of capacity had a lot of positive impacts on business in relation to sustainability of business practices, 67.8% of respondents indicated. Second, 55.2% of the surveyed firms admitted that government programmes had

assisted them to cut their operational costs, enabling them to compete more effectively. These insights indicate that policy interventions can play a role in strengthening the resilience of small businesses and help drive their success in the long run. The study highlights the importance of continued commitment to the provision of infrastructure, finance and skill-building programs to support the sustainability of small businesses in Lagos State.

**Keywords:** Government Support, Small Businesses, Sustainability, Lagos State, Economic Growth

### 1. Introduction

Small businesses are the engines of economic growth and development and are the leading contributors to jobs in both developed and developing economies. Their permanence is underlined by their role in GDP growth, employment generation, poverty alleviation and their local value adding effect (Nainatul Farzuha Nor et al., 2023). Despite this potential, small businesses are often limited by an array of challenges which include: limited access to finance, poor infrastructure, bureaucratic barriers and limited managerial capacities (Pu et al., 2021 as cited in Adeoye, 2024). In the face of such headwinds, here in the cold face of it, Government support measures become a vital lever for the sustainability and competitiveness of small business too. Small and medium-sized enterprises (SME) are considered as the growth engine of the economy in most countries. They provide livelihood and contribute significantly to GDP of nations, particularly in developing countries (Nainatul Farzuha Nor et al., 2023). Comprising 64 million SMEs, also accounting for between 65-68 per cent of private sector employees in Nigeria are playing a major role in inclusive growth (Adeoye, 24). Their flexibility enables them to respond quickly to market

opportunities, which are crucial to economic adaptation and innovation.

SMEs are drivers of economic growth with regards to job creation, innovation and local economic factors (Ayyagari, Beck, & Demirgüç-Kunt, 2017). They are a very large share of GDP and employment in many economies, especially in the developing world. In Nigeria, for instance, small and medium enterprises (SMEs) contribute about 48% of GDP and 96% of the manufacturing sector (Nwankwo & Onwuka, 2020). Their efforts to stimulate an inclusive growth are also recognised, they rule in a lot of underprivileged areas of the society where they eventually deliver the basic goods and services.

Despite their importance, small firms are subject to many challenges which become obstacles to the growth and survival of small businesses. Inadequate access to credit still remains a significant constraint, because of the tough credit environment and the absence of collateral (Beck & Demirgüç-Kunt, 2006). In addition, infrastructure bottlenecks in the form of erratic power supply, poor transportation, and limited digital connectivity are barriers to effective business operation and market accessibility (Diarra et al., 2021). The absence of both management and technical skills hinder innovation and adaptation to the market forces (Hall et al., 2010). Furthermore, excessively complicated regulatory frameworks as well as costs of regulation will inhibit formalisation and sustainability (Edwards et al., 2016).

Faced with these issues, governments have taken various steps to assist small businesses. Such efforts are to remove bottlenecks and create a favourable setting for sustainable development. Supportive measures supported “credit access for livestock and poultry in specialised programmes of grants, subsidies, direct loans and venture capital (programs)” to increase financial access (González et al. For example, small firms, which are about the only ones blocked from commercial banking facilities, can certainly obtain cheap credit from government-subsidized loan programmes. Enhancing physical infrastructure, including transport, energy and digital connectivity, strong relative to operational performance to market access (Furger et al., 2020 Furger, Keller Rauter & Schlegelmilch, 2020). For example, digital extension, allows small business to ride on e-commerce and global market. Facilitation assistance to stimulate business enable smallscale between small-scale ventures and their ability to innovate and adopt ECM practices transfer skills related to financial management, marketing and sustainability (Hall et al., 2010). These are programs

for manager capability development and technology adoption. To create a business-friendly environment, a significant emphasis is placed on simplifying the process of registration/environmental standards/incentives to behave in an environmental friendly manner as regulations that would guide the business into operating according to compliance and sustainable measures (Doran et al., 2017). Combining efforts of small businesses, large enterprises, universities and governments leads to innovation and resource pooling (Boons & Lüdeke-Freund, 2013). The sustainability of small businesses is likely to be determined by the effectiveness of government support programmes and how fully the primary endogenous constraints facing SMEs are treated. Moreover, there are indications that targeted financial support can also help businesses to make important investments in sustainable activities and technologies that can increase the resilience of their business (Ayyagari et al., 2017). Investments in infrastructure reduce the cost of operation and benefit market coverage, thus enhancing the competitiveness and the life span (Furger et al., 2020). Developing skills among entrepreneurs to considerations be able to run their businesses with greater sustainability, use of resources efficiently and innovatively (Hall et al, 2010). At the same time, supportive policies and networking are establishing a climate in which small businesses can thrive and navigate this changing economic and climate terrain. But the impact of those policies varies by policy type, how the policy is carried out and the context. Financial aid, e.g., may be directed improperly and amount to resource waste. Infrastructure investment, e.g., may be not sufficient to benefit the remote or under-served areas. In addition, the survival of MSBs is not only associated with external support, but also with internal factors, such as entrepreneurial resilience, management practices and market environment (Fernandez et al., 2021).

### 1.1 Hypothesis

There is no significant relationship between government support initiatives and sustainability of small businesses in Lagos State.

## 2. Methodology

The research is a Correlational Study and is one of the crucial instruments of social science. This is of particular benefit in studying potential relationships between different variables, which can inform further experimentation or policy-making. Correlational research is non-experimental approach that is used to determine the extent of relationship that exists

between two or more variables by testing whether one variable changes as the other changes (Creswell & Creswell, 2017).

To this end, a survey report of the National Bureau of Statistics, in Nigeria in 2021, further confirmed 1320 registered small business organizations in Lagos State (the location of this study). Using Hair et al. s formula for the sample size, and 174 was determined as the sample size. To ensure more accurate representation of the sample size. A di-stage sampling method was used in this study. That is, stratified and a simple random sampling techniques were utilized. Stratified sampling method based on Local Government Areas was used for the stratification. The local government areas in Lagos state are 20 in number. In this way, eight (8) small business owners per local government area who will volunteer to be part of the survey will be identified and the total number of participants becomes 174. dip bowl simple random sampling was applied for select the respondent of study.

This study is in Lagos State, Nigeria (commercial nerve of Nigeria). As the former capital of Nigeria, it has a dense population of Insurer (Heavy Markets), heavy markets, traders, and business people as well as corporate heavyweights including financial institutions, banks and multinationals. The idea of sustainability culture and lifestyle has also been advocated and promoted by the Lagos State (Gbonegun, 2022). Small scale enterprises are very relevant to Lagos State economy as it provides for the grassroot and is also a middle man to other large-scale businesses. This is evident in the contribution of small businesses to the GDP as well as the number of people employed (SMEDAN, 2021). This makes Lagos state a good base and unit of study for the research.

It started with looking for the access to the small business owners for research permission. In the event that such approval is given, additional guidance was requested regarding when it should be implemented before using a research instrument. Data collection in the target sample was achieved within four (4) weeks.

The questionnaire is divided into different parts in order to gain full coverage of different dimensions of the report. Section A contains the personal and business characteristics of small business owner operators such as Local Government Area, sex, age wave2, size of staff, number of customers, highest level of education, main type of business and age of the business. Section B is focusing on government tax incentives and C is looking for response on the sustainability of small businesses. The 5-point Likert scale that is used in the study is a commonly used method in social science research for attitude and perception measurement (Joshi et al., 2015). Reliability is the extent to which the items are consistent in measuring the same thing. This is commonly assessed by means of Cronbach's alpha that describes the internal reliability. Confirmation of a value for Cronbach's alpha 0.74.

Descriptive statistics of frequency and percentage will be used to present the demographic characteristics of the respondents in tables, whereas their demographic characteristics will be discussed in paragraph form to address research questions using mean and standard deviation. Hypothesis was tested using the Pearson's Product-Moment Correlation (PPMC) at 0.05 alpha level of significance.

### 3. Results

**Table 1:** Demographic Characteristics of the Respondents

Gender		Frequency	Percent (%)
Valid	Male	82	47.1
	Female	92	52.9
	Total	174	100.0
Age		Frequency	Percent
Valid	18 – 25	15	8.6%
	26 – 33	30	17.2%
	34 – 41	46	26.4%
	42 – 49	68	39.1%
	50– Abo	15	8.6%
	Total	174	100.0
Staff Status		Frequency	Percent
Valid	Perm	101	73.2%
	Temp	73	26.8%
	Total	138	100.0
Educational Qualification		Frequency	Percent
Valid	No Education	12	8.7%

	O'Level	32	23.2%
	ND/NC	60	43.5%
	Degree	70	50.7%
	Total	138	100.0
<b>Business Age (In Years)</b>		Frequency	Percent
<b>Valid</b>	10-15	22	12.6%
	16-20	99	57.0%
	21 Above	53	30.4%
	Total	174	100.0

Table 1: explanation the demographic characteristics of the respondents give insights into the sample population's gender, age, staff status, educational qualifications, and business age. The sample comprises a slightly higher percentage of females (52.9%) compared to males (47.1%), indicating a relatively balanced gender representation. The majority of respondents are concentrated in the 42-49 age bracket (39.1%), suggesting that most small business owners in this sample are likely to be more experienced entrepreneurs. This age cohort may possess significant insights into the sustainability of their businesses and can provide a wealth of knowledge on how government initiatives impact their operations. The lower representation of younger respondents (8.6% in the 18-25 and 50 years and above categories). A significant majority (73.2%) of the respondents are permanent staff members. This suggests stability and potentially greater job security within these businesses, which may positively influence their approach to sustainability practices. The presence of temporary staff (26.8%). The educational qualification data indicates that the majority of respondents (50.7%) hold a degree, while 43.5% possess a National Diploma or Certificate. This suggests a relatively educated sample with a significant proportion of respondents having at least a tertiary education background. A higher level of education may correlate with greater awareness of sustainability practices and government support initiatives. However, the 8.7% with no formal education underscores a need for inclusive programs that cater to all educational backgrounds. The majority of businesses represented in this sample (57.0%) fall within the 16–20-year age range, indicating that many respondents are operating established businesses rather than start-ups. This stability can suggest resilience and a certain level of expertise in navigating the challenges faced within the market. The significant percentage of businesses with more than 21 years of experience (30.4%) may indicate a depth of experience that could positively influence conversations around sustainability. Conversely, only 12.6% fall in the 10–15-year range.

**There is no significant relationship between government support initiatives and sustainability of small businesses in Lagos State.**

**Table 2:** Summary of Person Product Moment Correlation on Government support initiatives and sustainability of small businesses in Lagos State.

Variables	Mean	SD	n	df	r	Prob	decision
Government Support Initiatives	3.55	0.80	174	172	0.30	0.04	Rejected
Sustainability of Small Businesses	3.60	0.78					

Table 2, which presents the findings from the Pearson Product Moment Correlation analysis regarding the relationship between government support initiatives and the sustainability of small businesses in Lagos State. Government Support Initiatives have mean of 3.55, this mean score suggests that respondents generally have a positive perception of government support initiatives. A mean of 3.55 indicates that while many respondents believe these initiatives are beneficial, there may still be some respondents with neutral or critical views. Standard Deviation (SD) of 0.80, This standard deviation indicates a moderate amount of variability in respondents' perceptions regarding government support initiatives, suggesting that experiences and perceptions vary among small

business owners. Sustainability of Small Businesses have mean of 3.60 – A mean score of 3.60 indicates that respondents hold a generally positive view on the sustainability practices of small businesses, suggesting that many businesses are engaged in sustainability initiatives to a reasonable extent. Standard Deviation (SD) of 0.78, similar to government support initiatives, this standard deviation suggests some variability in how sustainability is perceived among small businesses, but with a relatively tight clustering around the mean. Correlation Coefficient (r) is 0.30, this correlation coefficient indicates a moderate positive correlation between government support initiatives and the sustainability of small businesses. An r value of 0.30 suggests a reasonable tendency for

small businesses that receive government support to be more sustainable in their practices. This indicates that there is a relationship that warrants further consideration. Prob (p-value): 0.04 – This p-value suggests a 4% probability that the observed correlation is due to chance. Since this p-value is less than the common significance threshold of 0.05, we reject the null hypothesis. This indicates that there is a statistically significant relationship between government support initiatives and the sustainability of small businesses. The results summarized in Table 14 indicate that there is a statistically significant positive relationship between government support initiatives and the sustainability of small businesses in Lagos State. The moderate correlation ( $r = 0.30$ ) and the significant p-value (0.04) demonstrate that increases in government support are associated with improvements in sustainability practices among small businesses.

#### 4. Discussion

Dynamic Interactions between Programmes of Government Support and the Performance of Small Firms. Government support actions it's also worth noting that the government has taken some steps to help the small business community. Such support may come in the way of grants, subsidies, tax breaks, training, or mentoring. Other means of government support may be generated through help in regulation and the setting-up of infrastructure for smaller companies (González et al., 2021).

Monetary support is amongst the most straight forward manner of enhancing the sustainability of SMEs by the state-led programmes. But small business access to capital is critically important because it impacts whether that small business can invest in products and technologies, expand operations, and adopt sustainable business practices (Beck & Demirgüç-Kunt, 2006). Again, where government loans are superior to market terms, optimal cash flows can be utilised to maintain and support 'small businesses initiatives towards the future especially the small and orphaned industry; to ensure their prosperity without being hounded by heavy interest payments, and this brings long-term viability. A study by Ayyagari et al. (2017) demonstrated a significant enhancement of the growth and survival rate of small businesses that have received funding from the government. Statistically, they were also more likely to invest in green technologies, product innovation and operational enhancements, which demonstrated the close correlation between funding access and sustainability.

The other critical policy for the sustainability of the small, 'micro-sized' enterprise is with respect to infrastructure. Infrastructure, such as transportation systems, energy provision, and digital broadband, supports market entry and operational efficiencies (Diarra et al., 2021). Furger et al. In the report by Teluhong et al., 2020 Meanwhile, SMEs close to the existing developed distribution network were able to reduce their logistics cost, and hence participate in new markets. This greater access allows smaller companies to be able to ship out their goods in a sustainable method, without wastage of resources and a minimal disruption to a production system, thereby, allowing the business to be more sustainable overall.

The government-initiated training programs are essential for formation of the skills required to engage both owners and employees of small and medium enterprises in practising sustainability. A range of training actions, such as those for managing accounts, digital marketing and sustainable methods of production are deployed by these workforce development initiatives (Hall et al., 2010). Lee et al.'s study — of business who participate in government funded training and those who didn't, found that those that did were much more likely to adopt sustainable practices. Therefore, sustainable production is an idea that is impossible without a process that works as efficiently as possible, with the least waste and the most efficient use of resources, and in this context, the tasks of responsible staff can be the best for us. In addition, a process of permanent learning and capacity building sustains that, in responding to the demands of the market, the small entrepreneurs have the possibility of innovating, adapting to the changes required by the market through environmentally sustainable practices (Fernandez et al., 2021). Public sector projects frequently enable small firms to network with each other, relationships that are crucial to their continued existence. Governments also may facilitate open innovation through the creation of formative networks in which microbusinesses can interface their trade secrets and relationships with other small firm and large company collaborators and universities in order to enhance innovation potential and access new markets (Boons & Lüdeke-Freund, 2013). In that regard, a research conducted by Cohen (2018) established that small businesses that participated in government-initiated and run network initiatives experienced significant returns on investment from sharing resources, collaborative projects, and joint marketing efforts. The value of such partnerships lies also in the development of more sustainable environmentally and socially motivated business plans which add to the overall sustainability of the firms partnered.

Effective government policy and regulation that encourages sustainable practice can also have a significant impact. Regulation on small-business best practices may include sustainability certification, compliance requirement and environmentally friendly certifications (Edwards et al., 2016). A case in point is the study of Doran et al. (2017), the study found that jurisdictions where governments have put in place regulatory and market incentives for sustainable business, not only see more business compliance but also see increases in loyalty and branding based on sustainable business choices made by those businesses. These regulations contribute towards a situation in which conducting business responsibly is not only desirable, but frequently essential for business survival.

## 5. Conclusion

The examination of the government support scheme and small businesses' survivability nexus in Lagos State. The evidence from this study supports that government initiatives, including financial assistance, infrastructural support, capacity enhancement programs, legislative reform, and networking system, have a positive effect on the sustainability of small businesses. The small positive correlation ( $r = 0.30$ ,  $p = 0.04$ ) suggests that more small businesses involved in the government economic stimulus programs relates to the level of sustainability.

## 6. Recommendations

Based on the findings and discussions above, the following recommendations are made:

The research results have underscored the need for the increase and expansion of financial assistance programmes in order to ensure the survival of small enterprises in Lagos state. Scaling low-cost, unsecured loans and building out grants that target environmentally-friendly and innovative ventures can go a long way in allowing small business owners to invest in sustainable expansion. Furthermore, micro-insurance schemes should be developed to reduce risks and offer insurance coverage by entrepreneurs to operate in conditions of uncertainty.

Equally important is making investments in infrastructure. Digital connectivity, such as access to affordable internet and digital payment systems, is the first priority as this will enable small businesses to become active participants in e-commerce and operate at scale. While investment on transport networks and new energy infrastructure in deprived

regions could lower operational costs and improve efficiency and market access, logistics centres could connect supply chains and increase productivity in general.

Empowering these small business owners highlight the importance of building capacity and honing skills. Education should be ongoing in financial literacy, sustainable practices, digital marketing and environmental standards and be conducted for varying education levels to be inclusive. Mentoring efforts and knowledge exchange forums are some of the tools that can develop resilience and stimulate innovation to help entrepreneurs to respond timely to the changing economic and environmental conditions".

