MANAGEMENT INFORMATION SYSTEM (MIS) AND ORGANIZATIONAL PERFORMANCE (A STUDY OF UNITED BANK FOR AFRICA (UBA) IKOT EKPENE, AKWA IBOM STATE)

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ABSTRACT

The study seeks to examine the effect of "Management Information System (MIS) and Organizational Performance". Management problem has been the bane of most Nigerian Banks. These manifest in poor decision, ineffective management of Bank resources and desired level of synergy in Banking Industries. Management Information System becomes useful by making Banking work more accurate and faster. The objectives of the study were: to determine the effect of decision Support System on organizational performance and to ascertain the effect of executive information system on organizational performance. The descriptive research was adopted, while primary source of data was used. The population of the study was 187 and the sample size of I27 was used using Taro Yamane formula. The study reveals that there is a significant relationship between decision support system on organizational performance and there is a significant relationship between executive information system and organizational performance. The study therefore recommended that Management should ensure that organizational performance is sustained through regular evaluation of her decision Support System and management should also ensure that other organizational success factors are evaluated to compliment the contributions of the executive information system to the success of the organization.

Keywords: *Management Information System (MIS), Organizational Performance*

Introduction

The role of Management Information System (MIS) is vital now-a-days in business environment because it has evolved over time to become an integral part of its business operations. The use of Management Information System has increased for last few years not only by firms, but also by individuals and even governments. Because of the today's global environment where competition is very high, it is the basic requirement of the organization to install management information system to compete in the market and to earn more profitability, invest in innovation in their products, and to grow their businesses (Awan and Khan 2016).

Banking Industry, view the effective adoption of Information Technology (IT) as a way to combat competition by improving productivity, profitability, and the level of information which is one of the most common asset shared by all business regardless of their nature because it is a vital part of any business entity irrespective of their forms of ownership as it enables conceptualization and creation of new products and services. Information guide managers at all level in reaching a valid conclusion and making an informed decision regarding every area of their responsibility.

Without adequate information, resources will not be located and converted into desirable finished goods aimed at a specific target market for profit. Since no Bank can survive or remain relevant without effective information, business data must be systematically captured, analyzed, quantified, compiled, shared and made accessible in order to enjoy the maximum value of information.

Management Information System (MIS) is a computer-based information system employed for decision-making, and for the coordination, control, analysis, and visualization of information in an organization and it is a system used by managers to support their functions through collection of data, retrieving and processing of information to enhance the task function of managers (Bourgeois, 2014). Similarly, Oladejo (2007) describes management information system as a system that uses formalized procedures based on data from both internal and external sources to enable decision makers to make timely and effective decisions for planning, directing and carrying out activities for which they were employed. Hence, a Management Information System (MIS) is designed, developed, administered and maintained to accomplish those tasks when properly collected, organized, and indexed in accordance with the requirements of the organization; its stored data becomes accessible to those who need the information. A critical feature of any Management Information System should be the ability to not only access and retrieve data, but also to keep the archived information as current as possible (Moga, 2012).

The information system is the mechanism to ensure that information is available to the managers at all level in the form they want it and when they need it. It is designed to support their work through providing relevant information for their decision making (Boyne et al. 2005; Rashman and Radnor 2005; Walker 2018).

Apparently, the evolution of performance management has significantly changed the nature of business and has created competitive advantage for firms who appreciate and understand the pertinent effect of Management Information System (MIS). Organizational performance can be described as the accumulated end results of all the organizational work processes and activities (Owino and Jemaiyo, 2015). Organizational performance can also be described as the evaluation of the functional constituents that attempt to assess the capability and ability of a company in attaining its aspired levels using efficiency and effectiveness (Jenatabadi, 2015). Most firms nowadays depend on IT. But personal computers (PCs) themselves will not improve organizational performance this only comes about if they are used efficiently and effectively. Computer systems can clearly aid organizations in the processing data into accurate, well presented, up-to-date and cost effective information while the conciseness, relevancy, timeliness and completeness of supplied information will largely on the capabilities of the people involved in its processing and selection (Harizonova, 2003). Thus, this study seeks to examine how Management Information System (MIS) serves as a tool for organizational performance with a particular reference to United Bank for Africa (UBA), Ikot Ekpene, Akwa Ibom State.

Statement of the Problem

Management Information System (MIS) not only include software systems, but the entire set of business processes and resources that are used to pull together information from functional or tactical systems. Data is then presented in a user-friendly and timely manner so that mid and upper-level managers can use it to take the right actions.

The entire system is designed so that the banking industry will meet its strategic and tactical goals.

Management problem has been the bane of most Nigerian Banks. These manifest in poor decision, ineffective management of Bank resources and desired level of synergy in Banking Industries. This is obvious because of our human limitation. Information Management System becomes useful by helpings Banks to reduce managerial cost and human cost and make the work more accurate and faster. MIS help to provide the necessary information to make decisions with the effectiveness and efficiency, and as far as accuracy, comprehensiveness and timeliness in the providing information increase the efficiency of those decisions, which leads to improved performance.

Organizations have multiple functional systems. These usually include sales systems, call center systems, financial systems, inventory systems, logistic systems and more. Coordination of these different departments is complex and will remain ineffective without IMS combines information from multiple systems. This helps management staffers better understand their own departments' contributions. In many cases, the combination of data, such as sales figures combined with available inventory, help the manager take the appropriate action in order to meet the customer's needs.

Objectives of the Study

The broad objectives of this study focus on Management Information System and Organizational Performance. The specific objectives were:

i. To determine the effect of decision Support System on organizational performance
ii. To ascertain the effect of executive information system on organizational performance

Research Questions

The following research questions will guide this study:

i. To what extent does decision Support System affect organizational performance?
ii. How significant is the effect of executive information system on organizational performance?

Research Hypotheses

H_1: There is a significant relationship between decisions Support System on organizational performance

H_2: There is a significant relationship between executive information system and organizational performance

Review of Related Literature

Concept of Management Information System

A Management Information System (MIS) is a subset of the overall internal control of a business covering the application of people, documents, technologies, and procedures by management accountants to solve business problems such as costing a product, service or a business-wide strategy. Management Information Systems are distinct from regular information systems in that they are used to analyze other information systems applied in operational activities in the organization (Munirat, Sanni & Kazeem, 2014). Management Information System provides information in form of reports and displays to managers and many business professionals. For example sales managers may use their networked computer and web browser to get instantaneous display about the sales results of their daily sales analysis report to evaluate sales made by each sales personnel. Management Information System also takes into account integrative nature of information flow as well as the structuring of the organization around decision centers. Standards of performance are part of any good plans; hence, determination of standards like other aspects of the planning process depends on the availability of relevant management information system. Management information system aids the functioning and monitoring of an organization (Munirat et al, 2014).

According to (Karim, 2011) the information system is an inseparable part of the management system to provide appropriate information query resources for both system managers and the organization's management. described MIS as a method or process that gives detailed data necessary to manage organization efficiently.in comparison management information system can be as "the implementation, utilization and development of information systems by individuals, organizations and community." As (Adeoti-Adekeye, 1997) highlighted current management information systems frequently utilizing radical computer tools have had moderately little achievement in giving administration with the data it needs, and the problems due to this condition are as following:

1. Absence of administration inclusion with the plan of the MIS.
2. Limited or wrong accentuation of the PC structure.
3. Excessive fixation on low-level information preparing applications especially in the accounting field.
4. Modest understanding by data experts of administration's valid data requirements and of company issues.
5. Deficiency of top management support.

(Khadermoh, Almasri, Alsaraireh & Kbader, 2013) found that Information Management (IM) is resolved in three elements:

1. Team Information sharing and Knowledge development.
2. Capacity to locate the right data when required.
3. Far-reaching arranging that incorporates information from all association assets

hese elements push the part of an arrangement between information system and association technique, it is truly imperative in an association and the capacity to adjust organization goals to Tinformation system strategy and it makes the workflow more effective plus the key targets of the organizations need to concur with the information system objectives (Khadermoh et al., 2013).

Munirat et al (2014) investigate various challenges and prospect of MIS in Nigeria. The study was conducted in Federal Capital Territory, Abuja, and North-Central Nigeria with the use of questionnaire and interview to collect data. The study reported that use of ISs was encouraged by the technological breakthroughs; the advancements in telecommunications such as the internet, the globalization that created a global unlimited marketplace, the strong growing for information economy, and the rise of competitive digital firms. All of these factors transformed the ISs from data processing systems to decision support systems and became the foundation of the new business environment.

AL-Gharaibeh & Malkawi (2013) identify the impact of management information systems (MIS) on the performance of governmental organizations, Jordanian Ministry of Planning – case study, a sample consisted of employees in the ministry, the study found that there is no impact of hardware and software equipment on the performance of governmental organizations, there is a significant impact of networks, individuals and procedures, and management information system as a whole on the performance of governmental organizations. At the end researchers recommended the ministry updating MIS continuously, engaging employees in building systems, and train then on the system. Muhammad & Asfandyar (2012) demonstrate the impact of MIS training on the performance of the AG office Peshawar (kpk) employees, specially this paper accentuates on the core know-how of SAP(system application product), and the employees performance are measured with the help of SAP.