Finding ways to simplify regulations and provide incentives will help to bring formalization and sustainability improvements. Streamlining registration procedures, lowering the cost of compliance and providing fiscal incentives to adopt eco-friendly practices would encourage small firms to adhere to sustainable benchmarks. By establishing transparent and easily accessible certifications and standards, the organization can additionally deep-root sustainability in their day-to-day, and build a culture of responsible business.

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## Employee Capital and Customer Satisfaction in Selected Nigerian Deposit Money Banks

S.A. ADEDOYIN, V.A. OYAKHIRE, E.O. AMIENS, A. IGBINEDION  
Benson Idahosa University, Benin City, Nigeria

U.O. AKPOBIRE  
Delta State Polytechnic, Ogwashi-Uku, Nigeria

**Abstract.** The relevance of employee capital in promoting customer satisfaction has been highlighted in some extant studies. In this research we explored employee capital and its effects on customer satisfaction in the banking sector. Our objectives were to examine how components of employee capital such as employee knowledge, employee skills and employee capabilities influenced customer satisfaction. Corresponding research questions and hypotheses were developed and tested. The study employed a cross-sectional research design executed through a survey. A structured questionnaire was used to elicit responses from employees of five deposit money banks in Benin City, Southern Nigeria. The banks were chosen from the deposit money banks approved for operations by the Central Bank of Nigeria. Three predictor variables - employee knowledge, employee skills and employee capabilities combined with customer satisfaction as a predicted variable - were examined. The instrument was a modified 28 item structured questionnaire made up of Likert type scale statements. The validity of the instrument was assured using face and content validation techniques. The reliability was ascertained using Cronbach alpha test which yielded values well above the acceptable threshold for both the dependent and independent variables. The study population were employees across the different branches of the deposit money banks. A sample size of 600 was adopted for this study. Of the 600 copies of the instrument administered, a total of 444 were properly filled and usable, indicating a 72% response rate. The test of hypotheses was done using regression analysis. The findings show that all the components of employee capital influenced customer satisfaction. Specifically, the findings show that employee skills ( $t = 6.432$ ,  $p = .000$ ,  $\beta = 0.430$ ); employee capabilities ( $t = 5.224$ ,

$p = .001$ ,  $\beta = 0.383$ ); and employee knowledge ( $t = 3.344$ ,  $p = .001$ ,  $\beta = 0.321$ ) were all statistically significant predictors with employee skills demonstrating the largest effect on customer satisfaction. The paper recommends that bank management should increase their efforts in developing their employee capital to enhance customer satisfaction.

**Keywords:** employee capital, employee knowledge, employee skills, employee capabilities, customer satisfaction.

### 1. Introduction

In the global business environment, the quality and competence of employees - collectively referred to as employee capital - are increasingly recognized as critical drivers of customer satisfaction. Employee capital resources describe the economic value of the knowledge, training, intelligence, attitudes, health, experience and abilities of a worker. It involves all resources and traits that employers value in their staff such as punctuality, allegiance, dependability and knowhow (Kenton, 2019). These intangible factors when aggregated represent the firms' human capital which is a strategic component of the intangible resources or intellectual capital of organizations (Curado & Bontis, 2006; Cabrita & Bontis, 2008). Employee capital comprises the individual capabilities, knowledge, skills and experience of a company's employees and managers and is the collective experience and general know-how of an organization's workforce, useful in the quest to attain organizational goals (Lev, 2001). Effective utilization of employee capital can enhance customer experience, leading to higher satisfaction levels. Research suggests

that companies with well-trained and motivated employees tend to have more satisfied customers, which can result in increased loyalty, positive word-of-mouth, and improved financial performance (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994; Khalique et. al. 2018).

Globally, organizations like Starbucks and Southwest Airlines have demonstrated how focusing on employee capital can lead to exceptional customer service and consequently high customer satisfaction. These organizations emphasize continuous training, employee empowerment, and a positive organizational culture, which translate into better customer interactions and satisfaction. In Africa the role of employee capital in achieving customer satisfaction is becoming increasingly important as businesses strive to compete in a dynamic and growing market. The continent's diverse economic landscape presents unique challenges and opportunities for leveraging employee capital to enhance customer satisfaction. Companies that invest in their employees through training, development, and engagement are better positioned to deliver superior customer service and achieve competitive advantage. A report by the African Development Bank (AfDB) highlights that investment in human capital, including employee training and development, is essential for improving service quality and customer satisfaction in Africa (AfDB, 2020). However, many African businesses face challenges such as limited resources, inadequate training programs, and high employee turnover, all of which impede effective utilization of employee capital possibilities for customer satisfaction.

Basically, customer satisfaction describes a measure of how the quality of a company's products or services meet or exceed client expectations and is a key determinant of continued customer patronage and loyalty to an organization's products (Igbinedion & Adedoyin, 2024). Organizations and marketing researchers aim to achieve customer satisfaction by investigating customer needs and wants, and the factors that affect their attitudes, choices, evaluations, purchase behaviors and eventual loyalty. Kotler and Armstrong (2010) assert that by understanding and meeting customer desires through adding new product features, offering more value and better service leads to customers' satisfaction, loyalty and eventual competitive advantage. Organizations can offer greater customer satisfaction when they are more responsive to customers, flexible, aggressive, speedy and innovative and are strategically positioned to adapt and thrive in a dynamic, threatening and complex business environment (Adedoyin & Cherechi, 2019).

Nigeria as one of Africa's largest economies is characterized by intense competition across sectors. The relationship between employee capital and customer satisfaction is particularly pertinent as the quality of customer service influences customer satisfaction which is also a critical differentiator for businesses (Adedoyin & Igbinedion, 2024). Despite the recognized importance of employee capital some Nigerian organizations struggle with issues relating to employee capital development by way of training, motivation, and retention. The Nigerian Institute of Management (NIM) notes that inadequate investment in employee development and poor working conditions are common challenges that negatively impact employee performance and customer satisfaction (NIM, 2020). On the other hand, companies that prioritize employee well-being, provide opportunities for career development and foster a positive work environment are more likely to see improvements in customer satisfaction. For instance, in the Nigerian banking sector, banks that invest heavily in building employee capital and customer service initiatives report higher customer satisfaction levels (NIM, 2020). This investment in employee capital not only enhances service quality but also builds customer trust and loyalty, which are essential for long-term business success.

Lev, (2001) posits that the factors such as employee capabilities, qualifications, staff skills, brand name, and level of quality of services rendered, quality of relationships, and work culture are components of employee capital that offer a possibility for promoting customer satisfaction. The interactions between the employees and the customers require the involvement of employees' personal intangible traits such as their capabilities, skills, knowledge, attitude, training, intelligence, health and experience. The thrust of this study is to examine the effects of these employee traits /resources on customer satisfaction. The motivation of this research arises from the fact that since the bank's workforce are the service providers with whom customers interface continually, it would be instructive to empirically ascertain if employee factors influence the quality and process of service delivery and consequently afford customers the satisfaction they desire in the long run.

Customer satisfaction studies generally involve the employee's characteristics and all preceding circumstances. While it is evident from conscious observations that bank executives regularly act within a system of professional conduct while discharging their duties, it has been observed however that there are differences in the approach and interactions of

different bank employees to their customers. These differences are evident especially when there are complaints arising from poor service or poor treatment of customers by some of the bank's personnel. The customer complaints and feedback mechanisms reveal a lack of satisfaction based on the customers' perspective. It is therefore imperative to ascertain whether the individual employee factors would influence customer satisfaction. This research is further prompted by the realization that the bank's employees do not all possess the same capabilities, knowledge, qualifications, skills and attitudes. It is important therefore to investigate if the employees' capital factors would influence the satisfaction of the bank's customers using employee capital components such as employee knowledge, capabilities, skills and attitudes.

## 2. Literature Review

### 2.1 What is Employee Capital?

Employee capital resources, also known as human capital, refers to the individual's inventory of knowledge, skills, attitude, competence, capabilities and intellectual agility emanating from the endowment of nature and subsequent investment in education, values, experience, learning and development etc. (Becker, 1964). Chao (2011) posits that it represents the aggregation of individual competencies, knowledge, experiences and technology of the organization's workforce alongside its creative and innovative capabilities. Sveiby (2001) opines that the performance of an organization is dependent on if its employees are competent at any tasks it aims to execute. Consequently, organizations with superior learning, information and problem-solving skills, know-how and decision-making abilities that effectively harness them will attain superior performance compared with other industry rivals (Chen & Chang, 2013). The individual capabilities, knowledge, know-how, talent, education, skills and experiences of employees in the workplace are the important elements that enhance overall performance and organizations with higher level of know-how, problem solving skills, learning and decision-making abilities that fully employ them will achieve better performance compared to their rivals (Khalique, et. al 2018). It is thus a source of innovation and renewal, and for useful ideas that may be assessed at the individual or group levels. It offers innovative solutions to problems in organizations, is indispensable for new product development, promotes competitive advantage and ultimately will support customer satisfaction.

### 2.2 Understanding Customer Satisfaction

Customer satisfaction is a measure that determines how well a company's products or services meet or surpass customer expectation (Pasuraman et al 1985; Igbinedion & Adedoyin, 2024). It is a key indicator of purchase intentions and customer loyalty and useful in predicting business growth and revenue. Essentially it describes the consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some other norms of performance) and the actual performance of the product after its consumption" (Tse & Wilton, 1988; Adedoyin & Ikebudu, 2011). Attaining customer satisfaction is somewhat complex because it is heavily dependent on both marketing principles, activities of operations management and human resources (employee capital) with attendant variations arising from differences in person, perspective and organization involved in the delivery of the service. Its peculiar nature portends therefore strategic challenges for everyone involved both at the industry and national levels (Adedoyin & Ikebudu, 2011). Studies on customer satisfaction show that customers are dissatisfied with their experience about 25 percent of the time but that only about 5 percent complain (Tax & Brown, 1998; Kotler & Armstrong, 2010). The other 95 percent either feel complaining is not worth the effort, or they do not know how or whom to complain. Of the 5 percent who complain, only about 50 percent report a satisfactory problem resolution, yet the need to resolve a customer's problem in a satisfactory manner is critical. On average, a satisfied customer tells three people while the average dissatisfied customer will tell eleven people who will in turn tell others, causing the numbers exposed to bad word of mouth to grow exponentially (Kotler, 2005). This therefore underscores the need to always ensure customer satisfaction.

## 3. Hypothesis Development and Conceptual Framework

### 3.1 Employee Capital and Customer Satisfaction.

Employee capabilities, skill and knowledge contribute to the customer experience during the interface with the customers; and variations in employees' proficiency determine the level of customer satisfaction and consequent loyalty. With the shift into the knowledge economy, the employee intangible resources such as knowledge and intellectual agility occupy a prime place in satisfying customers, building strategic advantages and eventual organizational performance (khalique et. al 2018). Scholars like Barney (1991); Bontis et al. (2000) and Khalique et. al

(2018) affirm that employees contribute to the organization by their knowledge, competence, attitude and intellectual agility. Employee capabilities like intellectual agility enable them to attain flexibility and to have innovative solutions to problems and promote customer satisfaction. From observation there is evidence that employee personal factors contribute to the customer experience during the interface and variation in employees' proficiency portends variations in levels of customer satisfaction and loyalty. Prominent components of employee capital are employee knowledge, employee capabilities and employee skills. We here discuss these key components of employee capital and the links with customer satisfaction.

### **3.2 Employee Knowledge and Customer Satisfaction.**

The employee knowledge is the summation of both information and individual experiences, exposures, values and perceptions (Smolnik, Kremer, & Kolbe, 2005). Evans, Venn and Feeney (2002) posit that knowledge may be classified as either implicit or explicit knowledge. The implicit knowledge is domiciled in people and is viewed as important because its' potentially significant impact on everyday decision-making through rational processes (Evans et al., 2002). This kind of knowledge is responsible for both everyday activities and achieving personal and organizational goals (Schnieders, Vergauwen & Bollen, 2005). In contrast, explicit knowledge depends on the individual's information processing capacity. Hence, whilst occasionally a slow process, it guides reasoning, and the decision-making process (Evans et al., 2002). Researchers have discussed these two types of knowledge; however, distinguishing between them is not an easy task (Smolnik et al., 2005). Regardless of type, an increase in knowledge is recognized as necessary for enhancing employee service delivery which will affect customer satisfaction. Scholars like Barney (1991) report from his study that employees contribute to the organization by their knowledge, competence, attitude and intellectual agility. Ohioorenoya, (2011) established from his study across Nigerian tertiary institutions that employee knowledge and knowledge management support performance. Also, Khalique et. al (2018) in his study in Malaysia affirm that employee knowledge supports competitive advantage in the manufacturing subsector in Malaysia.

This study therefore hypothesizes that:

H1: employee knowledge will have a positive effect on customer satisfaction in the sampled organizations.

### **3.3 Employee Capabilities and Customer Satisfaction**

Employee capability refers to an employee's ability to perform their job effectively and includes both technical competencies (like using tools, software, or equipment) and soft skills (such as communication, problem-solving, and teamwork). It is about how well-equipped an employee is to meet the demands of their role, contribute to organizational goals, and adapt to changing environments. It denotes what people can be, do and what they can accomplish (Nussbaum & Glover, 1995). In organizations, capability must be dynamic, and all employees must be capable enough to prepare, extend and review quickly within shorter periods of time to achieve maximum performance. There is some scholarly evidence that employee capability influences customer satisfaction. The study by Kumar and Pansari, (2017) found that employee capabilities significantly influence customer satisfaction, which in turn affects customer retention with gender identified as a moderating factor in their study. Also, Dhaigude and Thite (2021) reported from their study in India, that technical competencies of employees are vital in ensuring customer satisfaction in the cooperative banking sector. In view of the above this study hypothesizes that:

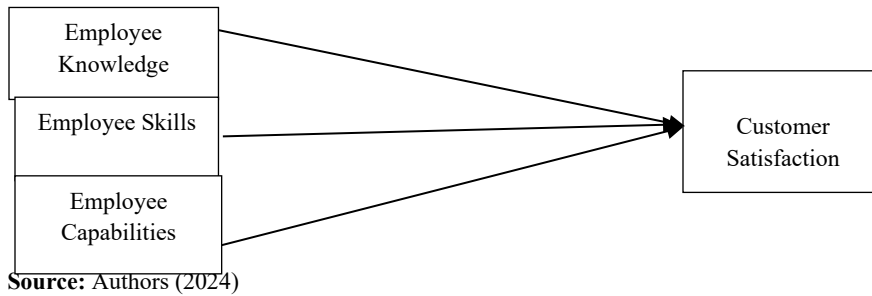
H2: the employee capabilities will have a positive effect on customer satisfaction

### **3.4 Employee Skills and Customer Satisfaction**

The term skill has been used severally in definitions of employee capital and includes a range of descriptors such as - basic skills, employability skills, technical skills, management skills, key skills, soft skills, generic skills, transferable skills, social skills, (Lee & Huang, 2012) interactional skills such as communication, problem solving, team working and creativity (Payne, 2000), job complexity, decision making and competencies (Tovistiga & Tulugurova, 2009). Previous studies like Hanafi and Ibrahim (2018) have examined the impact of employee skills on service performance and establish that employee skills significantly affect service performance. Similar results were reported by Ramasubbu Mithas and Krishnan, (2008) that indicating that the technical and behavioral skills of customer support representatives play a major role in influencing overall customer satisfaction with ESS support services. In view of the above we hypothesize that:

H3: employee skills will have a positive effect on customer satisfaction

### 3.5 Conceptual Framework



## 4. Theoretical Review

### 4.1 Human Capital Theory

Human Capital Theory, originally developed by Becker (1964), posits that individuals' knowledge, skills, competencies, and experiences constitute a form of capital that can be invested in to yield future economic returns. In an organizational context, employee capital refers to the collective value of employees' capabilities, which influences productivity and innovation. The theory emphasizes the importance of investing in employee education, training, and development to enhance organizational performance. In contemporary workplaces, organizations that invest in employee development programs often see higher productivity, improved job satisfaction, and reduced turnover. Human capital theory helps justify budgeting for training and employee wellness as strategic investments rather than costs.

### 4.2 Resource-Based View (RBV) of the Firm

Introduced by Edith Penrose (1951) and popularized by Barney (1991), the Resource-Based View suggests that firms gain competitive advantage through the acquisition and management of valuable, rare, inimitable, and non-substitutable (VRIN) resources. Employee capital fits this criterion when staff possess unique talents, organizational knowledge, and interpersonal skills. According to RBV, human resources, especially when aligned with strategic goals, can be a major source of sustained competitive advantage. Organizations with strong recruitment, retention, and talent development practices are often able to outperform competitors because their workforce becomes a core strategic asset.

### 4.3 Expectancy-Disconfirmation Theory

The Expectancy-Disconfirmation Theory, developed by Richard Oliver (1980), is one of the most widely used models to explain customer satisfaction. The

theory asserts that customer satisfaction is determined by the gap between customer expectations and perceived performance. If the performance exceeds expectations (positive disconfirmation), satisfaction increases; if it falls short (negative disconfirmation), dissatisfaction results. This theory is widely used in service industries and consumer behavior research. It underscores the importance of managing customer expectations and consistently delivering quality service to ensure customer satisfaction.

### 4.4 SERVQUAL Model

Developed by Parasuraman, Zeithaml, and Berry (1988), the SERVQUAL model outlines five key dimensions that influence customer perceptions of service quality: reliability, assurance, tangibles, empathy, and responsiveness. These dimensions are used to measure the gap between customer expectations and experiences. Satisfaction arises when service delivery aligns with or surpasses these dimensions. Businesses often use the SERVQUAL framework to audit their service quality and improve processes that directly affect customer experiences. It has been especially valuable in healthcare, education, hospitality, and banking sectors.

## 5. Empirical Review

Tseng and Goo (2005) reports that the employee capital influences key business stakeholders such as customers, networks and value chains; and that unless organizations effectively manage their employee capital, other determinants of enhanced organizational value are diminished thereby negatively affecting customer satisfaction. Dhaigude and Thite, (2021) studied how job competencies influence the satisfaction of customers in the cooperative banking sector. Their study established results showing that technical competencies of employees are vital in ensuring customer satisfaction in the cooperative banking sector.

Mubarik (2016) report that employee capital has effects on performance of small & medium manufacturing enterprises in Pakistan and found out while ranking the dimensions that education rank at the top, followed by experience, skills, personal abilities, training, employee stability, attitude, health and compliance. Staines and Martin (2016) observed the role of human competence in SME success and established that the distinguishing feature of high-performance growth and low performance growth SMEs is the knowledge, training and education of managers. Abhayawansa and Abeysekera (2008) assert that in knowledge-based organizations human capital is a major driving force for value creation which would lead to customer satisfaction. There is scholarly consensus that value creation is crucial for corporate success and that the employee capital contributes to the creation of organizational value through employee innovativeness (Tseng & Goo, 2005; Lepak, Smith, & Taylor, 2007; Pitelis, 2009).

The study by Kumar and Pansari, (2017) examined personnel capabilities and customer satisfaction as predictors of customer retention in the banking sector. Conducting a mediated-moderation study they found that employee capabilities significantly influence customer satisfaction, which in turn affects customer retention. Gender was also identified as a moderating factor based on the findings of their study. Mukherjee and Malhotra (2016) conducted a study on frontline employee empowerment and perceived customer satisfaction. From their study they established that empowerment of frontline employees leads to higher motivation and better customer satisfaction in contact center environments.

The study by Ngo, Mai, Siguaw, and Jory (2021) focused on the contribution of managerial ability to customer satisfaction. The study examined the effects of managerial ability on customer satisfaction and found that higher managerial competence positively affects customer satisfaction, which in turn influences firm value. Darzi and Bhat (2018) examined personnel capability and customer satisfaction as predictors of customer retention in the banking sector – a mediated-moderation study. This study reported that personnel capability and customer satisfaction have a significant positive impact on customer retention, highlighting the importance of employee competence in the banking sector.

Abu-ELSamen, Akroush, Al-Khawaldeh, and Al-Shibly (2011) in their study on an integrated model of customer service skills, customer satisfaction and customer loyalty: The study investigated the impact of customer service skills on customer loyalty, with

customer satisfaction as a mediator, in Jordan's mobile service sector. The findings indicated that skills such as reputation building, nonverbal communication, and customer service culture positively influenced customer satisfaction and loyalty.

Guchait, Namasivayam, and Lei, (2011) studied knowledge management in service encounters and customers' satisfaction evaluations. This research examined how knowledge management practices during service interactions affect customer satisfaction. The study found that tacit knowledge practices employed by service providers significantly enhance customer satisfaction and behavioral intentions. In their study, Yee, Yeung, and Cheng (2008) examined the impact of employee satisfaction on quality and profitability in high-contact service industries. Their study investigated the relationship between employee satisfaction, service quality, customer satisfaction, and firm profitability in high-contact service industries. The findings suggest that employee satisfaction is significantly related to service quality and customer satisfaction, which in turn influences firm profitability.

## 6. Research Gap

From our review of literature, the empirical studies reviewed provide evidence that employee capital supports customer satisfaction across sectors. The review shows that employee capabilities, employee skills and employee knowledge all support customer satisfaction. This review therefore highlights the importance of harnessing employee capital factors policy frameworks to enhance customer satisfaction. It is worthy of mention that majority of the studies reviewed are of foreign origins with very few studies from Nigeria. This research is therefore imperative as it aimed to explore the banking sector in Nigeria for which to the best of the researchers' knowledge there exist an apparent paucity of studies. Addressing this gap would contribute to the employee capital and customer satisfaction literature as it would both provide added credence to the existing theories with empirical evidence from Nigeria and stimulate intellectual engagements. Against this background, this research sought to examine how the identified components of employee capital would influence customer satisfaction in the selected deposit money banks. The paper sought to investigate and establish if results like those obtained in foreign countries would hold true in the Nigerian scenario. In view of the above the following earlier hypothesized relationships were tested:

H1. The employee knowledge will have a positive effect on customer satisfaction

H2. The employee skills will have a positive effect on customer satisfaction

H3. The employee capabilities will have a positive effect on customer satisfaction

### 7. Research Methodology

A cross-sectional research design was adopted for this study and executed by carrying out a survey. The survey was executed using five of the deposit money banks licensed by the Central Bank of Nigeria.

The five deposit money banks were purposively handpicked from among the twenty-two approved deposit money banks. These five banks were selected based on several factors, such as their large workforce, their huge customer traffic, their active involvement in the daily affairs of the citizenry, and their several years of operating experience as nationwide banking

institutions. These five banks are currently the largest in the Nigerian banking industry and have been tagged the Big Five.

The population of this study consisted of staff members of these banks across the study locations. Using a blend of purposive, stratified and convenience sampling approaches a total of 600 copies of the research instrument were distributed to the five banking institutions with 120 copies of the research instrument assigned to each of the banking institutions. The reason for this was the very close similarities in sizes of their workforce. The representativeness of the sample was assured by further engaging stratified sampling wherein we ensured that the respondents were from across the various strata of the banks. A response rate of 74% was obtained as only 444 copies of the instrument were duly returned and found usable.

**Table 1:** Distribution of Study Participants

	Institutions	Participants	Responses	Percentage
1.	Access Bank	120	94	78.3%
2.	First Bank	120	88	73.3%
3.	Guarantee Trust Bank	120	76	63.3%
4.	United Bank for Africa (UBA)	120	104	86.6%
5.	Zenith Bank	120	82	68.3%
	Total	600	444	74%

*Authors Compilation, 2024.*

The instrument for the study was a properly structured 28 item questionnaire comprising selected six items for each of the three predictor variables - employee knowledge, employee skills and employee capabilities combined and ten items of the one predicted variable customer satisfaction. The items were gleaned from the literature and had been previously validated and employed in the works of other scholars (Tovstiga, & Tulugurova, 2007; Cater & Cater, 2009; Okpara, 2015). The items were modified to align with the objectives of the study. The instrument was designed in a 5-point Likert-type scale, ranging from strongly disagree to strongly agree to afford the respondents the opportunity to express their opinions concerning the variables unhindered.

The validity of the instrument was assured using both the face and content validation method. We engaged academic experts in human resources, marketing and strategic management to evaluate the instrument and incorporate their contributions before its administration. This ensured the instrument captured all aspects of the study based on the study objectives.

Furthermore, a preliminary study was conducted to verify the instrument’s dependability and reliability. This was assessed through a reliability test using cronbach’s alpha reliability coefficient test. The alpha values for all the variables ranged between 0.76 and 0.92, exceeding the acceptable threshold of 0.70 for a reliable and standardized measure, as recommended by Nunnally (1978). The reliability results are presented below:

**Table 2**

	Variables	No of Items	Alpha value
1	Employee Knowledge	6	0.81
2	Employee Skills	6	0.76
3	Employee Capabilities	6	0.92
4	Customers Satisfaction	10	0.84

*Source: Fieldwork, 2024.*

The hypotheses were tested using regression analysis. The value (p) was used to take decision on the hypotheses. Where the p-value is less than or equal to 0.05 then the null hypothesis is not supported while if p-value is greater than 0.05, then the null hypothesis is supported.

*Model specification*

The functional regression model is given as:

$$CS = f( EC) \text{ ----- } 1$$

Whereas  $EC = EMPsk, EMPcap, EMPknow,$ ----- 2

Then:

$$CS = f(EMPsk, EMPcap, EMPknow) \text{ ----- } 3$$

The econometric form of the research model is given as:

$$CS = \beta_0 + \beta_1 EMPsk + \beta_2 EMPcap + \beta_3 EMPknow + \epsilon_t \text{ ----- } 4$$

Where:

EC = employee capital

EMPsk = employee skills made up of the following items:  $EMPsk_1 - EMPsk_6$

EMPcap = employee capabilities made up of the following items  $EMPcap_1 - EMPcap_6$

EMPknow = employee knowledge made up of the following items  $EMPknow_1 - EMPknow_6$

CS = customer satisfaction made up of the following items  $CS_1 - CS_{10}$

$\epsilon_0$  = error term;  $\beta_0$  = intercept of model constant

$\beta_1 - \beta_4$  = are the regression coefficients,

**8. Data Analysis and Results**

For the inferential analysis, multiple regression was used to test the hypotheses at a 5% significance level. Regression analysis was chosen as it identifies associations and explains the effect of independent variables on the dependent variable. The SPSS software was used to examine the relationships between the variables.

**8.1. Descriptive Statistics**

A mean performance index was applied to summarize the data, as presented in Table 3.

**Table 3:** Mean index of change outcomes.

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Employee skills	444	1	5	4.14	.910
Employee capabilities	444	1	5	3.88	.998
Employee knowledge	444	1	5	4.08	.894
Customer satisfaction	444	1	5	4.02	1.06

*Research Output (2024).*

Hypothesis Testing and Regression results.

Table 4a: Summarized regression output

Model		Unstandardized Coefficients		Standardized Coefficients	t- value	p-value	Sig
		B	Std. Error	Beta			
1	(Constant)	2.100	0.250		8.470	0.000	***
	EMPSk	0.420	0.080	0.430	6.432	0.000	***
	EMPCap	0.350	0.067	0.383	5.224	0.001	**
	EMPKnow	0.300	0.089	0.321	3.344	0.001	**

a. Dependent variable: customer satisfaction

b. Predictors: (constant), employee skills, employee capabilities and employee knowledge

*Research Output (2024).*

**Table 4b:** Summarized statistics output

Statistic	Value
R	0.820
R <sup>2</sup>	0.670
Adjusted R <sup>2</sup>	0.650
F-statistic	34.21
p-value (Model)	0.000

*Source:* Research Output (2024).

### Interpretation of Results

The results of Table 4 shows a coefficient R value of 0.820 (82%), which indicates that there exists a linear direct relationship between employee capital and customer satisfaction. Also, a coefficient of determination R square value of 0.67 (67%) reveals that employee capital accounts for 82% of customer satisfaction; an adjusted R square of 0.65 (65%) and with an F stat of 34.21, and the p-value of the model is 0.000 which is significant at 0.05. This suggests the model used in this study is suitable for the data.

From the results, with an R square value of 0.67 (67%) it implies that (1- 0.67) i.e. about 33% of customer satisfaction in the sampled deposit money banks are explainable by other factors. The relationship between employee capital and customer satisfaction is significant at 0.000. This supports the hypothesized relationship that the employee capital in aggregation is significantly related to customer satisfaction. The multiple regression results show that all dimensions of employee capital explored had significant effects on customer satisfaction. Specifically, the findings show that employee skills (t = 6.432, p = .000, beta = 0.430); employee capabilities (t = 5.224, p = .001, beta = 0.383); and employee knowledge (t = 3.344, p = .001, beta = 0.321) were all statistically significant predictors of customer satisfaction with employee skills demonstrating the largest effect on customer satisfaction. These findings support earlier researchers that affirm employee capital through the studied dimensions have effects on customer satisfaction.

### 9. Discussion of Findings

From the literature there is some evidence showing that employee capital influences customer satisfaction. Specifically for hypothesis one - that employee skills will have a positive effect on customer satisfaction; the results confirm the hypothesis (t = 6.432, p = .000, beta = 0.430). This finding is in line with the works of other researchers like Ramasubbu, et al., (2008) whose study affirmed the effect of employee skills and customer heterogeneity on customer satisfaction with enterprise system support services. Similar results were reported by Abu- Elsamem et. al., (2011)

affirming the effects of employee skills on customer satisfaction.

Concerning hypothesis two that the employee capabilities will have a positive effect on customer satisfaction; the findings (t = 5.224, p = .001, beta = 0.383) confirm the hypothesis. This position is in alignment with the works of other researchers like Kumar and Pansari, (2017) who examined personnel capabilities, customer satisfaction and customer retention in the banking sector in Jordan and affirmed personnel capabilities influenced customer satisfaction which then influences customer retention. Similar results have been reported by other scholars like Darzi and Bhat (2018); and Ngo, Mai, Siguaw, and Jory (2021) confirming employee capabilities influence customer satisfaction. Similarly, Wimalarathna, Deshika, and Perera (2022) from their study on the effect of employee skills on customer satisfaction using automobile sector employees in Kurunegala District, Sri Lanka also agree with the finding of our study. Furthermore, in the study by Ali, Iraqi, Rawat, and Mohammad (2018) on the role of customer service skills on customer satisfaction and its effects on customer loyalty in Pakistan banking industry, results similar with this finding were established. Also, Aslam, Farhat, Arif, and Goi (2022) from their study on what matters most in achieving customer satisfaction in banking report from their study findings that employee’s customer-oriented behavior, etiquettes, and technical selling skills were significantly related with customer satisfaction.

For hypothesis three that the employee knowledge will have a positive effect on customer satisfaction and employee knowledge the results (t = 3.344, p = .001, beta = 0.321) support the hypothesized relations. This result agrees with studies like Guchait, et al., (2011) who examined knowledge management in service encounters. Their findings affirm that tacit knowledge management positively influenced customer satisfaction and behavioral intentions. Similar findings were reported by scholars like Yoopetch, Nimsai and Kongarchapatara (2021) who studied on the effects of employee learning, knowledge, benefits, and satisfaction on employee performance and career growth in the hospitality industry in Thailand. The

results indicated that employee learning, employee knowledge, and employee satisfaction were influential factors for employee performance and eventual customer satisfaction.

## 10. Conclusion

This paper concludes that employee capital through all the studied dimensions had significant effects on customer satisfaction in the sampled banking organizations.

## 11. Recommendations

- The bank management should engage in efforts to improve employee knowledge by way of continual employee learning and development to improve employee knowledge and upskilling as this has capacity for influencing customer satisfaction.
- Efforts should be made to identify aspects of employee deficiencies and focused initiatives aimed at developing employee capabilities and competencies should be undertaken.
- Bank management should endeavor to develop their employee skills to enhance customer satisfaction in their organizations as this will further promote their competitiveness in the industry.
- Management, policy makers and the leadership of the banking institutions should continue to engage in employee capital development to improve customer satisfaction levels.

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## Financial Inclusion and Economic Development in Nigeria 2000-2023

KEHINDE GABRIEL AJOSE, VICTORIA OGUNDAIRO, SEGUN ADEWALE  
Mcperson University, Seriki Sotayo, Ogun State, Nigeria

**Abstract.** Financial inclusion refers to the process of ensuring access to appropriate, affordable, and timely financial products and services for all individuals and businesses, particularly those who are traditionally underserved or excluded from the formal financial system. The study investigated the effect of financial inclusion (banking penetration, availability of banking services, usages of financial services, digital financial technology) and economic development (Real gross domestic product per person, Gross fixed capital formation) in Nigeria. The study employed the *ex post facto* research design. Secondary data used in this study were sourced from the publication of the Central Bank of Nigeria Statistical Bulletin and National Bureau of statistic over a period of twenty-three (23) consecutive years ranging from 2000 to 2022 to estimate the regression models adopting Ordinary Least Square (OLS). Augmented Dickey Fuller (ADF) test of unit root was conducted to affirm the stationarity of the series and guard against spurious regression outcomes from the time series data. The study found that financial inclusion measures had significant and positive effect on Real Gross domestic product per person ( $\text{Adj.}R^2 = 0.846$ ,  $F = 24.84$ ,  $P < 0.05$ ). The study found that financial inclusion measures had significant and positive effect on Gross fixed capital formation ( $\text{Adj.}R^2 = 0.470$ ,  $F = 14.00$ ,  $P < 0.05$ ). The study concluded that financial inclusion measures affected the economic development in Nigeria. It is recommended that government should focus on the financial inclusion policies as a means of ameliorating poverty, through a participation of all economic agents in the financial system. There is a need for the government of Nigerian to prioritize the importance of financial inclusion.

**Keywords:** Human development Index, Economic Development, financial inclusion, Banking Penetration.

### 1. Introduction

The integration of all sectors of the economy, with particular emphasis on the financial sector, is recognized as instrumental in fostering development and mitigating disparities within these countries (Atta, 2024). Economic development is taken to be the structural transformation of an economy by introducing more mechanized and updated technologies to increase labor productivity, employment, incomes, and standard of living of the population. In any economic setting, full employment, reduction in poverty, improving the welfare of the populace, price stability, increased productivity, favorable balance of trade (Yahaya & Yusuf, 2019).

Economic Development is commonly defined as the enhancement of national productivity within a nation (Etonet al., 2019). In developing nations, there has been a notable shift towards prioritizing sustainable development and long-term economic growth enhancing productivity that necessitates financial inclusion. The inadequacy of credit facilities has been identified as a primary impediment to rural productivity, largely because of the exclusion of these areas from the financial system. However, facilitating broad access to financial services, free from price or non-price barriers, can empower rural and impoverished populations to alleviate poverty, enhance productivity, and drive economic growth (Eton, 2019). Therefore, unless the financial system extends its reach to financially excluded rural communities, where a substantial portion of resources and contributions lies outside the financial system, the rate of productivity and economic growth may remain sluggish (Ele & Ogbonna 2023).