The data have collected through primary and secondary data, conclusion has been drawn from questionnaire which have been tabulated and presented through diagrams.

The result indicated that SAP program enhance the operation more quickly than operated manually before, only entry is require and verification by authorized users are acquire to process all record ,The recommendations and conclusions form the last part of this paper. Naranjo (2009) analyzes the role of top management team in the relationship between management information systems and strategic performance. The study using data collected from 92 top management teams, it analyses how different team compositions interact with a sophisticated management information system, and how this interaction affects strategic performances, which are focused on cost reduction and

flexibility. The study found the effect of management information system on strategic performance (focused on flexibility) is moderated by top management team diversity.

Information Technology and Information System

Information technology and information system are two closely terms, but they are different. Information technology (IT) refer to the products, methods, inventions, and standards that are used for the purpose of producing information, IT pertains to the hardware, software, and data components, Whereas information system (IS) is an assembly of hardware, software, data, procedures, and people that produces information (AL-Gharaibeh & Malkawi, 2013 in Alaa, 2015). Performance is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standard and competency requirements. Performance is much more than appraising individuals. It contributes to the achievement of culture change and it is integrated with other key HR activities, especially human capital management, talent management, learning and development and reward management. More specifically performance management is concerned with (AL-Gharaibeh & Malkawi, 2013):

- aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values;
- enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviours (expected to be);
- providing opportunities for individuals to identify their own goals and develop their skills and competencies;
- Motivating people by providing them with recognition and the opportunity to use and develop their skills and abilities.

Most firms nowadays depend upon Information Technology. But personal computers (PCs) themselves will not improve organizational productivity this only comes about if they are used efficiently and effectively. Computer systems can clearly aid organizations in the processing data into accurate, well presented, up-to-date and cost effective information. While the conciseness, relevancy, timeliness and completeness of supplied information will largely on the capabilities of the people involved in its processing and selection of the relevant information for proper decision making for the organization to improve the product to capture the market share.

Role of Management Information Systems

Decision Support System

Decision Support System (DSS) as —an interactive computer-based system intended to help managers make decisions .It helps manager retrieve, summarize, and analyze decision relevant data. Decision support system is interactive well integrated systems that provide with data tools and models to facilitate semi-structured decision or tactical decisions. It automates the routine and repetitive elements in a problem while simultaneously supporting the use of institution and judgments. Decision support system are ideally suited for problems like location, selection, identifying new personnel and analyzing the effect that price increase for resources have on profits (Cascante, Plaisent, Bernard & Maguiraga, 2002).

According to (O'Brien 2009) DSS are computer based information system that provides interactive information support to managers and business professionals during the decision making process.

Executive Information System

Executive information system is a type of management information system that facilitates and supports senior executive information and decision making needs. It provides easy access to internal and external information relevant to organizational goals. The primary purpose of an Executive Information System is to support managerial learning about an organization, its work processes, and its interaction with the external environment. Informed managers can ask better questions and make better decisions. A secondary purpose for an EIS is to allow timely access to information.

Executive support system help executives organize their interactions with the external environment by providing graphical and communication technologies in accessible places such as board rooms or personal corporate offices.

Management Information System and Organizational Performance

Organizational performance has received a great boost as a result of Information System (IS). Basically information system handles the flow and maintenance of information about significant people, places and things within the business environment/organization" (Jackson, 1997). It is important to note that effective organizational performance partly depends on IS to enhance production, effective decision making, and strategic planning. Further, "it has been claimed that to be competitive in today's high-tech environment world, organizations need to offer specialized services and develop an innovative strategy that employs new technologies, especially IS" (Williams, 2005). These technologies allow organizations to recognize the beneficial impacts of IS as an enabler of high standard performance. "High quality performance, efficiency and effectiveness represent critical challenges that most modern organizations face". In the light of these challenges,"IS becomes an important strategic ingredient that helps create competitive advantage and supports organizational survival" (Kaplan, 1992).

Researchers are still struggling to identify the underlying link between information system and organizational performance. "Research has indicated that effective and efficient use of information system is a major factor differentiating successful organizations from their less successful equivalents" (Robert, 2006). Furthermore, challenges such as reducing cost, increasing efficiency and improving performance have led organizations today to implement new organizing mechanisms to improve performance which include IS. Thus, IS represents a practical response from organizations to overcome these challenges (Akata, 2003). From this practical viewpoint, the importance of IS to organizations is very dear, especially when it affects organizational process, mechanisms, and the ways the organizations functions. Thus, "this dynamic mechanism pressures organizations to become digital so as to better respond to the external environments more rapidly than traditional organizations, giving them more flexibility for survival in the turbulent environment.

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standard and competency requirements. (Armstrong, 2009) Performance management is much more than appraising individuals. It contributes to the achievement of culture change and it is integrated with other key HR activities, especially human capital management, talent management, learning and development and reward management. Performance management is a process for establishing shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing and developing people that improves individual, team and organizational performance (Armstrong, 2009).

Theoretical Framework

The Resource-based View (RBV) Theory

This research work is anchored on resources based view theory. The resource-based view (RBV) proposed by Wernerfelt in 1984 is a major theory that has been adopted to analyze the issue. The basic argument of RBV is that firm performance is determined by the resources it owns. When RBV is applied to analyze the effect of information technology (IT), IT is considered an organizational resource that can enhance organizational capabilities and eventually lead to higher performance. When RBV is applied to analyze the value of IT, information systems are usually considered to be a type of resources. Barney & Wright (2008) argues that organizational resource that can create advantage must have the following attributes: valuable (the resource can enable a firm to conceive or implement strategies that improve its efficiency or effectiveness), rare (there sources should not be possessed by a large number of competing firms), Imperfectly Imitable (the resources should not be easily imitated due to unique historical conditions, causally ambiguous, or social complex); and non-substitutable (the resource should not be easily replaced by other substitutes).

Restricting resource based view to only firm level variables will only give a restraining picture. The reason is information system resources usually span across organizational boundaries and thus become more sensitive towards being exposed to the dynamism of discontinuous and cataclysmic environmental changes. Bhatt and Grover (2005) measured three types of capabilities that could be linked to IT resources. They are creating value, competitive summary capabilities, and dynamic capabilities. While value strictly deals with creating and sustaining competitive advantage, competitive capabilities views the organization as an entity within the greater ecosystem, where the capabilities of IT resources spans across organizational boundaries. And dynamic capabilities mention the organizations competence to renew itself against environment.Restricting resource based view to only firm level variables will only give a restraining picture. The reason is information system resources usually span across organizational boundaries and thus become more sensitive towards being exposed to the dynamism of discontinuous and cataclysmic environmental changes. Bhatt and Grover (2005) measured three types of capabilities that could be

Research Methodology

The research design employed in the research study was descriptive survey design.The target area of this study was in United Bank for Africa (UBA) Ikot Ekpene, Akwa Ibom State. The population was randomly selected from the management and staff of UBA which is one hundred and eighty seven (187), the sample size OF 127 was determined from the total staff strength using the Taro Yamane formula. The data for this research work was collected from primary sources. The researcher collected data using the questionnaire. The data collated were presented in tables where necessary, percentage computation was used and statistical technique used in testing the hypothesis was chi-square. At a given level of significance and a given degree of freedom (df), if the computed value X^2 is greater than the critical value; you reject the null hypothesis and accept the alternative hypothesis. But if the critical value is greater than the calculated value you accept the null hypothesis and reject the alternative hypothesis.

Test of Hypotheses

Hypothesis I

H_o: There is no significant relationship between decisions Support System on organizational performance

H_1: There is a significant relationship between decisions Support System on organizational performance

Table 8: Test of hypothesis 1

Response	Observed frequency (O_f)	Expected frequency (E_f)	Residual (O_f-E_f)	$(O_f-E_f)^2$	$\frac{(O_f-E_f)^2}{E_f}$
Yes	96	42.75	53.25	2835.56	66.33
No	20	42.75	122.75	-517.56	13.36
May be	45	42.75	2.25	5.06	0.12
No Idea	10	42.75	-32.75	1072.56	25.1
Total	**127**	**127**			**104.91**

Calculated $x^2 = \sum(O_f-E_f)^2 = 104.91$

Degree of freedom (d.o.f) = n-1

Where n = number of rows = 4-1 = 3

Tabulated x^2 at 5% level of significance for 3 degree of freedom is 7.51.