A significant portion of Nigeria's population lacks access to formal financial services, which are essential for the growth of the country's economy, particularly

the vibrant informal sector. The challenges arising from this lack of access (currently affecting 55% of Nigeria's population) result in Nigerians being deprived of access to deposits, credits, remittances, investments and many other financial services that help facilitate economic development for the country (Nduka, 2023). Economic Development may be attained by increasing production capacity and optimizing current capital resources. It fosters a fairer allocation of money among all individuals in society (Odumisor, 2024). Over ten-year intervals, minor changes in growth rates become substantial in longitudinal outcomes. Inclusive finance, as noted by Hannig and Jansen (2010), promotes long term economic growth and the generation of wealth. However, several factors can hinder long-term economic development, including growing populations, insufficient funding, outdated or inadequate infrastructure, poor resource utilization, excessive government intervention, and ineffective cultural and social structures.

Financial Inclusion has become a focal point of development policies worldwide, particularly in emerging economies, such as Nigeria (Atta, 2024). Financial Inclusion is defined as the provision of financial services at affordable rates to disadvantaged and low-income segments of the population, in contrast to financial exclusion, in which such services are inaccessible or unaffordable (Nwanne, 2015). Financial inclusion facilitates the establishment and expansion of small enterprises by obviating their challenges in securing financial support from conventional banking establishments. The utilization of novel ending methodologies and online platforms facilitate the provision of capital to entrepreneurs, hence enhancing financial inclusivity (Singh, 2020).

Financial inclusion refers to the process of ensuring access to appropriate, affordable, and timely financial products and services for all individuals and businesses, particularly those who are traditionally underserved or excluded from the formal financial system (Wakdok, 2020). The term financial inclusion refers to delivery of financial services at an affordable cost in a fair and transparent terms and conditions to vast sections of disadvantaged, weaker and low-income groups including household enterprise, small and medium enterprise and traders (Atul, 2012).

Financial inclusion has the potential to enhance the empowerment of demographic groups that are commonly disenfranchised within society, especially women and thus advance gender equality and women's economic empowerment. It empowers women by enhancing their control over financial resources, along

with improved access to education, better health outcomes, and increased autonomy in making household decisions. In valuing the import of financial inclusion as a mechanism of economic growth, Nigeria has instigated policies and programs to stimulate financial inclusion bearing in mind the peculiarities of the economy and local population features (Thomas, 2017).

According to world Bank (2015) postulated that financial inclusion entails the prospect of individuals and businesses to valuable and affordable financial products and facilities that meet their required transactions, payments, savings, credit, and insurance provided in an accountable and maintainable way. Agbelusi (2018) posited that World Bank estimated that two billion people are excluded from the formal financial services universally. Thus, financial inclusion seeks to unravel development prospects for the poor by providing access to basic financial services, especially microcredit facilities. While established economies such as UK, Sweden, France, among others have initiated definite legal and policy declarations towards inspiring activities (primarily by banks) that ensure continued growth and sustainable financial inclusion; the reverse is the case for developing economies like Nigeria.

Sub-Saharan Africa, unlike other regions, has the east developed economies. Only 43% of residents in this region have bank accounts, suggesting that a significant proportion of adults in the SSA region lack access to financial services and thus financially excluded (Makoni 2014; Demirgüç-Kunt et al. 2018). Given the significance of finance to economic growth, a low level of financial inclusion has been identified as one of the causes of the region's high poverty and inequality (Park and Mercado, 2015). Financial inclusion has continued to attract global attention in development finance and economic for over the years due to its capacity to drive the growth and sustainability of an economy.

Financial inclusion and economic development have become topical on the global policy agenda for sustainable development, economic literature on financial inclusion nexus especially in developing economies is still in its infancy. The ability to sustain financial inclusion to the populace mostly the rural residents in Nigeria is one of the key factors for economic development. That is why the Central Bank of Nigeria's (CBN) ensures that banks extend their products to remote areas. But a high proportion of the residents in these areas are still unbanked as a result of barriers such as low income per capita, lack of employment and low literacy levels, and long distance

to access points (Emeka & Udom, 2015). Also, there is an uneven distribution of revenue, which has broadened the disproportion of the income per capita between the rich and the poor. Thus, more than 50% of the nation's treasure is shared by fewer than 10% of the population (Awe & Olawumi, 2012; Babajide, Adegboye, & Omankhanlen, 2015).

Nigeria as a nation has numerous economic opportunities, but a sizeable portion of its population is still excluded from the established financial system. They are characterized by insufficient infrastructure, immobility, poverty, and lack of education. Despite efforts to increase financial inclusion, Nigeria hasn't experienced much of an improvement in financial inclusion since 2012. Between then and now, only 2.9% of Nigerians that were previously financially excluded have gained access to the financial services they need.

The lack of access and limited use of financial services by rural communities hinders the success of the federal government's financial inclusion policy in Nigeria. Awee and Olawumi (2012) reported that more than half the country's wealth is shared by only 10% of the population. This has posed a serious negative effect on the economy such as retarded economic growth, increased poverty levels, high information and transaction costs in the financial system, illiteracy, insecurity and unemployment.

One of the biggest challenges facing financial inclusion in Nigeria is that more than half of Nigerian adults don't have close proximity access to financial services such as ATMs, banks, or service kiosks. In fact, most Nigerians were reported as not knowing of any within a single bus ride of their home. This has been the case for Nigeria for years, as the rate of access to formal financial services remained constant in 2016 at 42%. Even mobile money has been slow to be integrated into Nigeria. Despite mobile money awareness seeing an increase from 12 percent in 2015 to 20 percent in 2016, a majority of Nigerian adults report still not knowing of a mobile money service point within close proximity. This makes limited access to service points a key hindrance to financial inclusion.

Nigerian adults prefer to use cash, and most of the population works in the informal sector. Naturally, this has made the use of financial services rather stagnant. One of the biggest reasons why cash is still the go-to payment method is because most non-users of formal financial services reported not being able to cover the service fees associated with transactions. Additionally, the regulatory changes that allow Nigerians to transfer

cash more freely definitely helped. Prior to 2017, regulations stated that Nigerians couldn't transfer amounts over \$10 without first submitting paperwork.

Financial institutions in Nigeria have neglected the financial demands of the economically active poor and rural residents despite their clear need for financial inclusion. Nigeria does not prioritize developing the economy and enabling financial transactions in rural regions. Inadequate budgeting resulted in continued economic suffering for the working poor and rural residents. The rural sector and active poor may enhance any country's capacity for growth and economic stimulation via their distinctive small businesses. Hence, the sector's contributions to economic growth would be compromised if this problem was not recognized (Nduka, 2023).

Nigerians who have access to financial services are reported as having a lack of basic resources and the financial knowledge necessary to carry out transactions: Only 16% of Nigerian adults report having the financial literacy it takes to carry out commonplace financial tasks such as registering for an account, and the lack of education around financial services has likely contributed to low financial inclusion. This is because, the economy is still characterized by the inadequate deployment of technology that lower the cost of financial services, inadequate creation of more channels to reduce distance of access points and lower the cost of transactions, lack of simple methods to enhance usage and reduce exclusion and development of a regulatory framework that supports financial inclusion. Thus, the goals of the paper were to; examine both the long run and short run impact of the independent variables (Banking Penetration, Availability of Banking services, Usages of financial services., Digital financed Technology) on the dependent variable (economic development) in Nigeria. The specific objective are to examined the relationship between financial inclusion and Real Gross Domestic Product in Nigeria (2) to ascertained relationship between financial inclusion and capital formation in Nigeria

## 2. Review of Extant Literature

### 2.1 Conceptual Review

#### Financial Inclusion

Financial inclusion is a diverse concept with multiple definitions based on a country's socioeconomic development level (Akileng, Lawino, and Nzibonera, 2018). Financial inclusion is the qualitative and quantitative expansion that makes it easy for investors to access financial products and services and is

measured by the number of people owning and using official financial instruments (Jungo, 2022). Financial inclusion is the process of ensuring that individuals and businesses, particularly those in underserved or disadvantaged communities, have access to useful and affordable financial products and services. These include transactions, payments, savings, credit, and insurance, provided in a responsible and sustainable way (Odumisor, 2024).

Chibba (2019) defines financial inclusion as a method to help disadvantaged individuals overcome market obstacles that hinder their access to financial services. As defined by Sarma and Pias (2018), financial inclusion refers to the accessibility of various financial services like savings accounts, insurance, loans, and payment and remittance processing. Financial inclusion is a compliment to other policies that are targeted at stimulating and catalyzing the achievement of overall macroeconomic policy targets and goals. The achievement of these goals is measured by changes in some macroeconomic parameters and indicators such as inflation rate, exchange rate, unemployment rate, interest rate, poverty rate and more importantly economic growth (Anderson, 2016). A wellfunctioning financial system drives economic growth through sustainable development and facilitates financial intermediation by offering savings, credit, payment, and risk-management products tailored to the diverse needs of individuals. Financially inclusive systems ensure broadbased access to financial services by providing customized products at affordable rates without stringent documentation requirements, particularly benefiting the poor and other vulnerable groups within the economy (Chude, 2022).

### **Banking Penetration**

Banking penetration is the extent to which banking services are utilized by the population within a given area, usually a country or region. It is a key indicator of the financial inclusiveness and development of an economy (Krawetz, 2017). Effective banking penetration often requires supportive policies from the government, including regulatory frameworks that encourage the expansion of banking services and financial literacy programs that educate the public about banking benefits. Banking penetration is linked to broader economic development. Higher penetration usually means more people can save money securely, access credit for personal or business use, and invest in economic activities, all of which contribute to economic growth (Wakdok, 2018).

### **Availability of Banking Services**

The concept of availability of banking services refers to the accessibility and reliability of financial services provided by banks to their customers. It involves a wide range of banking products and services such as savings accounts, loans, credit cards, investment options, and financial advisory services to meet diverse customer needs. Providing customers with the necessary knowledge and tools to understand and effectively use banking services (Arogundade, 2019). The availability of banking services is defined as the ease with which individuals and businesses can access various financial services provided by banks. This encompasses the physical presence of bank branches and ATMs, as well as digital banking platforms such as online and mobile banking. It enhanced digital accessibility that allows customers to perform transactions, check balances, and manage accounts from anywhere with an internet connection (Krawetz, 2017).

### **Usages of Financial Services**

The concept of usage of financial services involved a broad range of activities and services provided by financial institutions, such as banks, credit unions, insurance companies, investment firms, and others. These services help individuals and businesses manage their finances, invest, save, and protect against risks. They are essential for the economic stability and growth of individuals and businesses. They provide tools for saving, investing, protecting assets, and facilitating transactions, all of which are crucial for financial health and long-term planning (Wakdok, 2018).

### **Digital Financed Technology**

Digital finance technology, often referred to as fintech, encompasses on how financial services and products delivered through digital platforms and advanced technologies. Digital financed technology refers to the integration of digital technology with financial services and products. This combination leverages advancements in digital tools and platforms to enhance the delivery, efficiency, accessibility, and personalization of financial services (Chibba, 2019).

### **Economic Development**

Economic development is a concept that concern itself with the study of how economies are transformed from stagnation to growth and from low income to high income status and overcome problems of absolute poverty. The process of development must involve

economic, cultural and political efforts, all geared towards the rapid transformation of the society so that there exists substantial economic progress. The ultimate goal of development is to understand developing economies and thereby help to improve the material well-being of the global population. Economic development has its attention focused on keeping the family and the entire society from the vicious circle of poverty and therefore, the government has a key role to play in making decisions and formulating policies centered on achieving this goal.

Economic development is generally referred to as the economic and social transformation which occur within the country. It is a process of change. It is the process of improving the quality of peoples' lives and capabilities by increasing their levels of living, self-esteem and freedom. It defines the process of increase in the level of income and the distribution of such income. Economic development refers to sustained and deliberate trouble to ameliorate the standard of living of a country's citizens by adding profitable exertion and creating openings for growth. Economic development can take colorful forms, including the development of structure, diversification of the frugality, enhancement of mortal capital, and creation of entrepreneurship and invention.

### **Gross Domestic Product Per Person**

Real Gross Domestic Product (real GDP) is a measure of a country's economic output adjusted for price changes, such as inflation or deflation. It is the sum of the consumer spending, the investment made by industry, the excess of exports over imports, and the government spending. When an economy is going through a persistent inflation, the GDP increases, this does not actually reflect the true growth in an economy. This adjustment allows real GDP to reflect the true value of goods and services produced in a country, providing a more accurate representation of economic growth over time.

Real Gross Domestic Product (Real GDP) is a measure of the value of all goods and services produced by an economy over a specific period, adjusted for inflation. Unlike nominal GDP, which calculates economic output using current prices, Real GDP provides a more accurate reflection of an economy's size and how it is growing over time by accounting for changes in price levels. This adjustment allows for a more meaningful comparison of economic performance across different time periods. The nominal GDP is the market value of all final goods produced in a geographical region, usually a country, real GDP accounts for price changes

that may occur due to inflation. If prices of commodities change from one period to the next but actual output does not, nominal GDP would also change. To adjust for changes in price, real GDP is calculated using prices from a specific year (the base year) in comparison to the year of interest, this allows real GDP To accurately measure changes in output. Real GDP is calculated

### **Gross Fixed Capital Formation**

Capital formation can be defined as the accumulation of savings by financial institutions which are channeled to productive investments. Through the financial market, we save, accumulate and invest. Capital formation involves the process of amassing or stocking of assets of value, the increase in wealth or the creation of further wealth (Adekunle, 2021).

The Business Professor (2022) conceptualized capital formation as the growth in the stock of actual capital in the economy over a particular financial year. According to Central Bank of Nigeria (2017), capital formation is the total change in the value of fixed assets in the economy in addition to fixed assets either for replacing or adding to the stocks, it refers to the increase in the fixed capital stocks of the capital formed.

Capital formation depends on the income of the people living in the country and their capacity to save and spend. It begins with the creation of savings and realized when those savings are invested. Capital formation can be differentiated from savings because accumulation deals with the increase in stock of needed real investments and not all savings are necessarily invested (Ugochukwu & Chinyere, 2013).

## **2.2 Theoretical Review**

This study is anchored on Finance Growth Theory and Public Good Theory

### **Finance-Growth Theory**

Finance growth theory was conceptualized by Schumpeter (1912). He hypothesized that financial arrangement plays an acute part in manipulating an extended period of economic growth rates. This assumption premised he development of financial systems cultivates an environment conducive to growth, operating through either a supply leading or 'demand-following' mechanism. This perspective underscores the critical importance of addressing financial exclusion that is often linked to persistent

income disparities and sluggish economic growth. In ensuring access to secure, convenient, and affordable financial services becomes imperative for catalyzing growth, ameliorating income inequality, alleviating poverty, promoting inclusive opportunities, integrating marginalized segments into the economy, and fortifying resilience against economic shocks (Serrao et al., 2012). Schumpeter's theory of economic development accentuated the pivotal role of innovation as a driver of growth, emphasizing the importance of new combinations of production methods, market development, and sectoral transformations, facilitated either through administrative mechanisms or banking channels in open economies (Stolbov, 2012).

Despite theoretical advancements, challenges persist, particularly in regions such as Nigeria, where financial inclusion is impeded by low levels of financial literacy, especially among rural populations. Limited access to information and telecommunications infrastructure exacerbates these challenges, hindering the effective utilization of financial services. Addressing these obstacles requires tailored awareness campaigns, linguistic considerations, and educational initiatives to empower individuals to effectively engage with financial services effectively (Migap et al., 2015). Thus, the key points from this theory as relates to Nigeria are: government through the CBN economic policies will help to encourage the formation of formal financial institutions like deposit money banks and microfinance banks which will in turn make financial products available abundantly at an affordable cost. Also, accessibility and usability of financial products effectively can lead to the growth and development of the economy.

### **Public Good Theory of Financial Inclusion**

The public good theory of financial inclusion argues that the (i) delivery of formal financial services to the entire population and (ii) ensuring that there is unrestricted access to finance for everyone, should be treated as a public good for the benefit of all members of the population. As a public good, individuals cannot be excluded from using formal financial services and individuals cannot be excluded from gaining access to financial services. All individuals will enjoy basic financial services without paying for it. Access to financial services to one individual does not reduce its availability to others which means that all members of the population can be brought into the formal financial sector and everyone will be better off. Under this theory, all members of the population are beneficiaries of financial inclusion and nobody is left out.

Under the public good theory, any individual or small business that open a formal bank account can be offered free debit cards, they can also use the Automated Teller Machines (ATM) to perform transactions without being charged a transaction fee. Also, the suppliers of financial services such as financial institutions will bear the cost of offering financial services as a sunk-cost of doing banking business. The government may grant subsidy to financial institutions to help them cope with any resulting cost problems that may arise from offering free financial services. Also, a government can offer a lumpsum cash deposit into the bank account of all citizens and make owning a formal account the only requirement for individuals to access the free lump-sum cash deposit. This means that individuals who cannot pay their debts and who cannot meet their basic needs will stand a chance to be economically empowered when financial inclusion is viewed as a public good. This theory has two merits. Firstly, the public good theory suggest that everyone will benefit from financial inclusion regardless of status, income level or demographic differences.

### **2.3 Empirical Review**

Odumusor (2024) ascertain the effect of financial inclusion on Nigeria's GDP growth. Determining the effect of loans on small businesses and the extent to which deposits and loans from commercial banks' rural branches influenced Nigeria's economic growth were two specific objectives. In this investigation, an ex post facto research design was implemented. This research investigated commercial bank loans extended to small-scale enterprises, deposits, and loans from commercial bank branches located in rural areas. Additionally, it examined the GDP of Nigeria from 2000 to 2020. The study employed a judgmental sampling technique. The data were analyzed in the research using Ordinary Least Square Regression, facilitated by Statistical Package EViews version 10.0. The study's findings indicate that the provision of small business financing by commercial banks has a substantial influence on the growth of the Nigerian GDP. The results of the study indicated that loans and deposits from rural subsidiaries of commercial banks have a substantial effect on Nigeria's GDP growth.