Hypothesis II

H_o: There is no significant relationship between executive information system and organizational performance

H_1: There is a significant relationship between executive information system and organizational performance

Table 9: Test of hypothesis II

Response	Observed frequency (O_f)	Expected frequency (E_f)	Residual (O_f-E_f)	$(O_f-E_f)^2$	$\frac{(O_f-E_f)^2}{E_f}$
Strongly Agree	98	34.2	63.8	4070.44	119.01
Agree	45	34.2	10.8	116.64	3.41
Undecided	15	34.2	-19.2	-368.64	10.77
Strongly Disagree	10	34.2	-24.2	-585.64	17.12
Disagree	3	34.2	31.2	973.44	28.46
Total	**127**	**127**			**178.77**

Decision Rule: Reject H_o where the calculated

Calculated $x^2 = \sum(O_f-E_f)^2 = 178.77$

Degree of freedom (d.o.f) = n-1

Where n = number of rows = 5-1 = 4

Tabulated x^2 at 5% level of significance for 4 degree of freedom is 9.48.

Decision: Since the calculated x^2 is greater than the tabulated x^2, the null hypothesis H_o is rejected and the alternative hypothesis H_1 is accepted. Thus, the findings indicated that there is a significant relationship between executive information system and organizational performance

Conclusion

Information system collects data, organizes people, procedures, databases and devices used to provide routine information that will assist managers in making effective and efficient decisions that will improve both individual and organizational performances, plays a vital role in realizing the objectives of an organization. It helps in ensuring that actual organizational performance conforms to the expected performance objective of the organization through the provision of accurate and necessary information needed for effective decision making that will lead to the achievement of organizational objectives.

However, the study concluded that there is a significant relationship between decisions Support System on organizational performance and that there is a significant relationship between executive information system and organizational performance.

Recommendations

The study recommended that:

i. Management should ensure that organizational performance is sustained through regular evaluation of her decisions support system.

ii. Management should also ensure that other organizational success factors are evaluated to compliment the contributions of the executive information system to the success of the organization.

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MEDIA COVERAGE OF ECONOMIC CRISIS IN NIGERIA: A FOCUS ON FUEL SUBSIDY REMOVAL

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Abstract

The study focused on media coverage of economic crisis in Nigeria: A focus on fuel subsidy removal. The Nigerian Government reviews the prices of petroleum products upwards from time to time. Early in 2012, it removed the fuel subsidy, resulting in fierce protests by many citizens.The objection to the resultant pump price hike by many Nigerians led to a somewhat downward review of the prices. This trend was repeated in 2023 and has caused hike in price of commodities and hardship to Nigerians. The unfolding events were featured prominently in the media. This study aims at finding out the role the media plays in enlightening the public on the effects of fuel subsidy removal. The study anchored on agenda-setting theory. Data was generated through the formulation of hypothesis and analyzed using Chi Square statistical presentation. Findings from the hypotheses analyzed show that the media has a significant role to play in enlightening the public about the effects of fuel subsidy removal, and that there is an informative significance of the media coverage of fuel subsidy removal that led to nationwide labor protest. The study recommends, amongst others, that media should consider public interest as paramount in crisis reporting.

Keywords: Media, fuel subsidy, Nigeria, Protest, Poverty

Introduction

The announcement on 29th May, 2023, of the removal of fuel subsidy by the government of President Bola Ahmed Tinubu, was met with protests by many Nigerians who described the resultant pump price hike as an unsolicited gift. With the home grown realities of unemployment, lack of confidence in government and security challenges amongst others, the pervasive expectation was that the government would hardly consider price increment in such a charged atmosphere of dissatisfaction and instability. The heat generated by the government's action attracted the media, including newspapers which remain commanders of a large army of readers across the country.

Adagba (2012) stress that “the news media provide ideological definitions and interpretations of policy issues by constructing them in ways that mobilize public support…” (inTorwel, 2011). Besides this, the media also legitimized protests as a national issue.

The sudden but predicted removal of fuel subsidy has sparked some fireworks and a lot of incoherence about the Nigerian economy and its socio-political currents. In the matter of subsidy, the researcher suspected that there is as much consensus as confusion.

The major presidential candidates all committed to removing fuel subsidy, although with different nuances about what comes before and after. Notably, Mr. Peter Obi, the presidential candidate of the Labor Party, promised to first establish the exact amount of consumption as to establish the volumetric impact of subsidy. He would then reduce it by 50% at the first instance with simultaneous mitigations. President Ahmed Bola Tinubu promised swift removal of subsidy and reinvestment of the savings in infrastructure. Atiku's plan is not very different from the two.But none of them has a coherent plan about how the manner of removal of subsidy entails any of the strategic objectives they intend to achieve in the economy

Now, think about it, Nigeria has the lowest minimum wage in the world, or at least any of its comparable countries. Let us take a few examples. Pakistani is a comparable country to Nigeria in terms of population, diversities, and economic development. Its minimum wage is $111. South Africa has a minimum wage of $226, while Saudi Arabia has $958. Minimum wage in neighboring Chad is $108.2. War-torn DRC has a minimum way of $92.47. Nigeria's minimum wage is $68, the lowest in the World. Besides, Nigeria is one of the poorest countries in the world with estimated 80-90m very poor citizens. The recent NBS estimates report that 143m Nigerians are extremely poor. The current unemployment is about 33.4%. The concern should be how proper pricing of an essential product like Premium Motor Spirit (PMS) would impact on the livelihood and wellbeing of majority of these citizens (Wogu, 2022).

In the context of pervasive poverty, any serious economic plan must relate actions like removal of subsidy to managing poverty. The sad part is that poverty is self-perpetuating. It does not reduce itself except when there is an effective policy response. So, the reasonable prediction is that unless something drastic is done, poverty will continue to increase. The minimum one would expect from a serious economic plan in Nigeria on removing subsidy should be that it argues how the removal will reduce poverty, or at least not worsen it. The only policy response of the Buhari administration was a proposed N5, 000 one off cash transfer to about 40 million households (Shehu, 2022).

The intersection of the economics of subsidy removal and the economics of poverty reduction in Nigeria frames the fight over subsidy removal. The two broad camps opposing each other on the wisdom of the abrupt and complete removal of fuel subsidy are looking through two different lenses: efficiency and equity. The efficiency camp focuses on the balance sheet of government. Subsidy creates a big hole there and contributes to fiscal bankruptcy of the federal government.

When a government spends double the amount it budgets for education and health to subsidize a product used mostly by rich citizens who can afford to pay for their use, then the provision of such goods or services is patently inefficient.

Twentieth-century economics rates high the idea of market efficiency based on the theories of Kenneth Arrow and Gerard Debreu. That theory holds that a market can be competitive and efficient (under some assumptions) at the right prices that converge all subjective preferences. At this price, the demand matches supply. The free market requires flexible prices that reflect the equilibrium points where supply equals demand. We know that in the real world, markets are rarely perfect and fully competitive because of both externalities and asymmetries.

The concern for efficiency in the consumption of PMS is two-fold. First, efficient pricing will stop the federal government from paying for PMS and reduce the public sector borrowing requirement for a heavily indebted, low revenue country like Nigeria that spent 78% of its revenue in 2022 servicing debts. In the past, the NNPC would pay the difference between market prices and actual costs. This created room for serious fraud. Today, NNPC imports the PMS and sells to marketers at costs and mark-up. The landing costs which NPPC incurs on behalf of the government constitute the 'subsidy payment'. What matters for government in the subsidy case is that market for PMS will now be one that consumers pay for what they consume. This is cost-efficiency. The second value of price efficiency is that people will make efficient use of the product, consuming when they need it and can afford it, and forbearing when they don't need it and can't afford it. If the price equals costs, there would be no need to subsidize the supply and no incentive to smuggle the product through the borders because there is no significant price differential.

Nigeria's porous borders require policing. But it is cheaper to achieve the same objective through pricing. In this case, the price in-state is the same or close to the same as the price out-state. How much will government save if it allows the price of PMS to equal the cost at any time? It estimates that it could save about N10 trillion annually. The argument is that the saving will go into building infrastructure, which will drive up growth and improve welfare.

The efficiency logic goes together with the argument about the proper role of government. Public sector economics believes that a state properly plays three roles in a society: allocation, distribution and stabilization roles. The allocative role of the state prescribes efficiency, which requires that the state allocates resources to where it is most efficiently utilized. Proper pricing is one mechanism of attaining allocative efficiency. The distributive role relates to concern about what is happening to the wellbeing of citizens. The official orthodoxy of the Washington Consensus used to be that 'a rising tide lifts all the boats'. In the subsidy debate, it translates to saying 'we recognize that the removal of subsidy will cause hardship to many, but don't worry, trust us. Once we invest the savings into infrastructure there will be good life for all'. But the thing though is that the return of investment in infrastructure for citizens will not correlate to ending their suffering, even in the long term. In the short term, investing in infrastructure will not mitigate the extreme hardship that the poor and vulnerable citizens will suffer. A rising tide does not lift all boats. Who get lifted depends on the nature of the current, what the boat is made of and how it is steered.

Whereas government will focus on efficiency rather than equity, the labor movement and associated groups pick up the equity lens. The state overriding obligation for the security and wellbeing of the people commits it to more than efficiency considerations. In fact, efficiency must be coupled with equity. The mistake of the subsidy debate is to assume that the existence of subsidy as an equity issue dispenses with efficiency from an economic perspective. As the first African Noble Laureate in Economics, W. Arthur Lewis, puts it in his classic text on economic growth, efficiency translates to economizing. That is, ensuring we produce more with less. Subsidy administration can be efficient and inefficient. We can target it to the group that needs it and in the measure it needs it, without damaging incentive for economizing.

The main problem may not be the existence of subsidies as much as the gross inefficiency and corruption in their administration.

Most Nigerian elites seem to agree that fuel subsidy should be removed. But the elite consensus to remove the entire subsidy and expose the working and unemployed poor to poverty and immiseration does not translate to a consensus to attack many layers and levels of entrenched inefficiency in Nigerian political economy. The Orosanya Report recommended rationalization of parastatals and agencies to reduce costs of governance. Successive Nigerian leaders have refused to implement the report because it will result in powerful elites losing high paying political jobs. Nigerian legislators earn the highest in the world in a bankrupting economy. The annual salary and benefits of a Nigerian senator come about N350m while those of a minimum wage earners are less than N400,000. Despite clamor and street protests, legislators have refused to cut down on the gross waste. Nigeria loses about 470,000 bpd (amounting to $700m monthly) of its crude to thieves working for top military and political leaders. There is no consensus to go hard on oil bunkering because it is Nigerian military and political leaders who are accused of being involved in the criminality. We have accepted this inefficiency in our stride.

There is no doubt that Nigeria can ill-afford this level of subsidy payment with its low revenue profile. The fiscal crisis of the Nigerian economy is endemic and needs a drastic action to stabilize. That brings up the third role of government in public finance: stabilization. The government should consider how its fiscal and monetary policies affect employment, prices, and productivity. The inflationary impact of subsidy removal may undermine growth and economic recovery. It may reduce household consumption and aggravate poverty. This is why some who support the removal of subsidy are worried at the abrupt and reckless manner of the removal. As part of the government's stabilization role, it must think of mitigation of the social and economic impacts of its policy.

The point to make is that Nigeria's economy is designed to produce inequality and inequity expressed by the consensus to remove fuel subsidy for its obvious inefficiency. Because the economy is steeped in inefficiency it continues to be unproductive.

When its unproductivity leads to threat of fiscal collapse, the elites take a purgatory action by sacrificing its weakest members. But this weak link has suffered much in recent times.

Concerns for equity in the wake of the elite consensus to remove petrol subsidy should not be only to increase the minimum wage or provide public buses to transport workers to work in urban cities. It should extend to revising the fundamental structure of the Nigerian economy that makes it the least protective of the citizens and the most effective in producing poverty and inequality.

Nigeria is not just one of the most inefficient and poorest countries in the world, it is also one of the most unequal and privileged. With a given coefficient of 35.1% and lowest social protection, even in the West African region, it is obvious that the usual World Bank palliatives will not succor the real victims of the subsidy removal. Oxfam rightly observed that the drivers of poverty and inequality in Nigeria are the almost complete focus of national budget on sectors and projects that cater to the rich, the erosion of labor protection in pursuit of neoliberal policies, and the total absence of social protection for the people. The removal of fuel subsidy in the manner solicited without significant recasting of the Nigerian economy will enhance these drivers.

The Nigerian constitution glibly proclaims that Nigeria is a social welfare state. But its political economy always ambles towards an incoherent pseudo-capitalist state. Should we trust the Tinubu administration to alter the structure of the Nigerian economy to reduce its inequality and improve social protection for the working and unemployed poor? Well, evidence from over two decades of 'progressive' leadership in Lagos State does not convince. As Tinubu and his successors made Lagos rich, they kicked millions into more poverty and underdevelopment. The two Lagos live side by side: one in high-rise buildings and the other in dignified slums. This inequity is not just a Lagos problem. It is a Nigerian problem. The Nigerian economy works only for the privileged few.

As the federal government and labor leaders agree to save Nigeria from fiscal collapse by accepting the draconic removal of fuel subsidy, we know that once again, Nigeria has outsourced its inefficiency to its unprotected poor. Save the nation and damn the poor.

Statement of the problem

It is difficult to convince an empathetic person that people living on less than N30,000 monthly should buy petrol at N730 per liter. If they pay the associated costs of the increase in petrol prices, we expect they will have less to expend on consumables that improve their well-being and enable them to escape poverty. So, as food inflation rises at the heels of subsidy removal, we expect access to basic nutrition, healthcare, and education to reduce, worsening poverty and inequality. The federal government is responding by promising an increase in minimum wage. Labor unions will surely bargain for mitigation for workers; but the population of Nigerians in formal employment is negligible. What happens to the rest of Nigerians in informal sector with no regular jobs or those trapped in the bottom million who cannot externalize the pass-through costs of petrol? Those are the victims of the Nigerian economy designed to cater to the well-being of the rich and political elites (Dominick, 2023).In the short to medium term, none of the conventional mitigations, including the ridiculous N8,000 cash transfer to 40 million poor household, will shield the over 80 million very poor Nigerian from the crushing impact of drastic spikes in energy price. However, it is the responsibility of the media to enlighten Nigerians on the proper plans and strategies of the government to curtail the effects of subsidy removal on the economy.The media have a primary responsibility of informing, educating and entertaining. In addition, they interpret, concretize and even mobilize the people to take meaningful actions. Adabga,

Ugwu and Eme (2012) had observed the trend of strikes arising from fuel pump price increase but the role newspapers played needs to be clarified to enable equitable appraisal of the medium as an agenda setter whilst effecting social responsibility. This study, therefore, investigates the media and coverage of the fuel subsidy removal issues. Here, the main objective is to find out if the media lived up to its responsibility of reporting this important national development.

Objectives of the study

The objectives of the study are:

To ascertain the role played by the media in enlightening the public about the effects of fuel subsidy removal.

To ascertain the informative significance of the media coverage of the fuel subsidy removal, that led to nationwide Labor protests.

To establish the direction of the media in their different presentations

Hypotheses :H_0 The media has no role to play in enlightening the public about the effects of fuel subsidy removal.

H_0 There is no informative significance of the media coverage of fuel subsidy removal that led to nationwide labor protest.

MethodologyData was generated primarily by raising hypothesis based on the perceived role of the media towards enlightening the public on the effect of fuel subsidy removal by the government. To achieve this, 300 respondents were selected from the three senatorial districts of Akwa Ibom State. Statistical data presentation involving the testing of hypotheses with the use of Chi-Square was used. This was based on the information generated from the statement of the problem and the objectives of the study.

Literature review

Challenges of funding fuel subsidy in Nigeria

Here are five major issues, namely:

Unsustainable financial cost of subsidy: According to the World Bank, Nigeria's total revenue in 2000 was USD10.8 billion. By 2010, this amount increased to USD 67.9 billion. Yet the Nigerian government has spent over USD 30 billion on fuel subsidies over the past 18 years. This has had a significant impact on funds available for critical infrastructure and other essential sectors such as education, health, and defense. According to the Debt Management Office, the country's public debt stock is being increased as the government had to borrow N1trn to finance fuel subsidy in the year 2022.

Economic distortion: According to a report, households in the bottom 40% of the income distribution account for less than 3% of all fuel purchases. Furthermore, it is reported that three-quarters of all fuel sold in Nigeria is consumed by private firms, public transportation services, government agencies, and other businesses. Most vehicles used for carrying large numbers of people (such as molue) and goods are diesel powered which is already deregulated. Also, Household Kerosene which is mostly used by the poor is no longer subsidized, meaning that the poor are already to a large extent paying market prices for their fuel. This effectively means that the government is subsidizing mostly those who can afford fuel (PMS) at market rates and not the poorest of the poor who need subsidy. This is one of the major problems with the way fuel subsidy is being implemented in Nigeria. For the benefit of subsidy to reach its intended recipients, the current structure will need to be reviewed and creatively restructured (Ezeukwu, 2023)

Smuggling: The porous borders between Nigeria and neighboring countries have created an enterprise for smugglers who purchase large volumes of petrol at a subsidized rate in Nigeria and sell at market prices in neighbouring countries.

In June 2022, the Managing Director of NNPC Limited indicated that daily consumption of PMS had increased to over 103 million litres per day and that at least 58 million litres were being smuggled. This means that smugglers and other West African countries benefit more from fuel subsidy than Nigerians. A report published by Chapel Hill Denham, estimates that 15.64 million litres of petrol are smuggled out of Nigeria daily as the retail price of Nigerian petroleum products on average is 3.7 times cheaper than those of its neighbors, and this has given smugglers undue opportunities for arbitrage. The Nigeria Customs Service also affirmed that PMS was being smuggled out of the country in large quantities after it has been subsidized by the Federal Government, adding that the petroleum product is being diverted to as far as Mali. (Ugand, 2022)

Endemic corruption: The subsidy point for fuel is importation (or supply) rather than at the pump for eligible users only. Subsidy in the current form encourages arbitrage and other forms of corruption (Ukonu, 2023).