Ukoh (2023) examined financial inclusion on economic development in Nigeria. Specifically, this study was to examine the relationship between credit to private sector, number of bank branches per 100,000 adult, and economic development in Nigeria. The study was anchored on Financial Intermediation theory and Great Spurt theory Data obtained from Central Bank of Nigeria (CBN) and World Bank

Indicator and subjected them to Auto Regressive Conditional Heteroskedasticity (ARCH) technique to test the interaction between independent variables namely credit to private sector, number of bank branches per 100,000 adult, money supply and value of ATM/POS transactions with the dependent variable namely Human Development Index at 5% level of significance. The findings showed that financial inclusion in number of bank branches per 100,000 adults significantly explained the variation in Human Development Index in Nigeria but financial inclusion in credit to the Private Sector has no significant effect or variation in Human Development Index within the period under review in Nigeria.

Tran (2023) examined the linkage between financial inclusion, monetary policy and financial stability in 58 countries including 31 high financial development countries (HFDCs) and 27 low financial development countries (LFDCs) from 2004 to 2020 using the PVAR method. Results of impulse's response function suggest that in LFDCs, while financial inclusion and financial stability are positively correlated, they are negatively correlated with the inflation rate and the money supply growth rate. In HFDCs, financial inclusion is positively correlated with inflation rate and money supply growth rate, while financial stability is negatively correlated with financial inclusion, inflation rate and money supply growth rate. These findings imply that in LFDCs, financial inclusion increases financial stability and reduces inflation. In HFDCs, on the contrary, financial inclusion increases financial instability, leading to long-term inflation. The results of the variance decomposition confirm the above outcomes, specifically, this relationship is clearer in HFDCs. From the above findings, we propose some policy recommendations on financial inclusion and monetary policy for financial stability for each group of countries.

### Model Specification

In trying to achieve the objective of this study, a regression model will be formulated to evaluate the effect of financial inclusion on economic development in Nigeria

$$Y = F(X)$$

$$ED = F(FI)$$

Where FI = Financial Inclusion

ED = Economic Development

Y = ED (dependent variable)

$$Y = y_1, y_2, y_3, y_4$$

$y_1$  = Real Gross Domestic Product (RGDP)

$y_2$  = Gross Capital Formation (GCF)

X = FI (independent variable)

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

$x_1$  = Banking Penetration (BAP)

$x_2$  = Availability of Banking Services (ABS)

Obi (2022) The impacts of financial inclusion on Nigeria's economic growth. Time series data from 2004 to 2021 were utilized. Time series data from 2004 to 2021 were utilized. The recently implemented policy on financial inclusion has a positive impact on economic development, according to the OLS study. The catalyst for growth is financial inclusion.

Emmanuel and M-Ember (2022) examined whether fiscal addition had any impact on sustainable profitable development in Nigeria. Using the Precise system of moment (GMM) and HDI marketable bank deposit, Number of marketable bank branches, affectation, loan to pastoral areas as delegates for fiscal addition, concluded that there's no significant relationship between fiscal addition and profitable development.

### 3. Methodology

The aimed is to investigate the relationship between financial inclusion and economic development in Nigeria. Regression analysis was employed for the study to forecast any relationship between the variables and also to estimate the influence of each explanatory variable on the dependent variable. The data of macro-economic variables was used sourcing from the published CBN Bulletin and National Bureau of statistic over a period of twenty-three (23) consecutive years ranging from 2000 to 2022 to estimate the regression models adopting Ordinary Least Square (OLS) method Therefore, explanatory variables involved were; Banking Penetration (BAP), Availability of Banking services (ABS), Usages of financial services (UFS), Digital financed Technology (DFT), and against dependent variable Gross Domestic Product Per capita (GDPP), Gross fixed Capital formation (GFCF),

$x_3$  = Usage of Financial Services (UFS)

$x_4$  = Digital Financed Technology(DFT)

Functional Relationships

ED = f(FI)

RGDP = f(BAP, ABS, UFS, DFT,) .....Equation 1

GFCF = f(BAP, ABS, UFS, DFT,) .....Equation 2

The model is specified as;

RGDP =  $\beta_0 + \beta_{BAP} + \beta_2 ABS + \beta_3 UFS + \beta_4 DFT + \varepsilon$  ..... Model 1

GFCF =  $\beta_0 + \beta BAP + \beta_2 ABS + \beta_3 UFS + \beta_4 DFT + \varepsilon$  .....Model 2

#### 4. Analysis and Interpretation

##### Estimation Techniques

**Table 1:** Unit Root Test Using Augmented Dickey Fuller (ADF) 2000-2022.

Variables	ADF-Statistic	Critical Values	Order of Integration
GDPP	-4.618231 (0.0045)	1% = -4.284580 5% = -3.562882 10% = -3.215267	Stationary at first difference
INFL	-3.922964 (0.0055)	1% = -3.679322 5% = -2.967767 10% = -2.622989	Stationary at second difference
HDI	-7.983590 (0.0000)	1% = -4.284580 5% = -3.562882 10% = -3.215267	Stationary at first difference
GFCF	-6.674093 (0.0000)	1% = -4.284580 5% = -3.562882 10% = -3.215267	Stationary at level
BAP	-3.804932 (0.0070)	1% = -3.661661 5% = -2.960411 10% = -2.619160	Stationary at level
ABS	-4.923062 (0.0000)	1% = -4.284580 5% = -3.562882 10% = -3.215267	Stationary first difference
UFS	-4.504734 (0.0047)	1% = -4.057910 5% = -3.119910 10% = -2.701103	Stationary at second difference
DFT	-3.748417 (0.0010)	1% = -2.728252 5% = -1.966270 10% = -1.605026	Stationary at first difference

Source: E-view Statistical Software Version 9.0; Analyzed, 2025.

The results of the Stationarity (unit root) test indicate that GDP, HDI, ABS, and DFT were stationary at first difference; INFL, and UFS were stationary at second difference; while GFCF and BAP were stationary at level. Therefore, it indicated that most of the variables were stationary at different levels of stationary. Hence, this implies that the data intend to be use for the analysis were in good shape and valid for the study, since they shows stationary at level and first difference.

##### Descriptive Statistics

**Table 2:** Descriptive Statistics of the Variables (Sample: 2000 – 2022)

Source: *E-view Statistical Software Version 9.0; Analyzed, 2025.*

Statistics	ABS	BAP	DFT	GDPP	GFCF	HDI	INFL	UFS
Mean	4635.174	214.4411	47058.62	48544.00	626031.2	0.437739	12.95971	359.2359
Median	5383.000	186.5073	39673.23	46012.52	80948.10	0.494000	12.00000	354.2516
Maximum	5809.000	518.3769	171496.0	71387.83	11673602	0.548000	23.80000	679.8245
Minimum	2193.000	120.3998	11717.56	23688.28	5417.170	0.000000	6.600000	101.3735
Std. Dev.	1200.199	104.9940	40252.42	16139.58	2412265.	0.175507	4.066658	199.0953
Skewness	0.866839	1.589279	1.900173	0.063892	4.453203	-2.087036	0.698911	0.385534
Kurtosis	2.245384	4.602417	5.956497	1.532506	20.90768	5.557418	3.339757	1.752194
Jarque-Bera	3.426121	12.14301	22.21753	2.079457	383.3419	22.96479	1.983121	2.061916
Probability	0.010313	0.002308	0.000015	0.0003551	0.000000	0.000010	0.000997	0.0006665
Sum	106609.0	4932.145	1082348.	1116512.	14398717	10.06800	298.0734	8262.426
Sum Sq. Dev.	31690507	242522.4	3.56E+10	5.73E+09	1.28E+14	0.677658	363.8296	872057.0
Observations	23	23	23	23	23	23	23	23

From the descriptive Statistics in table 2 above, it shows that Availability of Banking services (ABS), has the mean value of ₦4635.174 billion naira; maximum of ₦ 5809.000 billion naira; and minimum of ₦2193.000 billion naira skewed to the positive range of 0.86839 with Probability of 0.010313 < 0.05 significant level. The mean (average) value of Banking Penetration (BAP), has the mean value of ₦ 214.4411 billion naira; maximum of ₦518.3769 billion naira; and minimum of ₦120.3998 skew to the positive range of 1.589279 with Probability of 0.002308 < 0.05 significant level.

The mean (average) value of Digital financed Technology (DFT), has the mean value of ₦ 47058.62 billion naira; maximum of ₦ 171496.0 billion naira; and minimum of ₦ 11717.56 skew to the positive range of 1.900173 with Probability of 0.000015 < 0.05 significant level

Gross Domestic Product Per capita (GDPP), has the mean value of ₦ 48544.00 billion naira; maximum of ₦71387.83 billion naira; and minimum of ₦ 23688.28 billion naira to the positive range of 0.063892 with Probability of 0.0003551 < 0.05 significant level. Gross fixed Capital formation (GFCF) has average value of ₦ 626031.2 billion naira; maximum of ₦ 11673602 billion naira and minimum of 5417.170 billion naira skewed to the positive range of 4.453203 with Probability of 0.000000 < 0.05 significant level. Human Development Index (HDI) has average value of 0.437739; maximum of 0.548000 and minimum of 0.000000 which also skewed to the negative range of -2.087036 with Probability of 0.000010 < 0.05 significant level. Inflation Rate (INF) has average value of 12.95971; maximum of 23.80000 and minimum of 6.600000 which also skewed to the positive range of 0.698911 with Probability of 0.000997 < 0.05 significant level. And the last variable is Usages of financial services (UFS) has average value of ₦ 359.2359 thousand; maximum of ₦ 679.8245 thousand; and minimum of ₦ 101.3735 thousand skew to the positive range of 0.385534 with Probability of 0.0006665 < 0.05 significant level. Therefore, the above result shows that all of the variables concerned were satisfactory and accurately for the research analysis under the Probability which shows that they were statistically significant at 5% (percent) level of significant.

Figure 1 Stationary Graph at Level for the Combined Variables

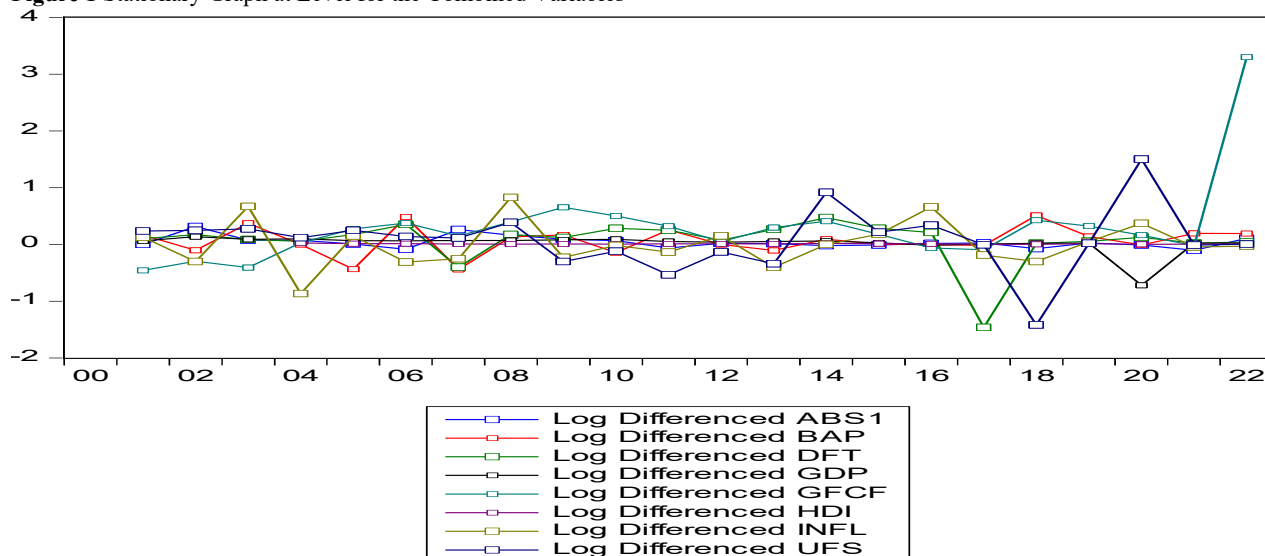
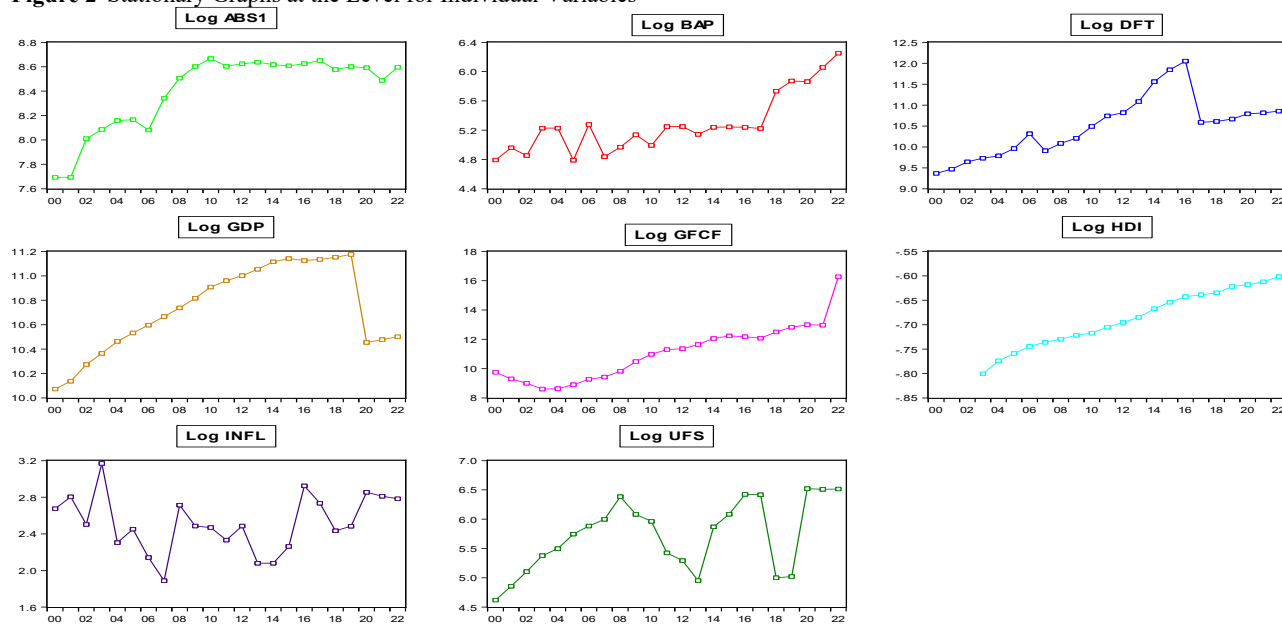


Figure 2 Stationary Graphs at the Level for Individual Variables



**Research Hypotheses**

**Hypothesis One**

H<sub>0</sub>: Financial inclusion does not significantly affect Real Gross Domestic product per person in Nigeria.  
Model Representatives (1)

Estimation Command:

LS GDP C BAP ABS1 UFS DFT

Estimation Equation:

$$GDP = C(1) + C(2)*BAP + C(3)*ABS1 + C(4)*UFS + C(5)*DFT$$

Substituted Coefficients:

$$GDP = 5529.93308622 - 21.977310768*BAP + 11.4581979258*ABS1 - 31.4247868109*UFS + 0.125483339664*DFT$$

Dependent Variable: GDPP

Method: Least Squares

Date: 07/28/25 Time: 20:24

Sample: 2000 2022

Included observations: 23

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5529.933	6217.537	0.889409	0.3855
BAP	21.97731	16.33451	-1.345453	0.1952
ABS	11.45820	1.625765	7.047881	0.0000
UFS	31.42479	9.029669	-3.480170	0.0027
DFT	0.125483	0.045031	2.786606	0.0122
R-squared	0.846666	Mean dependent var		48544.00
Adjusted R-squared	0.812592	S.D. dependent var		16139.58
S.E. of regression	6986.926	Akaike info criterion		20.73113
Sum squared resid	8.79E+08	Schwarz criterion		20.97798
Log likelihood	-233.4080	Hannan-Quinn criter.		20.79321
F-statistic	24.84774	Durbin-Watson stat		1.167241
Prob(F-statistic)	0.000000			

E-view Statistical Package, 9.0

### Interpretation of the coefficients of determination

The above analysis shows that multiple regression analysis was carryout between our independent variable against the dependent variable. Result from the table shows that Banking Penetration (BAP), Availability of Banking services (ABS), Usages of financial services (UFS), Digital Financed Technology (DFT) have significant impact on the Gross Domestic Product Per capita (GDPP) at the 5% alpha level of significant. Thus, the co-efficient of determination R-squared is 0.846666 in the model of the regression analysis accounted for 84.6% changes in GDPP determined by all the predictors. The un-standardized coefficient of determinant further shows that (BAP/ $\beta$ = 21.97731), (ABS/ $\beta$ = 11.45820), (UFS/ $\beta$ = 31.42479) and (DFT/ $\beta$ = 0.125483) indicated that 1 unit increase in Banking Penetration will led to 21.9 billion naira increase in GDPP, 1 unit increases in Availability of Banking services will led to 11.4 billion naira increase in GDPP, 1 units increases in Usages of financial services will led to minus 31.4 billion naira increase in GDPP and 1 units increases in Digital Financed Technology will led to minus 12.5 units increase in GDPP at the (P-value < 0.05%) significant level. However, the model shows that it is a good fit, that the independent variables to a very large degree explain the changes in the dependent variable.