Investment: Nearly 70 years after the discovery of crude oil in commercial quantity in Nigeria, Nigeria's oil and gas downstream sector is yet to develop to the desired levels, despite the recent enactment of the Petroleum Industry Act (PIA). The downstream sector of the oil and gas industry had the least foreign direct investment compared to the midstream and upstream sectors, and the reason for this is not far-fetched. The current subsidy regime and the legal framework of the downstream sector generally discourage investments. The downstream sector needs full deregulation if it would attract more private investors, and one of the impediments that will need to be removed upon full implementation of the Petroleum Industry Act is fuel subsidy (Shehu, 2012).

Relationship between petrol price increases, inflation and cost of living

In Nigeria, the price of petrol is considered as a major driver of the cost of living, as it is used by all including small businesses and many households given the unstable electricity supply. Therefore, any increase in fuel price could directly and immediately impact the prices of goods and services across the country. There is also the psychological impact that it tends to have because of the strong sentiment attached to cheap and affordable petrol. When petrol prices increase, small businesses tend to raise their prices to cover the increased cost of operation which can lead to higher prices for consumers. This can make it more difficult for people to afford basic necessities, lead to a decrease in the standard of living and contribute to poverty and inequality. However, previous attempts to remove the PMS subsidy had mostly been accompanied by hoarding and general scarcity which invariably amplified the impact of the price increase beyond just the subsidy removal. Overall, the relationship between petrol price increases, inflation, and the cost of living in Nigeria is complex and multifaceted. While petrol price deregulation can contribute to higher costs of living and inflation, the impact can be moderated if complemented with effective policies and well-thought out implementation strategy.(Uzoagulu, 2011).

Benefits of subsidy removal

Reduces government borrowing and the associated huge deficit

Fuel subsidy has been a major source of government expenditure in Nigeria, with huge sums being spent annually to keep petrol prices artificially low. This has led to the government borrowing heavily to finance the subsidy, which in turn increases the country's deficit. By removing the subsidy, the government can reduce its borrowing and the associated huge deficit, freeing up resources for other important sectors.

Free resources for investment in other critical sectors

With the removal of fuel subsidy, the government can free up resources that would have been spent on the subsidy to invest in other critical sectors such as education, healthcare, security and infrastructure.

This will not only improve the standard of living for citizens but also enhance economic growth.

Reduce/remove incentive for smuggling and associated security risk

Subsidy has created a huge incentive for smuggling of fuel to neighboring countries where they can be sold at higher prices. This has resulted in security risks, as smuggling has also led to illegal refining, pipeline vandalism, and other criminal activities. By removing the subsidy, the incentive for smuggling will be reduced or eliminated, which will lead to a reduction in security risks associated with fuel smuggling.

Stronger Naira and decline in imported inflation

The massive importation of fuel increases the demand for foreign exchange. One of the medium to long term impacts of the subsidy removal is the reduction of fuel purported consumed in Nigeria as cheap, subsidized fuel will no longer be available for smuggling. This reduced volume will translate to a reduction in demand for foreign exchange which will lead to a stronger Naira. This will also reduce imported inflation and its pass through effect, as the cost of importing petroleum products is a major contributor to inflation in Nigeria.

Investment flow to the downstream sector

Removal of subsidy will create an enabling environment for private sector investment in the downstream sector, leading to the development of local refineries and the creation of jobs. This will enhance the country's energy, security and reduce dependence on imported petroleum products.

More profitable downstream players

Along with the increase in investment flow to the downstream sector, deregulation of the downstream sector will stimulate increased activities that will lead to more profitable downstream companies. This will result in improved tax revenue both from the companies, their employees, vendors and other players across the value chain.

Product availability

Removal of subsidy will incentivize private sector investment in the downstream sector, leading to increased local refining capacity and improved product availability.

Possible Solution to the problem of fuel subsidy

Fully deregulate the downstream sector and completely remove petrol subsidy

The complete removal of fuel subsidy has been fraught with a lot of challenges ranging from opposition of Labour Unions and pressure groups, lack of political will, notions that cheap fuel is a right (Nigerian being an oil rich country), and the concerns that complete deregulation will generally make life unbearable for the masses. On the other hand, proponents of deregulation assert that deregulation will bring about competition which will result in increased efficiency, lower prices and production costs, and increased supplies. While this may benefit the economy financially, the fallout might result in social unrest and protracted industrial actions which will hurt the economy. It is important that the government demonstrates care for its citizens while not neglecting the impact of fiscal and economic policies on the national economy. This option, while being ideal and desirable, will be difficult to implement without significant resistance and economic trade off (Rodman, 2010).

Remove petrol subsidy and provide credible, evidence based palliatives

The only fuel product under consideration is petrol; other fuel products such as diesel and kerosene are already deregulated. Therefore, this option requires the full removal of subsidy on petrol while focusing government palliative on the vulnerable population that will be most impacted by the subsidy removal.

Redesign the subsidy removal and direct towards only the poorest

We have established earlier that a general subsidy regime for PMS is largely misdirected and unsustainable because the upper and middle classes typically consume more fuel than the poor. According to a World Bank report,

"Nigeria is the only country in the world with a universal price subsidy that applies exclusively to PMS. Universal price subsidies for liquid fuels are almost always regressive, as the rich consume far more fuel than the poor. PMS subsidies are especially, regressive because PMS is used primarily in light and medium-duty motor vehicles, which are rarely owned by the poor. Since raising PMS prices tend to have minimal adverse effects on poor households, governments worldwide have typically prioritized eliminating PMS subsidies over those that apply to other fuels."

However, Nigeria has done the opposite - eliminating all subsidies for liquid fuels other than PMS.

Theoretical Framework

The agenda-setting theory emerged after the normative theories. Media in this sense is seen to work with other variables to bring about change in the society and not ascribed the "almighty" status that is applicable in the normative theories. Folarin (2002) notes:

Agenda-setting implies that the mass media pre-determine what issues are regarded as important at a given time in a given society. Agenda-setting theory does not ascribe to the media the power to determine what we actually think; but it does ascribe to them the power to determine what we are thinking about (p.75).

Olukotun (2012) clarifies that the "… appropriate procedures for examining agenda-setting involve a comparison between media content over a certain period and the subjects that most people in the society are discussing" (as cited in Folarin, 2002, p.76).

McQuail (2010) observes that in order to show a causal relationship between the various issues termed agendas, content analysis, reflecting media attention to various issues in the relevant period, should be applied within a strict methodological culture.

Agenda – setting theory negates the filtering of information by interpersonal and mass communication audiences in the context of selective exposure, selective attention, selective perception and selective retention. McLuhan (in Folarin, 2002, p.76) faults the agenda-setting theory, stressing that "the press can color events by using them in a particular way, or refusing to use them at all." While fulfilling its statutory roles as information provider, watchdog, electioneering monitor, whistle blower and agitator for electoral reforms (Omoera 2010, p.33-38), the press should also serve as an impartial mediator especially, on such a sensitive topic as fuel subsidy removal. McQuail (2010) elucidates this point:

> One main feature is the adoption of a position of detachment and neutrality towards the object of reporting. Secondly, there is an effort to avoid partisanship: not taking sides in matters of dispute or showing bias. Thirdly, objectivity requires strict attachment to accuracy and other truth criteria (such as relevance and completeness). It also presumes a lack of ulterior motive or service to third party. The process of observing and reporting should thus not be contaminated by subjectivity, nor should it interfere with the reality being reported on (p.200).

The foregoing statement notwithstanding, the roles of the media in ensuring that political leaders are accountable and events fairly reported are not negotiable in order justify its appellation "fourth estate of the realm."

Data Analysis

Hypothesis one

H_0 The media has no role to play in enlightening the public about the effects of fuel subsidy removal.

H_1 The media has a role to play in enlightening the public about the effects of fuel subsidy removal.

Formula $X^2=\sum(F0-Fe)^2 - X^2k-1$

Where:

Fo = observed frequency

Fe = observed frequency

The critical region is to reject Ho if $X^2>X^2_x k-1$

Where:

X^2 is given as 5% (0.05)

K represents number of row

1 is constant.

Table 1 Chi-square (X^2) test using one way Goodness-of-fit-test

Fo	Fe	Fo-fe	$(fo-fe)^2$	$(fo-fe)^2/fe$
Number of respondents	Expected			
50	75	25	625	8.33
50	75	-25	625	8.33
100	75	-25	625	8.33
100	75	25	625	8.33
300	300	0	2500	Xcal=33.32

Test = 0.5 (i.e 5% confidence interval)

The critical region is reject to Ho if $X^2cal>X^2_{<1}k-1$.

But X^2 0.05,3 =7.8

X_{cal} = 33.3

Decision Rule

The null hypothesis Ho is rejected, since $X^2cal > X^20.05.3$, and H_1 is accepted. Hence, the media has a role to play in enlightening the public about the effects of fuel subsidy removal.

Hypothesis two

H_0 There is no informative significance of the media coverage of fuel subsidy removal that led to nationwide labour protest.