The Durbin Watson statistic is a number that tests for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic is always between 0 and 4. A value of 2 means that there is no autocorrelation in the sample. Values approaching 0 indicate positive autocorrelation and values toward 4 indicate negative autocorrelation. From the estimation, Durbin Watson statistics is (1.167241), implies that there is positive serial correlation or autocorrelation in the residual regression.

Also, the F-statistics value is (24.84774) with a probability or significant level of 0.000000 shows the overall analysis of the variance of the model which indicates that the explanatory variables are fundamental explaining the variation in the dependent variable.

In conclusion, since at the overall level, banking penetration, availability of banking services, usages of financial services, digital financed technology can jointly determine the changes in the gross domestic product per capita proxy economic growth, therefore null hypothesis ( $H_0$ ) that says, “*Financial inclusion does not significantly affect Gross Domestic product per person in Nigeria*” is rejected while alternative hypothesis accepted.

### 5. Discussion of Findings

Study has empirically investigated the links between Financial Inclusion and economic development in Nigeria under four different specific objectives. The first objective found that Banking Penetration (BP), Availability of Banking Services (ABS), Usages of financial services (AFS), and Digital Financial Technolohy (DFT) have significant positive effect on the Gross domestic Product Per Person (GDPP) at the 5% alpha level of significant. This result was in conformity with the study of Nduka (2023), Enueshike and Okpebru (2020), Jisike and Ifeanyi (2021) while it negates the results of Okon, Umoh and Samuel (2023), Ademuyiwa (2019). This show that financial inclusion plays a major role in economic development in Nigeria.

#### Hypothesis Two

$H_0$ : Financial inclusion does not significantly improve Gross fixed Capital formation in Nigeria.

Model Representatives (2)

Estimation Command:

=====

LS GFCF C BAP ABS1 UFS DFT

Estimation Equation:

=====

$$GFCF = C(1) + C(2)*BAP + C(3)*ABS1 + C(4)*UFS + C(5)*DFT$$

Substituted Coefficients:

=====

$$GFCF = -1989361.43717 + 15100.4522314*BAP - 260.283124276*ABS1 + 1751.02666196*UFS - 0.963454649193*DFT$$

Dependent Variable: GFCF

Method: Least Squares

Date: 07/28/25 Time: 20:27

Sample: 2000 2022

Included observations: 23

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1989361.	1726105.	-1.152515	0.0342
BAP	15100.45	4534.767	3.329929	0.0037
ABS	260.2831	451.3429	-0.576686	0.0413
UFS	1751.027	2506.806	0.698509	0.0058
DFT	0.963455	12.50142	-0.077068	0.0394
R-squared	0.470983	Mean dependent var		626031.2
Adjusted R-squared	0.353424	S.D. dependent var		2412265.
S.E. of regression	1939702.	Akaike info criterion		31.98363
Sum squared resid	6.77E+13	Schwarz criterion		32.23047
Log likelihood	-362.8117	Hannan-Quinn criter.		32.04571
F-statistic	14.006343	Durbin-Watson stat		1.627661
Prob(F-statistic)	0.000121			

E-view Statistical Package, 9.0

### Interpretation of the coefficients of determination

The above analysis shows that multiple regression analysis was carryout between our independent variable against the dependent variable. Result from the table shows that Banking Penetration (BAP), Availability of Banking services (ABS), Usages of financial services (UFS), Digital Financed Technology (DFT) have significant impact on the Gross fixed Capital formation (GFCF) at the 5% alpha level of significant. Thus, the co-efficient of determination R-squared is 0.470983 in the model of the regression analysis accounted for 47.1% changes in GFCF determined by all the predictors. The un-standardized coefficient of determinant further shows that (BAP/ $\beta$ = 15100.45), (ABS/ $\beta$ = 260.2831), (UFS/ $\beta$ = 1751.027) and (DFT/ $\beta$ = 0.963455) indicated that 1 unit increase in Banking Penetration will led to 151 billion naira increase in GFCF, 1 unit increases in Availability of Banking services will led to 260 billion naira increase in GFCF, 1 units increases in Usages of financial services will led to 175 billion naira increase in GFCF and 1 units increases in Digital Financed Technology will led to minus 96.3 units increase in GFCF at the (P-value < 0.05%) significant level. However, the model shows that it is a good fit, that the independent variables to a very large degree explain the changes in the dependent variable.

From the estimation, Durbin Watson statistics is (1.627661), implies that there is positive serial correlation or autocorrelation in the residual regression.

Also, the F-statistics value is (14.006343) with a probability or significant level of 0.000121 shows the overall analysis of the variance of the model which indicates that the explanatory variables are fundamental explaining the variation in the dependent variable.

In conclusion, since at the overall level, banking penetration, availability of banking services, usages of financial services, digital financed technology can jointly determine the changes in the gross fixed capital formation proxy economic growth, therefore null hypothesis ( $H_0$ ) that says, "*Financial inclusion does not significantly affect Gross fixed Capital formation in Nigeria*" is rejected while alternative hypothesis accepted.

### 6. Discussion of Findings

Study has empirically investigated the links between Financial Inclusion and economic development in Nigeria under four different specific objectives. The

second objective found that Banking Penetration (BP), Availability of Banking Services (ABS), Usages of financial services (AFS), and Digital Financial Technology (DFT) have significant positive effect on the Gross fixed capital formation (GFCF) at the 5% alpha level of significant. This result was in conformity with the study of Zouaoui, Al Qudah, Aoun, Arab and Eleuch (2018), Atta (2024), Ukoh (2023), Emmanuel and M-Ember (2022) while it negates the results of Kanu, Ozurumba and Anyanwu (2021). This show that financial inclusion plays a major role in economic development in Nigeria.

### 7. Recommendation and Conclusion

The study examined the effect of financial inclusion and economic development in Nigeria. To achieve this major objective robustly, four different financial inclusion proxies were selected and analysed namely; banking penetration, availability of banking services, usages of financial services, digital financial technology and economic development from 2020 to 2022 through descriptive analysis and panel regression. After reviewing the extant literature about the relationship between financial inclusion and economic development, deriving hypotheses from literature and theories, collecting data and analysing the data, the study concluded that there is a relationship between financial inclusion and economic development in Nigeria.

Based on the result obtained from studying the effect of financial inclusion and economic development using four different measurements of financial inclusion, the following recommendations are made:

The study has shown that expand financial access such as strengthen the establishment of bank accounts and bank branches can increase economic development in Nigeria. That is; they should focus on the financial inclusion policies as a means of ameliorating poverty, through a participation of all economic agents in the financial system. There is a need for the government of Nigerian to prioritize the importance of financial inclusion.

The study summit that more financial institutions should be established by the private sector through branch expansion by deposit money bank to rural areas and the setting up of microfinance banks situated in rural areas as well. Government should also encourage the establishment of community bank in rural areas to reach the unbanked.

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## Motivational Strategies and Human Resource Management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Nigeria

MADU BABAGANA GUTTI, ABDULKADIR MOHAMMED SAIDU,  
BABAGANA MUHAMMAD AJI, SOFIYAT BALOGUN,  
ASMAU MOHAMMED DAWUD, SHETTIMA KUNDILI  
University of Maiduguri, Nigeria

**Abstract.** This study examined the relationship between motivational strategies and management of human resource in Department of Education, Faculty of Education, Borno State University, Maiduguri Borno State, Nigeria. The objectives of the study were to examine the relationship among compensation strategy, work culture strategy, compensation strategy and human resource management in Department of Education, Faculty of Education, Borno State University, Nigeria. The research design employed by the researchers was a correlational research design, which was used to determine the relationship between motivational strategies and human resource management. Correlation is meant for exploring the degree of relationship between two variables in consideration. The sampling techniques employed in the study are simple random sampling techniques because they ensure that each member of the population has an equal chance of being selected at random. The sample size of the study was 45 comprised of both academic staff and non-academic staff. The instrument used for this study was a questionnaire on the motivational strategies and human resources management in the Department of Education, Faculty of Arts and Education, Borno State University, Maiduguri, Borno State, Nigeria. The instrument used for this study was a questionnaire on the motivational strategies and human resources management. The data collected were analyzed using Pearson Product Moment Correlation Coefficient. The finding revealed no significant relationship among compensation strategy, work culture strategy, compensation strategy and human resource management among personnel in Department of Education, Faculty of Education, Borno State University, Nigeria. Since it was established that there is no association among compensation strategy, work culture strategy, compensation strategy and human resource management in the Department of Education,

Faculty of Education, University of Maiduguri, Borno State, Nigeria, therefore, the management of the Department should apply different strategies such as promotion, condition of service to motivate the staff in the department.

**Keywords:** Motivational Strategies, Recognition, Compensation, Human Resource Management

### 1. Background of the Study

Human resource management is critical in today's dynamic educational environment for maintaining a competitive advantage. The concept of motivation is crucial to effective Human Resource Management, as it drives employee engagement, performance and organizational success. Motivation is more than just a nice attribute but it is an essential aspect that drives employee behavior, dedication and productivity (Mansara, 2019). Human resource managers are increasingly concerned with ensuring optimal employee performance and satisfaction in an organization. Researchers and stakeholders in educational management believed that among the many elements influencing these results, motivation stands out as a key driver.

Motivation can be broadly defined as "the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal" (Robbins & Judge, 2019). Internal or external forces might drive passion and perseverance in pursuing an endeavour. Human resource management is a strategic method to effectively manage teachers, administrators, support staff and other workers in educational institutions in order to improve teaching, learning and overall school performance. The effective mobilization, utilization, and coordination of human efforts and skills to achieve educational goals and objectives (Olagboye, 2004).

Human resource management encompasses various practices, including recruitment, training, performance management, compensation and employee relations, each of which plays a vital role in shaping employee motivation. Recent empirical studies reinforce the

importance of aligning human resource management practices with motivational strategies in institution of learning like University. For example, Ahmad, Khan and Rehman (2024) discovered that aligning human resources procedures with both intrinsic and extrinsic motivational factors greatly increase employee motivation. According to Yusuf, Sesay and Kamara (2023) pay, training opportunities and work-life balance were important motivators for employee satisfaction and retention.

Human resource management is responding to the changing global school landscape.

Employee motivation is critical to good human resource management because it influences performance, engagement, and organizational success.

Various theories and approaches have affected our understanding of motivation, from classical models to 21st-century views that address both internal and external variables in modern settings. Employee motivation is commonly regarded as the factor that drives employees to go above and beyond the call of duty. Classical theories such as Maslow's Hierarchy of Needs and Herzberg's two-factor theory have long emphasized the need to meet employees' basic and growth needs (Maslow, 1943; Herzberg, 1968). Maslo proposed that human behaviour is driven by a progression of needs from physiological safety to self-actualization. At the same time, Herzberg distinguished between hygiene elements, which prevent unhappiness, and motivators, which actively promote performance. These fundamental concepts have provided human resource management professionals with a framework for determining what motivates people at work.

Modern scholarship, on the other hand, builds on these older ideas to address the changing character of work in the twenty-first century.

According to Ryan and Deci (2000), self-determination theory stresses intrinsic motivation through satisfaction with autonomy, competence and relatedness, leading to increased engagement. In today's knowledge-based economy, businesses understand that a motivated workforce is not only more productive but also better able to innovate and adapt to change. According to recent research, integrating motivational tactics into human resource procedures can directly lead to increased retention, performance, and long-term competitive advantage. In recent years, the role of human resource managers has evolved from traditional personnel management to a strategic partnership that directly impacts organizational outcomes (Bala, 2011).

Modern human resource management strategies increasingly prioritize integrating employee goals with the organization's overall mission and vision. Employee alignment is achieved by a combination of well-structured extrinsic incentives like competitive remuneration, bonuses and perk while intrinsic rewards

that tap into their need for recognition, career advancement and meaningful work experiences. Integrating these factors promotes job satisfaction and fosters an organizational culture of continuous development (Aslam et al., 2014).

In a globalized market, organizations face challenges such as rapid technology advancement and rising competition, requiring exceptional staff performance. Motivated individuals excel in problem-solving, resilience, and seizing learning opportunities. An empirical study shows that investing in employees' personal and professional development leads to improved organizational performance (Rajpure, 2022). This research has prompted human resource experts to use sophisticated motivating tactics that are constantly updated as part of an organization's talent management strategy.

Moreover, motivational strategies in the modern context are closely intertwined with leadership styles and organizational culture. Transformational leadership, characterized by visionary guidance, empowerment, and open communication, has been particularly effective in fostering motivation among employees. Leaders who actively engage and support their teams create a positive environment that encourages innovation and shared success. Such an environment not only bolsters individual performance but also drives collective growth across the organization. These trends are reflected in 21st-century research, which emphasizes that human resource management practices must evolve to address the nuanced needs of today's diverse and dynamic workforce (Bala, 2011; Aslam et al., 2014).

Despite the extensive benefits of motivational strategies, challenges remain primarily in the area of human resource management. Overreliance on extrinsic rewards, such as "pay-for-performance" schemes, may inadvertently shift focus away from the intrinsic values that underpin sustainable employee engagement. Addressing these challenges requires a balanced integration of quantitative and qualitative practices within human resource management. It is against this background that the researchers examined the relationship between motivational strategies on human resource management at the Faculty of Education, Department of Education, Borno State University, Borno State, Nigeria.

### 1.1 Objective of the Study

The objectives of the study were to examine the relationship between:

- Recognition strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

- Work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.
- Compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

## 1.2 Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

H<sub>01</sub>: there was no significant relationship between Recognition strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

H<sub>02</sub>: there was no significant relationship between Work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

H<sub>03</sub>: there was no significant relationship between Compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

## 2. Literature Review

Adebayo and Okon (2021) conducted research on the Effect of Employee Recognition on Job Performance in public secondary schools in Lagos state. A descriptive survey research design was used for the study. The populations of this study include all public secondary school teachers in Lagos state, Nigeria, with a sample size of 250 teachers randomly selected from 25 secondary schools, using a stratified sampling technique. The study uses a structured questionnaire titled Teacher Recognition and Performance Questionnaire (TRPQ) for data collection. The data was analyzed using descriptive statistics and Pearson's correlation analysis. The study shows that recognition significantly improves teachers' job commitment and morale in attaining positive outcomes of teaching and learning. Recognition had a positive correlation with job satisfaction and reduced turnover. The result also revealed that, there is a strong positive correlation between recognition and job performance. The study also indicates that recognition strategies are a critical component of HRM that enhances teacher retention and performance in secondary education.

Ncube and Moyo (2022) researched the Influence of Staff Recognition on Employee Retention in higher education institutions—a study in three public universities in Zimbabwe. The study uses a mixed method research design (quantitative and qualitative) with a population of 120 academic staff and 30 non-academic staff, with a total population of 150 in three selected public universities. The study employed a well-

structured questionnaire and semi-structured interviews as an instrument for data collection. The data for the study were analyzed using ANOVA and regression for the quantitative data, while qualitative data were analyzed through thematic analysis. The study further revealed that monetary and non-monetary recognition schemes (certificates, bonuses, thank-you notes) contributed to high retention rates and increased work engagement. The result also shows that there are significant differences in retention levels between recognized staff and non-recognized staff, and recognition also made staff feel valued, included, and emotionally committed to their institution. The study concluded that, recognition is a motivational drive that improves employee satisfaction, loyalty and overall HR performance in higher education settings.

Eze and Uzoechi (2022) conducted research on Employee Recognition and Organizational Commitment in Private Secondary Schools in Enugu State, Nigeria. A correlation survey research design was used for the study. The population of this study included both teaching staff and supporting staff in private secondary schools, with a total of 200 staff members selected using a stratified random sampling technique. The study used a standardized questionnaire (Likert Scale-based) instrument to collect data. The study collected data that was analyzed using Spearman's rank correlation and multiple regression analysis. They revealed that recognition positively affects organizational commitment and job longevity. Staff who received recognition were more likely to align with school goals and exhibit proactive behavior. The study's results show that there is a significant positive relationship between recognition and organizational commitment. The study concluded that recognition programs should be institutionalized as part of HRM strategy to increase staff engagement and reduce attrition in private schools.

Musa and Ibrahim (2021) researched the Influence of Organizational Culture and Leadership Style on Teachers' Job Satisfaction and Retention in Public Secondary Schools in Kaduna State, Nigeria. The study used a descriptive survey research design. The population of the study was teachers in public schools in Kaduna state, Nigeria, with a sample size of 300 teachers from 30 randomly selected public secondary schools. The study used a structured questionnaire on work environment, job satisfaction, and turnover intention to collect data. The data of the study were presented and analyzed using mean score, Pearson correlation, and regression analysis to show the relationship between work culture environment and job satisfaction. The findings of the study revealed that a positive work culture (supportive leadership, collaborative environment) was strongly correlated with job satisfaction. The study concluded that creating a positive school culture is critical to improving teachers' satisfaction and reducing attrition rates in public schools.

Afolabi and Oladele, (2022) conducted research on Workplace Environment and Human Resources Effectiveness in Tertiary Institutions in Nigeria. The study used an ex-post facto research design. The study population consisted of 250 academic and administrative staff in three selected Nigerian universities. The researcher's sample size was 150 academic staff and 100 non-academic staff, with a total of 250 respondents. The research used a standardized questionnaire on the work environment and an HR effectiveness survey. The study used the T-test and multiple regression for data analysis. The researcher result outcome during the study indicated that, healthy workplace environment (noise level, safety infrastructure support system) was significantly related to human resource effectiveness, academic staff were more sensitive to cultural dimension (autonomy, fairness) than non-academic staff and the regression analysis showed that workplace environment accounted for 47% of the variance in productivity and human resource outcomes. The researcher concluded that the workplace environment is a strong determinant of staff efficiency and should be prioritized in human resource management policy design in higher education.

Also, research conducted by Kibet and Wanjiku (2020) on the Influence of Organizational Culture on Teacher Commitment in Private Secondary Schools in Nairobi County, Kenya. The study employed a correlational research design. The population of the study includes teachers in private secondary schools in Nairobi County, Kenya, and the research sample size was 200 teachers selected using a stratified sampling technique. The study used the organizational culture assessment questionnaire (OCAQ) and the teacher commitment scale as instruments for data collection. The study used Spearman correlation and ANOVA to analyze the relationship between organizational culture and teacher commitment. The study findings indicated that there is a positive and significant relationship between organizational culture (trust, innovation, communication) and teacher commitment ( $p=0.62$ ,  $p<0.5$ ). The study also shows that teachers in schools with a participatory culture reported higher levels of loyalty and performance. The study concluded that organizational culture shapes teacher attitude and directly impacts HRM outcomes like commitment, stability, and performance.

Research conducted by Adekola and Owoyemi (2020) on the Effect of Compensation Strategies on Teacher Retention in Public Schools in Lagos State, Nigeria. The study used a quantitative survey research design. The population of the study was selected public schools' teachers in Lagos State, Nigeria. The sample size of the study was 350 teachers from 20 schools. The instrument used for data collection was a structured questionnaire (5-point Likert scale). The data collected was analyzed using regression analysis. The study revealed that competitive salaries and bonuses significantly reduce

teacher turnover, and non-monetary benefits (e.g., health insurance, professional development) also improve retention. The researcher found that teachers with structured compensation plans reported higher job satisfaction. Compensation strategies directly influence teacher retention and should be aligned with HRM policies.

Joshua, Ayansina, Alabi, Oose, and Adegboega (2024) researched the Effect of Compensation Practices on Academic Staff Job Performance in the Federal University of Agriculture, Abeokuta, Ogun State, Nigeria. The study used a multi-stage sampling technique to purposively select 3 agricultural-based colleges, followed by a proportional stratified sampling technique, where respondent was randomly selected. The study sample size was one hundred and three (103) respondents from the three (3) colleges of Agriculture of the University, of which 92 questionnaires were retrieved. The study used a well-structured questionnaire that assessed compensation practices and job performance. The data collected was analyzed using descriptive and inferential statistics such as (mean, standard deviation, chi-square, and Pearson product-moment correlation). The study findings revealed that there is a competitive compensation package that positively influences job performance, timely payment, and a clear reward system that enhances staff motivation. The result concluded that academic staff perceived a pressing need to review the compensation package by involving them in the compensation decision-making process, and effective compensation practices are crucial for improving academic staff performance and should be prioritized in HRM strategies.

### 3. Research Methodology

The research design employed by the researchers was a correlational research design, which was used to determine the relationship between motivational strategies and human resource management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State, Nigeria. Correlation is meant for exploring the degree of relationship between two variables in consideration. Correlation coefficient is the measure to quantify such degree of relationship of the variables (Gogtay & Thatte, 2017). The population of the study was both academic and non-academic staff of the Faculty of Arts and Education, Borno State University, Maiduguri, Borno State. The sampling techniques employed in the study are simple random sampling techniques because they ensure that each member of the population has an equal chance of being selected at random. The sample size of the study was 45 comprised of both academic staff and non-academic staff. The instrument used for this study was a questionnaire on the motivational strategies and human resources management in the Department of Education, Faculty of Arts and Education, Borno State University, Maiduguri, Borno State, Nigeria. It

comprises two sections (A) and (B). Section (A) comprises personal data of the respondents, such as sex and year of experience, while Section (B) consists of 15 items of multiple choice using a Likert rating scale. The instrument was subject to strict and thorough screening by the supervisor of this study to ascertain whether the instrument used measures what it purports to measure.

The corrections, comments, and suggestions were made to improve the validity of the instrument. In the administration of the instrument, the researcher, with the aid of the hod, administered and collected the data from the respondents within five days. The data collected were analyzed using Pearson Product Moment Correlation Coefficient.

#### 4. Data Analysis and Results

There was no significant relationship between Recognition strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

**Table 1:** Correlation Analysis on relationship between Recognition strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

Variables	Mean	Std. Deviation	N	r-value	P-value	Remarks
Human Resource Management	17.7333	2.80746	45	-0.213	0.161	significant
Recognition Strategy	20.4667	3.13775	45			

Table 1 tests the hypothesis that, there is no significant relationship between recognition strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The findings indicate that the r-value is 0.375 and the p-value is 0.161, which is greater than 0.05 level of significance. This implies that there was no significant relationship between recognition strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. Hence, the hypothesis was accepted.

H<sub>02</sub>: there was no significant relationship between Work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

**Table 2:** Correlation Analysis on relationship between Work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

Variables	Mean	Std. Deviation	N	r-value	P-value	Remarks
Human Resource Management	20.4667	3.13775	45	-0.243	0.108	significant
Work Culture Strategy	20.4000	2.57964	45			

Table 2 tests the hypothesis that, there was no significant relationship between work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The findings indicate that the r-value is -0.243 and the p-value is 0.108, which is greater than 0.05 level of significance. This implies that there was no significant relationship between work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. Hence, the hypothesis was accepted.

H<sub>03</sub>: there was no significant relationship between Compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

**Table 3:** Correlation Analysis on relationship between Compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State.

Variables	Mean	Std. Deviation	N	r-value	P-value	Remarks
Human Resource Management	20.4667	3.13775	45	-0.151	0.322	significant
Compensation Strategy	9.8222	5.09585	45			

Table 3 tests the hypothesis that, there was no significant relationship between compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The findings indicate that the r-value is 0.322 and the p-value is -0.151, which is greater than 0.05 level of significance. This implies that there was no significant relationship between compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. Hence, the hypothesis was accepted.

## 5. Discussion

The finding of the study with respect to first hypothesis which states that, there was no significant relationship between compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The finding of the study revealed there was no significant relationship between compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The finding of the study was not in agreement with the finding of Adebayo and Okon (2021), Ncube and Moyo (2022) and Eze and Uzoechi (2022) which revealed positive significant relationship between compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. This disagreement might be as a result of geographical location and difference in sampled of the study.

The finding of the study with respect to second hypothesis which states that, there was no significant relationship between Work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The finding of the study revealed that, there was no significant relationship between Work culture strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The finding of the study was not in agreement with the finding of Musa and Ibrahim (2021), Afolabi and Oladele, (2022) and Kibet and Wanjiku (2020) which revealed a positive significant work culture strategy and human resources management. This disagreement were further established maybe as a result of geographical location and difference in sampled of the study.

The finding of the study in respect with third hypothesis which states that, there was no significant relationship between compensation strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The finding of the study revealed that there was no significant relationship between Compensation

strategy and human resources management in the Department of Education, Faculty of Education, Borno State University, Maiduguri, Borno State. The finding of the study was not in agreement with the findings of Adekola and Owoyemi (2020) and Joshua, Ayansina, Alabi, Oose, and Adegboega (2024) which revealed positive significant relationship between Compensation strategy and human resources management. This might be as a result of geographical location and difference in sampled of the study.

## 6. Conclusion

Based on the finding of the study it was concluded that, the study established no association among compensation strategy, work culture strategy, compensation strategy and human resource management among personnel in Department of Education, Faculty of Education, Borno State University, Nigeria. This implies that compensation strategy, work culture strategy, compensation strategy was not important determinants for human resource management in Department of Education, Faculty of Education, Borno State University, Nigeria.

## 7. Recommendations

Since it was established no association among compensation strategy, work culture strategy, compensation strategy and human resource management in the Department of Education, Faculty of Education, University of Maiduguri, Borno State, Nigeria. Therefore, management of the department should apply different strategies such as promotion, condition of service to motivate the staff in the department.

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## Customers' Complaints in Online Shopping: Causes, Patterns, and Implications

VICTOR OMOTE ADJAINO, FLORENCE EGUONOR OMONZEJELE  
Western Delta University, Oghara, Delta State, Nigeria

**Abstract.** This study investigated customers' complaints toward online shopping. The study examined which online store is mostly patronized by the Nigerian consumers; the common issues faced by online customers that lead to complaints; the mode of complaint that is mostly adopted by online store customers; and the extent to which online customers are satisfied with the resolution of their complaints. This study used the survey method by administering copies of structured questionnaire to two hundred (200) online shoppers. Data collected were descriptively analysed using percentages, ranking, and frequencies via the Statistical Package for Social Sciences (SPSS) software. The study found that the common customers' complaints towards online shopping are: misleading products descriptions, poor quality of delivered products, high cost of delivery, long delivery time, high cost of products, and difficulty navigating through the websites. It was also observed that the mode of complaints mostly adopted by online store customers is complaining to the online store to redress the issue. The study recommended that online stores should ensure that products are described exactly as they are so as not to mislead the customers into buying a lie.

**Keywords:** Complaints, Customers, Online, Products, Shoppers

### 1. Introduction

Online shopping, widely acknowledged for offering advantages that traditional shopping often lacks, has experienced rapid growth and increasing popularity in recent years (Aryani et al., 2021). Over the past decade, there has been a significant transformation in consumers' shopping behaviours as many have shifted from physical stores to online platforms. Although consumers still patronise brick-and-mortar stores, a growing number feel more comfortable shopping online because it eliminates the stress and inconvenience associated with physically visiting markets and stores. In today's fast-paced world, where individuals lead increasingly busy lives, online shopping saves valuable time and provides convenience by allowing consumers to shop from the comfort of their homes, offices, or any location of their choice. Consequently, the emergence of

virtual stores has helped to address several challenges inherent in traditional buying methods.

In modern times, trade and commerce have become increasingly diversified, leading to the adoption of multichannel retailing and the accelerated growth of online shopping globally (Nagarjuna & Izhar, 2024). The global e-commerce market was valued at approximately \$2.29 trillion, driven by double-digit growth in both orders (13%) and sales (15%) across various forms of e-commerce, including business-to-consumer (B2C) and business-to-business (B2B) transactions (Ullah et al., 2025). This growth was projected to reach about \$4 trillion by 2020 (eMarketer, 2016). Compared to mature markets such as the United States, Japan, the United Kingdom, and other European countries, the Asia-Pacific region has emerged as a leader in e-commerce development (Tasin, 2017). Notably, the region recorded online sales of about \$1 trillion in 2016, with China accounting for approximately \$899 billion of this figure (eMarketer, 2016).

Online shopping refers to the process of purchasing goods and services through internet-based platforms owned by individuals, groups, or corporate organisations. It offers numerous benefits, including reduced stress associated with physical shopping, ease of comparing products, brands, and prices, and the flexibility to make purchase decisions from virtually any location. Online marketing, as a component of e-commerce, differs significantly from traditional marketing channels by fostering continuous interaction between sellers and buyers through digital means. This interactivity is enhanced by tools such as emails, live chats, and frequently asked questions (FAQs), which address customer concerns related to payment, delivery, product specifications, and company policies. As a result, e-marketing has become one of the fastest-growing segments of e-commerce.

Despite these advantages, online shopping is not without challenges. While it is often described as easy, time-saving, and just a click away, customers frequently encounter various problems that lead to dissatisfaction. Common customer complaints include poor product

quality, delayed delivery, missing payment confirmations, hidden costs, limited payment options, unclear website policies, complicated navigation, unattractive interfaces, poor-quality images, ineffective search functions, security concerns, poor logistics, inadequate packaging, and unsatisfactory customer service. Consumers generally prefer online platforms that are easy to navigate, visually appealing, informative, secure, and supported by efficient logistics and responsive customer service. When websites fail to meet these expectations, customers may abandon their shopping carts, cancel or return orders, or completely stop patronising the platform, ultimately resulting in customer loss.

Customers are one of the most valuable assets of any business, and the quality of service delivered to them largely determines their loyalty. Therefore, obtaining and analysing customer feedback is crucial for assessing satisfaction levels and identifying areas for improvement. Customer complaints, rather than being ignored, should be carefully examined and addressed, as they provide valuable insights that can help businesses enhance their online shopping experience and sustain long-term customer relationships. Specifically, this study seeks to:

- ascertain which online store is mostly patronized by the Nigerian consumers.
- identify the common issues faced by online customers that leads to complaints.
- determine the mode of complaint that is mostly adopted by online store customers.
- establish the extent to which online customers are satisfied with the resolution of their complaints.

## 2. Literature Review

### 2.1 Concept of Online Shopping

Online shopping has many terms that are used interchangeably in existing literature. These include online procurement, internet shopping, online buying, web shopping, and electronic shopping. Online shopping has been defined by various researchers and scholars. For instance, Rossolov et al. (2021) defined online shopping as the use of electronic stores by consumers up to the transactional level of purchasing and logistics. Online shopping is also described as a concept associated with the broad family of electronic commerce (Gabriel, Ogbuigwe, & Ahiauzu, 2016). Furthermore, online shopping relates to the purchasing behaviour of consumers in an online store or on a website used for purchasing purposes (Monsuwe, Dellaert, & Ruyter, 2004). Ling, Chai, and Piew (2010) described online shopping as an electronic commerce system used by buyers within the context of business-to-business (B2B) or business-to-consumer (B2C) transactions.

These definitions collectively indicate that online shopping requires the existence of sellers' websites

through which transactions are conducted in an electronic or cyber environment, without physical contact between buyers and sellers. To attract buyers, retain them on their websites, and encourage repeat visits, online sellers must design and promote user-friendly websites.

Electronic commerce, commonly known as e-commerce or e-business, involves the buying and selling of products or services through digital networks such as the Internet and other computer systems. Through this medium, commercial activities are carried out using digital fund transfers, electronic data interchange (EDI), supply chain management, internet marketing, online transaction processing, inventory management systems, and automated data collection systems. A complete e-commerce and online shopping transaction involves a sequence of actions:

**Customer browsing for desired products:** Similar to shopping in a physical store, but in a virtual environment, customers can browse or search for products in an online store. If a customer already knows the product needed, they can search directly for it using the search tool, usually located at the top of the webpage. By typing the product name and clicking "enter," "search," or a similar option, the customer can view available items. Alternatively, if the customer does not have a specific product in mind, they may browse through departments or broad product categories. For example, typing "smartphone" into the search box will display a wide range of smartphones from different brands available on the website.

**Customer making a choice and placing an order online:** Once the customer finds a desired product, they can click the "Add to Cart" button, which signifies placing an order for the product. At this stage, the customer may also specify the quantity they wish to purchase.

**Payment stage (online or offline):** After completing the order, the customer proceeds by clicking "Checkout," "Proceed to Checkout," or a similarly labelled button in the shopping cart. The customer is then required to provide personal information such as name, phone number, delivery address, email address, and bank details if online payment is selected.

**Delivery of products:** At this final stage, the ordered product is shipped and delivered to the address provided by the customer.

### 2.2 Customer Complaint Behaviour (CCB)

Complaining is defined by Gove (1981) in the Webster's Third New International Dictionary as an expression of discontent, dissatisfaction, protest, resentment, or regret. On the other hand, complaint is an expressive statement that discloses a displeasing, unsatisfactory and unacceptable situation. Studies revealed that the complaint behaviour of customers is a

very complex behaviour of customer dissatisfaction. Customer complaint behaviour is generally goal directed. CCB is conceptualized as “a set of multiplex feedbacks (behavioural and non-behavioural), some or all of which are brought about by perceived dissatisfaction with a purchase episode”. Despite the fact that complaining is more commonly known to be a cognitive response, sometimes it is defined as an emotionally filled phenomenon where affects are obvious in both the way the complaint is expressed and the content (Fuentes-Blasco et al., 2010). Singh (1988) proposed that CCB is conceptualized as a set of multiple (behavioural and non-behavioural) reactions, some or

all of which are prompted by perceived dissatisfaction with a purchase episode. Jacoby and Jaccard (1981) proposed that CCB is commonly linked to the emotional reactions of dissatisfied consumers owing to a product and/or service failure. There exists a substantial agreement around the conceptual definition of consumer complaint behaviour that it is believed that the CCB phenomenon is derived by certain emotions or feelings of perceived dissatisfaction (Day 1984; Landon 1980). Researchers acknowledge that complaint is an interpersonal post-purchase communication aimed at the company that brought about the dissatisfaction.

**2.2.1 Typology of Complaint Behaviour**

Singh (1988)	Private responses: consumers complain to their social circle (family or friends) or just exit out from that business or company. Voice responses: consumers seek redress from the seller or do not take action. Third party responses: consumers seek redress from consumer agency or take legal action.
Day (1980)	Seeking redress from a responsible party within the channel of distribution or from a third party. Complaining or communicating with the company or the business other than seeking redress. Boycotting or take personal decisions to discontinue usage or patronage.
Hirschman (1970)	Loyalty action: consumers keep the relationship with supplier, retailer of product or brand. Voice action: consumers complain to friends, consumer associations, relatives or other third parties. Exit action: consumers break the relationship with retailer, supplier of product or brand.
Day and Landon (1977)	Take no action: consumers would like to forget about the dissatisfaction with the product or services. Private actions: consumers choose to warn family and friends about the seller or product, and stop purchase. Public actions: consumers seek redress from the business, third party consumer agency and taking legal action.