H_1 There is an informative significance of the media coverage of fuel subsidy removal that led to nationwide labour protest.

Table 2 Chi-square (X^2) test

Test use X=0.5 i.e (5% confidence internal)

Fo	Fe	Fo-fe	$(fo-fe)^2$	$(fo-fe)^2/fe$
Number of respondents	Expected			
50	75	25	625	8.33
50	75	-25	625	8.33
100	75	-25	625	8.33
100	75	25	625	8.33
300	300	0	2500	Xcal=33.32

Test = 0.5 (i.e 5% confidence interval)

The critical region is reject to Ho if $X^2cal>X^2_{<1}k-1$.

But X^2 0.05,3 =7.8

X_{cal} = 33.3

Decision Rule

The null hypothesis that there is no informative significance of the media coverage of fuel subsidy removal that led to nationwide labour protest is not accepted, hence, there is an informative significance of the media coverage of fuel subsidy removal that led to nationwide labour protest.

Summary of Findings

From the analysis of the hypothesis in table 1, it clearly shows that the media has an important role in the enlightenment of Nigerians on the plans, purposes and agenda of the government on fuel subsidy removal. The media has the privilege of questioning the government about their plans for the poor Nigerians who will feel the effect of this subsidy removal the most.

Findings from analysis of hypothesis in table 2 show that there is an informative significance of the media coverage of fuel subsidy removal that led to nationwide labour protest. In covering and recording of such national events, it conveys meaning to the general public by keeping them updated about the recent happenings and also telling them how you (the government) share in their pains.

Conclusion

Based on the findings, it can be concluded that the media has an important role to play in informing and enlightening the public about the plans and programs of the government. This study has also shown that fuel subsidy removal has significantly affected the cost of living in Nigeria and has also led to untold hardship to poor Nigerians.

Recommendations

In keeping faith with the discoveries in this study, it is pertinent to proffer the following:

It is necessary for the government to consciously seek constructive conclusion to any discourse initiated with the citizenry especially, such sensitive matters pertaining to daily living. Social upheavals would be banished where popular decisions are embraced.

Exhaustive engagement of channels of communication is the key to infallible decision-making. Government should reach rural dwellers through traditional communication channels (storytelling, theatre, song and dances) as noted by Yahaya (2003, p.43) for dispersal of information. Here, entertainment laced with education would help to solve problems of human endeavor" (as cited in Ugande, 2011, p.40).

Media need to be more decisive in taking positions on all issues affecting the people. Editorial commentary which is the exclusive preserve of tabloids contributed little to the vexed issue of fuel subsidy removal.

Advertorials in support of the government and also placed by same were not properly distributed. Government should guard against this undemocratic and subjective flow of information especially, on national matters such as this.

Research is recommended to assist government in decision making to avoid treading on the wrong side of public opinion and general expectation, Olukotun (2012, p.64). The protests and losses could have been avoided if research findings were applied in the decision to raise fuel price.

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MICROFINANCE SCHEME AND CAPITAL FORMATION OF SMALL AND MEDIUM ENTERPRISES IN BAYELSA STATE NIGERIA

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Abstract

This study examined the impact of the microfinance scheme on the provision of capital and financing of small and medium enterprises in Bayelsa state Nigeria. The nature of the research was descriptive and the research design was a survey design that covered both the small-scale businesses and the Microfinance Banks in Bayelsa state. Structured questionnaires were designed to enhance the collection of related data. the analysis involved simple percentages, and charts for easy understanding. A total of 206 (two hundred and six) questionnaires were distributed and 200 questionnaires were returned. Despite the challenges, coupled with the unwillingness of the deposit money banks to lend to small-scale businesses, the study shows that microfinance institutions have contributed very significantly to the growth of small and medium businesses. The result also demonstrated that increased awareness of the activities of microfinance banks impacted positively on the establishment of small-scale businesses. The study recommends that the Central Bank of Nigeria should regulate the interest rates charged by the microfinance banks, and also create more credit to outlets of other sectors so as to generate more capital and funds for small and medium-scale businesses in Bayelsa state.

Keywords: Microfinance, Capital, Financing, Credit, Banks, and Bayelsa.

Introduction

It is apparent that developing economies all over the world strive to achieve industrial development. Nigeria, a developing economy is not exempted. Over the years, the Nigerian economy has been dominated by large industries which are mostly multinational. This is apparently due to the government policies that encouraged and put emphasis on the development of these large industries at the overhead of the small and medium-scale industries. Eventually, the Nigerian government acknowledged the development of small and medium-scale industries as a requirement for nourishing a well-balanced industrial sector. Over the years, the means of attaining this development have shifted attention from large-scale and public conglomerates and focused more on privately owned small and medium-scale initiatives.

This is because SMEs are seen as the engine room for achieving economic development as they provide the best opportunity for job creation and rural development. SMEs generate employment, bring industrial development to rural areas, utilize indigenous material resources, and redistribute income among the poor. It is apparent that the small and medium-scale enterprises (SMEs) contribution to economic advancement and development has global recognition (Okoy, 2010 and CBN 2004). According to Kirby (2002), it has recorded massive success in most parts of the world such as South Africa, Japan, Singapore, Indonesia, Brazil, France, and Sweden. However, the government's intention of helping small-scale enterprises and their various programmes over the years have failed to produce the desired result (Yumkella and Vinanchiarachi, 2003). The reason behind the failure is a result of the numerous challenges faced by the SMEs which are as follows;

lack of long-term financing, inappropriate management skills, low market accessibility, disproportionate legislation, inadequate infrastructure, lack of electricity, etc (Lawson, 2007).

In looking at the failure of the Small and Medium Enterprise Equity Investment Scheme (SMEEIS) originated in 2001, the government of Nigeria came up with plans to establish microfinance banks so as to cover the gap that exists between the money deposit banks and small and medium business owners. In the view of the apex bank, the Central Bank of Nigeria (2005), the Nigerian formal financial system, consisting largely of deposit money banks, only carters about 35% of the population in small-scale enterprises, leaving about 65 percent of the population to be lending money through NGO's, (MFIs), private money lenders, friends, family relations and credit unions which are not under the regulation of government and are problematic because of an unconventional form of agreement. The contributions made by small and medium enterprises to economic advancement and development have been recognized globally.

In Nigeria, Lack of access to funding opportunities or skill-based training opportunities kept many small and medium-scale enterprises in abject poverty in Nigeria. Absurdly, governments all over the world, mostly in Nigeria over the years, have not been able to help the low-income earners and the poor in spite of all the economic programs that have been established by various administrations, all have failed to alleviate poverty through access credit to small and medium scale enterprises. Many scholars have discovered that Microfinance institutions (MFIs) aim to help the poor and low and medium earners to access credit and other financial services that will guarantee a better life for low and medium earners from static poverty, a lot of research work has been taking place. It is this new plan that this research proposes to discover the progressive relationship between microfinance institutional systems and capital formation of small and medium-scale enterprises in Bayelsa state, looking at the performance of microfinance institutional systems all over the world. MFIs are a new occurrence in the Nigerian economy. It was introduced in 2005 to replace the community banks. Even though many studies have examined the issue of small-scale enterprises in Nigeria, given the prevalence of poverty in small business owners and less growth in economic activities, especially in Bayelsa state, not many of them have evaluated the impact of MFIs on capital formation of small and medium scale enterprises This study aims to fill this gap. We divide our paper into five sections: introduction, literature review, methodology, results and discussion, and conclusion and recommendations, in that order.

Literature Review

In this section, literature was reviewed on each of the specific objectives. An effort was made to know different research works carried out by other researchers in relation to microfinance schemes and capital formation of small and medium-scale enterprises in Bayelsa and elsewhere. For purposes of simplicity, the literature was reviewed under the conceptual review, theoretical review, empirical review, and summary of literature review. The consultative society aims to assist the poor (2003) and defines microfinance as the supply of loans, and savings and providing basic financial services to the poor. These operators of small enterprises need a diverse range of financial instruments to encounter working capital requirements, the building of assets, stabilize consumption and guard themselves against risk. Financial services are needed by small enterprises which include operational capital loans, credit facilities, savings deposits, secured pensions, insurance in both capital and properties, and money transfer services. In preparation, microfinance is ample more than disburser rent management and collection of little bits of loan. It is rather referring to a flexible process structured to suit the credit needs and cash flow patterns of small businesses. The microfinance policy, regulatory, and supervisory framework for Nigeria was established on 15 December 2005.

The aim of the scheme, as noted by the Central Bank of Nigeria includes the Contribution of credit to rural industrialization, the access of financial services by low-income households brings about improvement in household economic welfare and enterprise stability and growth. According to Linda (2013) of the Economic Intelligence Unit (EIU), SMEs must prioritise growth in order to survive. She posited that businesses are looking to expand resources, despite the economic uncertainty, by creating flexible platforms upon which to grow quickly. SMEs are setting out plans to scale their operations while remaining viable. A sound cash position coupled with solid cash flow was highlighted as a key factor in preparing for any scaling, as subsequent business growth can put pressure on working capital. It is worth considering all the business funding options first to ensure that the necessary finance is in place ahead of time.