**2.3 Online Consumers Satisfaction and Resolution of Complaints**

Although customer satisfaction has been identified as consumer dissatisfaction/satisfaction is mainly determined by the extent to which the customer’s anticipations vary from the products’ or services’ actual performance - what classical marketers refer to as the degree of disparity ensuing from a customer’s contradiction of expectations (Tse & Wilton, 1988). Giving to the proposed model of online customer complaining behaviour by Cho, Im, Ferjemstad and Hiltz (2001), online customer dissatisfaction results from unfulfilled anticipations about a product, web assessment factors, and/or technology issue, which include convenient after sales support, customized product information, information content, fast and accurate delivery, privacy issues, etc. Similarly, according to customer metrics by online customer satisfaction primarily depends on convenience, product or service introduction, delivery speed, and lead-time.

The accurate management of online complaints has a direct influence on customer retention. Complaint management refers to the strategies used in the resolution of dissatisfaction and to improve ineffectual products in order to establish a firm’s reliability in the eyes of customers (Nkanun et al., 2025). Complaint data is a key component in the process of problem correction and increased performance. Online customers may file complaints indirectly or directly: Directly to the company from whom a product or service is purchased; or indirectly via public or non-profit feedback websites

for example, the bbonline.org site managed by the non-profit Better Business Bureau (BBB).

In traditional markets, customer complaints are seen to be an important source of information. Since complaint management is acknowledged as being fundamental to customer satisfaction, any measure of complaint behaviour should consider the degree and quality of the underlying customer satisfaction. According to Kelly and Davis (1994), effective complaint management has a dramatic impact on customer retention, deflects potential word-of-mouth damage, and improves profitability. Cho, Im, Ferjemstad and Hiltz (2001) looked at complaint management as an important aspect of online strategic marketing tool - one that has such potential benefits as maximizing customer satisfaction and loyalty, creating favourable publicity, and reducing the overall number of complaints. Examples of two leading online businesses that are considered leaders in e-CRM and improved relationships with online customers are burke.com Sterne (1996) and neimanmarcus.com.

Traditional markets have learned that customer complaints are affected by individual customer characteristics, customer’s perceptions of the sources of their dissatisfaction, outcome expectancies, product type, and the costs associated with complaining (Day, 1984). However, few online customer complaint behaviour models have been proposed to date, (Cho et al., 2001) identified such technology factors as system performance, Web assessment factors, and other media characteristics as primary cause of customer complaint behaviour. Web assessment factors, include

information, agreement, and settlement components - all of which can be used to evaluate online customer complaints and to measure the effectiveness of electronic commerce sites that transcend traditional marketing paradigms (Schubert & Selz, 1999).

**2.4 Complaint Management**

Even for the best businesses, failure in the process of service delivery is inevitable. A service failure occurs when a customer’s expectations are not met by the service organisation (Isibor & Agbonifoh, 2014)

Lovelock, Patterson, and Walker (2001) explained that when a service provider fails, there are four major courses of actions available for the customer:

- Complain in some form to the service organisation
- Defect or simply not patronise the firm again and tell other customers thereby engaging in negative word of mouth (NWOM) behaviour
- Do nothing, but the service provider’s reputation diminishes in the eyes of the customer and they will consider defecting if it occurs again
- Take some kind of overt action with a third party (that is, may seek litigation or arbitration)

Of these four courses of action that a customer may adopt, the only one that provides the company the opportunity of correcting its shortcoming and strengthen loyalty is complaining to the service organisation. Service providers must strive to develop an effective complaint management system that will encourage dissatisfied customers lodge their complaints and follow through with the complaint process (Isibor & Odia, 2014).

**3. Research Methodology**

Research design is the comprehensive plan of carrying out a research study. This study adopted a cross-sectional design. Under this study, data were sourced from targeted sampled population of online store patronisers of Jumia Nigeria, Jiji Nigeria, VConnect Nigeria, Konga and PayPorte, through the use of a structured questionnaire. Under this research design, data relating to the variables were collected at the same time in order to describe the relationship between the variables under study.

**Table 1:** Gender

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
Male	76	38	38	38
Female	124	62	62	100
Total	200	100	100	

From the total number of respondents, 124 persons (62%) were female and 76 persons (38%) were male; this therefore indicates that majority of the respondents are females.

According to Hult (2012), population includes all units or elements of interests that are relevant to a research study. Hence, the target population for this study comprised of all online customers of the above retail online stores in Nigeria. A population commonly contain too many individuals to study conveniently, so a research is often restricted to a selected sample from the population to analyse and draw conclusion from. This means that the sample size is the subset of the population. A convenience sampling method was used for this study, and 200 online store shoppers who has patronised either of the outlined online stores was selected for the investigation.

Primary source of data was used for this study. 200 copies of the structured questionnaire were distributed to the respondents by the researchers. A cover letter was attached to each questionnaire to explain that participation is voluntary, and that the purposes of the survey are only for research, and that the confidentiality of their responses is assured. The questionnaire was collected on the spot after the respondents had completed them. The questionnaire was designed into two sections, that is, A and B. Section A covered respondents’ profiles such as gender, age, marital status, and educational qualification, while section B covered questions relating to the study variables; problems faced by online customers at any stage of buying online, complaint approach adopted by the customer, if the complaint was resolved, how the complaint was resolved. The research study made use of quantitative method in analysing the primary data to meet the four objectives of the study, the software that was utilized for this study is the Statistical Package for Social Sciences (SPSS). Data generated from the questionnaire were analysed descriptively using percentages, ranking and frequencies tables were used to present the data.

**4. Results and Discussions**

This section presents the study results and discussed the findings obtained from the questionnaires deployed for the study.

**Demographic Profile of Respondents**

This section provides descriptive details about the demographic details about the respondents sampled in the study.

**Table 2:** Age

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
Under 18 years	7	3.5	3.5	3.5
18–24 years	104	52	52	55.5
25–34 years	70	35	35	90.5
35–44 years	17	8.5	8.5	99
45 years and above	2	1	1	100
Total	200	100	100	

Table 2 shows that 52% of the respondents are between the ages of 18 – 24 years, while 35%, 8.5%, and 1% and 3% are between the ages of 25 – 34 years, 35 – 44 years and above 44 years, and under 18 respectively. We can conclude by saying that majority of the respondents are young people.

**Table 3:** Marital Status

Status	Frequency	Percent	Valid Percent	Cumulative Percent
Single	163	81.5	81.5	81.5
Married	37	18.5	18.5	100
Total	200	100	100	

From this table, we can clearly see that 81% of the respondents are single, while 18.5 % are married. We can confidently infer from the above table that majority of the respondents are single in terms of marital status.

**Table 4:** Highest Educational Level

Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
SSCE/NCE/OND	51	29.5	29.5	29.5
HND/B.Sc.	121	60.5	60.5	90
Masters' Degrees	16	8	8	98
Ph.D.	4	2	2	100
Total	200	100	100	

Table 4 clearly shows that the learned population uses online shopping the most with 60.5% of the respondents being HND/B.sc. holders, 8.0% being Master’s Degree holders, 2.0% being Ph.D. holders, and 29.5% of the respondents are OND/NCE/SSCE holders.

## 5. Data Analysis

This section provides descriptive analysis on the findings of the research objectives

**Table 5:** Which of the following online store have you patronised before?

Online Store	Frequency	Percent	Valid Percent	Cumulative Percent
Jumia Nigeria	95	47.5	47.5	47.5
Konga	23	11.5	11.5	59
PayPorte	15	7.5	7.5	66.5
VConnect Nigeria	11	5.5	5.5	72
Jiji Nigeria	56	28	28	100
Total	200	100	100	

From Table 5, in terms of which online store the respondents have patronised before from the listed online store, 95 persons chose Jumia Nigeria, while 23 persons chose Konga, 15, 11, and 56 persons chose PayPorte, VConnect Nigeria, and Jiji Nigeria respectively. From the above table therefore, we can confidently infer that with a number of 95 persons given a 47% of the total number of respondents, Jumia Nigeria is the most frequented online store.

**Table 6:** Rationale for shopping online

Reasons for Online Shopping	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Convenience	51	25.5	25.5	25.5
Easy payment procedure	20	10	10	35.5
Detailed information about product	23	11.5	11.5	47
Better prices	15	7.5	7.5	54.5
Wider range of brands	28	14	14	68.5
Availability of information through reviews from other buyers	28	14	14	82.5
Easy and saves time	32	16	16	98.5
Reliable delivery services and accurate delivery time	1	0.5	0.5	99
Friend works at an online store	1	0.5	0.5	99.5
Goods are received before payment	1	0.5	0.5	100
Total	200	100	100	—

From Table 6, out of the total number of respondents, 51 persons (36%) ranked ‘convenience’ as their top most reason why they shop online, while ‘easy and saves time’ was ranked the next highest reason why they shop online by 32 persons, followed by ‘wider range of brands’, ‘availability of information about products through reviews from other buyers’, ‘detailed information about products’, ‘easy payment procedure’, ‘better prices’, ‘reliable delivery services’, ‘friend works at an online store’, and ‘goods are received before payment’ were ranked as the next reason why they shop online by 28 persons, 23 persons, 20 persons, 15 persons, 1 person, 1 person, and 1 person respectively. This therefore strongly indicates that most online shoppers shop online because of convenience.

**Table 7:** Problems encountered in online shopping

Problems	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Difficulty navigating through website	15	7.5	7.5	7.5
Poor quality of delivered product	33	16.5	16.5	24
High cost of products	20	10	10	34
Misleading product description	52	26	26	60
Bad packaging	10	5	5	65
High delivery cost	39	19.5	19.5	84.5
Limited payment options	2	1	1	85.5
Long delivery time	27	13.5	13.5	99
Fraud	1	0.5	0.5	99.5
No customer complaint area	1	0.5	0.5	100
Total	200	100	100	—

A total number of 15 persons chose ‘difficulty navigating through website’ as one of the problems they’ve faced from patronising an online store; 33 persons chose ‘poor quality of delivered products’; 20 persons chose ‘high cost of products’; 52 persons chose misleading products description’; 10 persons chose ‘bad packaging’; 39 persons chose ‘high delivery cost’; 2 persons chose limited payment options’; 27 persons chose ‘long delivery time’; 1 person chose ‘fraud’; 1 person chose ‘no customer complaint area’. This therefore indicates that one of the problems mostly faced from patronising an online store is misleading products descriptions.

**Table 8:** Communication approach adopted by respondents

Communication Approach	Frequency	Percent	Valid Percent	Cumulative Percent
Kept it to myself	60	30	30	30
Told a friend, family member, or colleague	55	27.5	27.5	57.5
Communicated my dissatisfaction to the online store for redress	71	35.5	35.5	93
Communicated my dissatisfaction to a consumer agency or took legal action for redress	14	7	7	100
Total	200	100	100	—

From Table 8, 60 persons (30%) chose ‘kept it to myself’ as their mode of communicating their dissatisfaction from patronising an online store while, 55 persons (27.5%) chose ‘told a friend/family member/colleague’; 71 persons (35.5%) said that they communicated their dissatisfaction to the online store for redress, and 14 persons (7%) communicated their dissatisfaction to a customer agency or took legal action for redress. This therefore signifies that most online customers prefer communicating their dissatisfaction to the online store for redress.

**Table 9:** Complaint resolution

Complaint Resolved	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	53	58.9	58.9	58.9
No	32	41.1	41.1	100
Total	85	100	100	—

**Note:** If you chose “communicated my dissatisfaction to the online store for redress” or “communicated my dissatisfaction to a customer agency or took legal action for redress” from the previous question, was the complaint resolved?

From Table 9, to further find out if the complaints were resolved after communicating their dissatisfaction to the online store or taking legal actions for redress, 53 persons (58.9%) chose ‘yes’ while 32 persons (41.1%) chose ‘no’. This infers that majority of complaints made to online stores are always treated and resolved.

**Table 10:** How likely are you to return to the online store to make purchases?

Repurchase Intention	Frequency	Percent	Valid Percent	Cumulative Percent
Highly likely	22	11	11	11
Somewhat likely	73	36.5	36.5	47.5
Very likely	61	30.5	30.5	78
Not likely	36	18	18	96
Very unlikely	8	4	4	100
Total	200	100	100	—

Out of the total number of respondents, 22 persons (11%) chose that they are ‘highly likely’ to return to the online store to make purchases, 73 persons (36.5%) chose that they are ‘somewhat likely’ to return to the online store to make purchases, 61 persons (30.5%) chose that they are ‘very likely’ to return to the online store to make purchases, 36 persons (18%) chose that they are ‘not likely’ to return to the online store to make purchases, and 8 persons (4%) chose it will be ‘very unlikely’ for them to return to the online store to make purchases. This implies that even though online customers may face some problems shopping online, they are still somewhat likely to return to the same online store to make purchases.

**Table 11:** How likely are you to recommend buying from an online store to anyone?

Intention to Recommend	Frequency	Percent	Valid Percent	Cumulative Percent
Highly likely	18	9	9	9
Somewhat likely	51	25.5	25.5	34.5
Very likely	64	32	32	66.5
Not likely	52	26	26	92.5
Very unlikely	15	7.5	7.5	100
Total	200	100	100	

Out of the total number of respondents, 18 persons (9%) chose that they are ‘highly likely’ to recommend buying from online store to others, 51 persons (25.5%) chose that they are ‘somewhat likely’ to recommend buying from online store to others, 64 persons (32%) chose that they are ‘very likely’ to recommend buying from online store to others, 52 persons (26%) chose that they are ‘not likely’ to recommend buying from online store to others, and 15 persons (7.5%) chose that it will be ‘very unlikely’ for them to recommend buying from online store to anyone. This therefore infers that online customers are very likely to promote online shopping and may also promote an online store through recommendations to conventional shoppers.

**6. Discussion of Findings**

The results of this study indicate that Jumia Nigeria is the most patronised online store among Nigerian consumers. Out of the total sample, 47.5% of respondents reported patronising Jumia Nigeria, while 11.5% chose Konga, PayPorte, VConnect Nigeria, and Jiji Nigeria recorded 7.5%, 5.5%, and 28% respectively. This suggests that Jumia Nigeria enjoys a dominant position in the Nigerian online retail market compared to other platforms considered in the study. The findings also reveal that online shoppers encounter several challenges that often lead to customer complaints. These challenges include misleading product descriptions, high delivery costs, poor quality of delivered products, long delivery times, high product prices, difficulty navigating websites, and bad packaging, among others. Among these issues, misleading product descriptions emerged as the most common problem experienced by online consumers when patronising online stores.

Furthermore, the study shows that the most common mode of lodging complaints is direct communication with the online store for redress, accounting for 35.5% of the respondents. In comparison, 30% of the respondents chose to keep their dissatisfaction to themselves, 27.5% shared their complaints with friends, family members, or colleagues, while only 7% communicated their dissatisfaction to a customer agency or pursued legal action for redress. This

indicates that most customers prefer to resolve issues directly with the online retailer rather than seeking external intervention. The results also indicate that customers’ satisfaction with the resolution of their complaints is generally below average. A total of 81% of the respondents rated their satisfaction as average (3), poor (2), or very poor (1), suggesting that many online retailers are not adequately addressing customer complaints to the satisfaction of their customers.

Finally, the study reveals that the major reasons customers engage in online shopping include convenience, time-saving benefits, a wider range of brands, availability of product information through reviews from other buyers, detailed product information, easy payment procedures, and better prices. Among these factors, convenience emerged as the most significant reason for online shopping, accounting for 25.5% of the total sampled population. This underscores the importance of convenience as a key driver of online shopping behaviour among Nigerian consumers.

**7. Conclusion and Recommendations**

The study focused on customers’ complaints towards online shopping. In this study, a total of 210 questionnaires were administered to customers of online stores in Nigeria and 200 retrieved and valid for the research: in which they were analysed using statistical packages for social sciences version 22.0 and presented in frequency and percentage counts table. The result of the study revealed that Jumia Nigeria is the online store mostly patronised by Nigerian consumers. The results also revealed that the common issues faced by online customers that leads to complaints are: misleading products descriptions, poor quality of delivered products, high cost of delivery, long delivery time, high cost of products, and difficulty navigating through the websites; The mode of complaints mostly adopted by online store customers is complaining to the online store to redress the issue; and online customers satisfaction towards the resolution of their placed complaints is below average.

As a result of the findings and conclusion reached in this study the researcher made the following recommendations.

Online stores should not just seek to sell products or offer services to consumers but also ensure that the product or service satisfy the needs for which it was procured. Through seeking feedbacks from customers, online stores can be able to improve the quality of the products or services. Just as online stores put in resources, energy and other variables to promote products so as make sells, so also, they should put in resources and efforts towards customer care and satisfaction.

Online stores should also improve on their customer care services by training their customer care personnel with the basic attributes needed to efficiently and effectively resolve customers' complaints. Online stores should seek to find out from the customer if the resolve to their complaints is satisfactory. Though the percentage of online customers who communicate their dissatisfaction to the online store for redress is high, when the resolution of those complaints are not satisfactory, the customers may adopt a new mode of complaining which may lead to negative word-of-mouth thereby spoiling the image of the store. Therefore, customer care service personals should be equipped with the right training towards resolving customers' complaints.

Products descriptions should not be misleading, that is, online stores should ensure that products are described exactly as they are. Images of a better-quality product should not be used to promote products of lesser quality, the sizes, textures, weight, colour, and other features of products should be stated clearly.

Also, online stores should reduce their cost of product delivery. For instance, when a customer orders different products to be delivered to the same location, the cost of delivering the products should not be charged separately for each product but for all the products ordered as a whole. Complaints of high cost of delivery of products to other states should also be addressed.

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