Most SMEs die within their first four years of existence. Another smaller percentage goes into extinction between the fifth and tenth year, thus, only about five to ten percent of young companies survive, thrive, and grow to maturity (Onuorah, 2010). Many factors have been identified as possible causes of premature death. Key among these include insufficient capital, inadequate personnel, lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper bookkeeping, lack of proper records, or lack of any records at all. Others include inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right calibre of staff, painlessness, cut-throat competition, lack of official patronage of locally produced goods and services, dumping of foreign goods and overconcentration of decision making on one (key) person, usually the owner, lopsided power supply and other infrastructural inadequacies (water, roads etc), unfavourable fiscal policies, multiple taxes, levies and rates, fuel crises or shortages, policy inconsistencies, setbacks and shocks, uneasy access to funding, poor policy implementation,
restricted market access, and raw materials sourcing problems, “insecurity of life and property, delicate ownership base, lack of necessary skill and knowledge, thin management, lack of preservation, processing and storage technology and facilities, lack of entrepreneurial spirit, poor capital structuring as well as poor management of financial, human and other resources”.

In support of the Financial growth theory, this theory was developed by Berger and Udell (1998). According to them, as a business matures over the years, its financial obligations and financing options metamorphose making more information available to the public. According to them, firms that are smaller, younger, and possess more ambiguous information must depend on initial internal funding, trade credit, or a type of financing called angel finance. (Angel finance is one that happens when an individual or association provides a limited amount for financial backing of a startup business with a more satisfactory repayment plan). As the business grows, it qualifies for obtaining both venture capital and midterm loans as sources of both intermediate equity and intermediate debt respectively. Further aging of the firm makes it become bigger and less informationally murky. This thus qualifies the firm to have access to both public equity and long-term loans as sources of both long-term equity and long-term debt respectively. The capital structure of SMEs is thus very different from that of bigger firms because SMEs rely more on the informal financial market which limits the type of financing, they are able to secure. The SMEs' initial use of internal financing leads to a peculiar state of affairs whereby capital structure decisions are deeply dependent on limited financing options. Therefore, SMEs own varying capital arrangements and are financed by various sources at different stages of their development (Berger and Udell, 1998).

Abdullah, Hamad, and Patrick (2019), revealed that Thin putting into practice among Small and Medium Enterprises (SMEs) has not carried out research extensively. There is a compromise that SMEs are a crucial component for a strong, and successful economy. Lean is a well-established method of organizational (Alkhoraifa & Hamad Rashidb, 2019) philosophy that enables companies to advance operations and trade more effectively with greater value and less waste. According to James, Ayodotun, Atolagbe, Maxweel, Augusta, Taiye and Peter (2018), Ofeimun (2018), Hassan Ishaya (2011), (Iheduru 2002). Mago and Mago (2009) Hamzat, (2009) Ogunrinde, (2009) Bentual, (2008), Carmichael (2008), Zahra, (2008), Agbobli, Kekar, Togo and Garba (2007) Annabel, (2007) Asad (2007), Berger and Frame (2007), Kimotho (2007), Swain and Wallentin (2007), Aguilar (2006), Kefas (2006) Makokha (2006) According to Lafourcade, Isern,
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Mwangi and Brown (2005), Tessie, (2005) Basu, Blavy and Yulek (2005), Wome (2003) Akanji (2002), Iheduru (2002), Marr (2002) March, Porter and Harper (1999), Morduch (1999), Yaron, Benjamin, and Piperk (1997) conclude by discovering that insufficient access to loans brings about stunted growth of small and medium scale enterprise development. They also foresee that many SMEs had no or limited capital, or relevant skills and used out-of-date technologies in their businesses.

The current state of poor infrastructures of many small and medium-scale enterprises in Bayelsa state has indicated that many failed to utilize the full benefit of the microfinance scheme and this has led to other problems like insufficient knowledge about the workings and functioning of the microfinance scheme, inadequate managerial skills, inability to update equipment and technology, and many are ignorance about the scheme. Therefore, the central bank of Nigeria (CBN) in partnership.

with the microfinance banks organizes enlightenment programmes such as literacy campaigns, provision of seed money, business training, social rehabilitation, start-up funding and training in business practices, promotion of social-economic conditions and general welfare, interventions of non-governmental organization and women development initiative awareness to the SMEs in Bayelsa state of Nigeria for adequate access to loanable fund with a digit interest rate.

Methodology

This chapter deals with the method used in collecting data required in carrying out this research work. It explains the procedures that were followed and the instrument used in collecting data, research design, data collection, and sources as well as the method of data analysis.

The researcher used a descriptive research survey design in building up this project work. The choice of this research design was considered appropriate because of its advantages of identifying attributes of a large population from a group of individuals. The design was suitable for the study as the study sought to look at the influence of the microfinance institutional system and capital formation of small and medium enterprise development in Bayelsa state in Nigeria. The data were sourced primarily with the use of a questionnaire. The population of the study comprised 426 small and medium-scale enterprises (SMEs) in Bayelsa state as the population of the study. Due to the size of the target population, the researcher used the Taro Yamane formula to arrive at a sample

size of 206 for the study. Viz; $n= N/1+N(e)^2$. Where N = population size, n = corrected sample size or sample size sought, e = margin of error i.e, e = 0.05 based on the research condition. The study employed a weighted mean and five-point Likert rating scale to answer the various research questions while a chi-square statistical tool was used to analyse the hypotheses at a 0.05 level of significance. The simple percentage method is believed to be straightforward and easy to interpret and understand. The formula for percentage is shown as % = f/N x 100/1. Chi Square, which is denoted by (X^2) is used in measuring the discrepancy existing between observed frequency (Fo) and expected frequency (Fe). The formula for computing the Chi-Square is: $X^2 = \Sigma (Fo - Fe)^2/ Fe$

Where X^2 = Chi-Square, Fo = Observe frequency, and Fe = Expected frequency. The degree of freedom is calculated as shown: D.F = (R-1)(C-1). Where, R = Number of rows, C = Number of columns, and D.F = Degree of freedom.

Data Analysis and Interpretation

The researcher used a descriptive research survey design in building up this research work. The choice of this research design was considered appropriate because of its advantages of identifying attributes of a large population from a group of individuals. The design was suitable for the study as the study sought to look at the influence of the microfinance institutional system on small and medium enterprise development in Bayelsa State in Nigeria. The Population of the study comprised 426 small and medium enterprises (SMEs) in Bayelsa state. The Sample is the set of people or items which constitute part of a given population sampling. Due to the large size of the target population, the researcher used the Taro Yamane formula to arrive at the sample size of the study.

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

Where n = corrected sample size or sample size sought, N = population size, and e = margin of error (MoE), e = 0.05 based on the research condition.

$$n = \frac{426}{1+426(0.05)^2}$$

$$= \frac{426}{1+426(0.0025)}$$

$$= \frac{426}{1+1.065} = \frac{426}{2.065}$$

$$= 206.295$$

The major research instrument used was the researcher's self-designed questionnaire entitled “Microfinance Scheme and Small and Medium Scale Enterprises Development Questionnaire” (MSSMEDQ).

This will be appropriately moderated. The respondents will be administered the questionnaire to complete, with or without disclosing their identities. The instrument is divided into two sections A and B. Section A will elite information from bio data while Section B will obtain information from question items. The questionnaire was designed to obtain sufficient and relevant information from the respondents. The primary data contained information extracted from the questionnaires in which the respondents were required to give a specific answer to a question by ticking in front of an appropriate answer and administering the same to the staff of the organizations: The questionnaires contained about 10 structured questions which were divided into sections A and B. The study adopts a five-point Likert rating scale with numerical figures attached to it below:

Strongly Agreed (SA) 5 points, Agreed (A) 4 points, Undecided (U) 3 points, Disagreed (D) 2 points, and Strongly Disagreed (SD) 1 point. This section is majority concerned with the analysis and interpretation of the data extracted through the respondents' responses to the research questions raised to elicit information from them. The data were analysed using the weighted mean in a five-point scale (SA, A, U, D, SD,) for the research questions. SA = 5, A = 4, U = 3, D = 2 and SD= 1.

Decision point (cut-off or acceptable mean)

$$= \frac{(SA+A+U+D+SD)}{N} \text{ OR } \frac{fx}{N}$$

$$= \frac{5+4+3+2+1}{5}$$

$$= 15/5 = 3.00$$

Any item with a mean score of 3.00 and above was accepted and hence a positive answer, while any mean below 3.00 was rejected and hence regarded as a negative. Therefore, 3.00 was regarded as the decision point for the items in the tables of research questions.

The statistical tool to test for the hypotheses is the Chi-Square (X^2). Chi Square, which is denoted by (X^2) is used in measuring the discrepancy existing between observed frequency (Fo) and expected frequency (Fe). The formula for computing the Chi-Square is:

$$X^2 = \frac{\Sigma (Fo - Fe)^2}{Fe}$$

Where; X^2 = Chi-Square, Fo = Observe frequency, Fe = Expected frequency

The degree of freedom is calculated as shown: D.F = (R-1)(C-1)

Where; R = Number of rows, C = Number of columns, and D.F = Degree of freedom

Efforts will be made at this stage to present, analyse and interpret the data collected from the field survey. This presentation will be based on the responses from the completed questionnaires. The results of this exercise will be summarized in tabular forms for easy reference and analysis. It will also show answers to questions relating to the research questions for this research study. The researcher employed the use of the weighted mean on a five-point scale.

The data collected from the respondents were analysed in tabular form with weighted mean for easy understanding.

A total of 206 (two hundred and six) questionnaires

Table 1: Gender Distribution of Respondent

Respondent	Frequency	Percent	Valid Percent
Male	100	50	50
Female	100	50	50
Total	200	100	100

Source: Researcher field work 2023

From table 1, it shows that the same number of response for both male and female; 100 each which comprises of 50% respondents for each.

Table 2: Age Distribution of respondents

Respondent	Frequency	Percent	Valid Percent
20 - 29	45	22.5	22.5
30 - 39	60	30	30
40 – 49	75	37.5	37.5
50 and above	20	10	10
Total	200	100	100

Source: Researcher field work 2023

Table 2, shows that 22.5% of the respondents are in the age arrange of 20 to 29, 30% are 30 to 39, 37.5% are 40 to 49, and 10% are 50 and above.

Table 3: Marital status of respondents

Respondent	Frequency	Percent	Valid Percent
Single	60	30	30
Married	90	45	45
Divorced	50	25	25
Total	200	100	100

Source: Researcher field work 2023

From Table 3, 30% are single, 45% are married while 25% are divorced.

Table 4: Educational qualification of respondents

Respondent	Frequency	Percent	Valid Percent
SSCE/ND	90	45	45
HND/BSc	60	30	30
PGD/MSc	30	15	15
PhD	20	10	10
Total	200	100	100

Source: Researcher field work 2023

From Table 4, SSCE/ND is 45%, HND/BSc is 30%,

P **Table 5: The performance of small and medium-scale businesses that operate with Microfinance banks has improved due to loan advances given to them.**

Respondent	Frequency	Total	Mean	Decision
Strongly agreed	68 x 5	340	790/200	Accepted
Agreed	92 x 4	368		
Undecided	12 x 3	36		
Disagreed	18 x 2	36	3.95	
Strongly disagreed	10 x 1	10		
Total	200	790		

Source: Researcher field work 2023

Table 5 above, shows that the mean score is 3.95 which indicates that the question is acceptable that Microfinance banks have improved the performance of small and medium-scale businesses that operate with them due to loan advances given to them.

Table 6: Microfinance enhance small and medium-scale enterprises to create wealth through the loan given to them.

Respondent	Frequency	Total	Mean	Decision
Strongly agreed	60 x 5	300	780/200	Accepted
Agreed	100 x 4	400		
Undecided	10 x 3	30		
Disagreed	20 x 2	40	3.9	
Strongly disagreed	10 x 1	10		
Total	200	780		

Source: Researcher field work 2023

Table 6: the question was accepted with 3.9 and it tells us that the Microfinance scheme enhances small and medium scale enterprises to create wealth through the credit and other activities given to them.

Table 7: Microfinance banks assist small and medium-scale enterprises in capital accumulation.

Respondent	Frequency	Total	Mean	Decision
Strongly agreed	68 x 5	340	708/200	Accepted
Agreed	92 x 4	368		
Undecided	12 x 3	36		
Disagreed	18 x 2	36	3.54	
Strongly disagreed	10 x 1	10		
Total	200	708		

Source: Researcher field work 2023

Table 7: the question was accepted with 3.54 and it expresses that Microfinance banks assist small and medium-scale enterprises in capital accumulation.

Table 8: Small and medium-scale enterprises are making use of the loans given to them judiciously.

Respondent	Frequency	Total	Mean	Decision
Strongly agreed	20 x 5	100	485/200	Rejected
Agreed	30 x 4	120		
Undecided	15 x 3	60		
Disagreed	70 x 2	140	2.43	
Strongly disagreed	65 x 1	65		
Total	200	485		

Source: Researcher field work 2023

Table 8: shows rejection with 2.43 which means that Small and medium-scale enterprises are not making use of the credit facilities given to them judiciously.

Table 9: Interest rate given by Microfinance banks affect small and medium-scale enterprises in the formation of capital?

Respondent	Frequency	Total	Mean	Decision
Strongly agreed	84 x 5	420	843/200	Accepted
Agreed	92 x 4	368		
Undecided	12 x 3	36		
Disagreed	7 x 2	14	4.22	
Strongly disagreed	5 x 1	5		
Total	200	843		

Source: Researcher field work 2023

The above table depicts that the weighted mean is accepted at 4.22 which means that the high interest rate given by Microfinance banks affects small and medium-scale enterprises in the formation of capital.

Table 10: Means (mode) of payment or of microfinance bank credit small and medium enterprises wealth creation in their businesses?

Respondent	Frequency	Total	Mean	Decision
Strongly agreed	48 x 5	240	704/200 3.52	Accepted
Agreed	68 x 4	272		
Undecided	41 x 3	123		
Disagreed	26 x 2	52		
Strongly disagreed	17 x 1	17		
Total	200	704		

Source: Researcher field work 2023

Table 10, shows an acceptance and implies that the Means (mode) of payment or of microfinance bank credit small and medium enterprises wealth creation in their businesses.

Hypothesis

Table 11: Chi-square analysis on the extent to which microfinance schemes play any role in capital formation and financing of small and medium scale enterprises in Bayelsa state of Nigeria.

Crosstab

Count

	Microfinance schemes play a role in capital materialization and financing of small and medium enterprises in Bayelsa state					Total
	Strongly Agree	Agree	undecided	Disagree	Strongly Disagree	
Frequency	62	58	32	31	17	200
Percentage	31.0	29.0	16.0	15.5	8.5	100
Valid Percentage	31.0	29.0	16.0	15.5	8.5	100

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)		Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	19.608[a]	1	.008			
Continuity Correction	4.615	1	.015			
Likelihood Ratio	5.536	1	.011			
Fisher's Exact Test					.011	.006
N of Valid Cases	200					

a. 0 cells (0.0%) have an expected count of less than 5. The minimum expected count is 26.13.

b. Computed only for a 2x2 table

Computed Using SPSS v22

Table 11, above show the chi-square analysis of the extent to which microfinance scheme play any role in capital formation and financing of small and medium-scale enterprises in Bayelsa state of Nigeria. The result indicates (r) or a significance value of 0.011 at the degree of freedom 1. Based on the result, our (r) or significance value of 0.011 is less them 0.05 level of significance, therefore we reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi).

Which states that the microfinance scheme significantly plays a role in the capital formation and financing of small and medium-scale enterprises in Bayelsa state.

This implies that the microfinance scheme significantly plays a role in capital formation and financing of small and medium-scale enterprises in Bayelsa state of Nigeria.

Discussion of Findings

From the analysis, the same proportion was given to both males and females which shows the same number of responses for both males and females; 100 each which comprises 50% of respondents for each. For the purpose of marital status, married persons have more percent from the analysis, that is 30% are single, 45% are married and 25% are divorced.

In the analysis, we depict that microfinance bank credits have improved the performance of small and medium-scale businesses that operate with them.

Furthermore, it expresses that Microfinance banks assist small and medium-scale enterprises in capital accumulation.

However, some businesses indicate that small and medium-scale enterprises are not making use of the credit facilities given to them judiciously due to the high interest rate given by microfinance banks affecting small and medium-scale enterprises in the formation of capital.

We also see that the Means (mode) of payment or of microfinance bank credit small and medium enterprises wealth creation in their businesses. This is in line with the study of Ofeimun (2018), and Hassan Ishaya (2011), (Iheduru 2002). Mago and Mago (2009) Hamzat, (2009) Ogunrinde, (2009) Bentual, (2008), Carmichael (2008), Zahra, (2008), Agbobli, Kekar, Togo and Garba (2007) Annabel, (2007) Asad (2007), Berger and Frame (2007), Kimotho (2007), Swain and Wallentin (2007), Aguilar (2006), Kefas (2006) Makokha (2006) According to Lafourcade, Isern, Mwangi and Brown (2005), Lafourcade et al. (2005), Tessie, (2005).

Conclusion and Recommendations

Conclusion

This study attempts to make sure the impact of the Microfinance institutional system and small-scale enterprises in Nigeria via Bayelsa state. Encouraging and significant correlation has been established between microfinance institutional systems and small and medium-scale performance. The study confirms the positive contributions of microfinance institutions' credits toward promoting small-scale enterprises' market share, production efficiencies, and competitiveness. 90 percent on capital formation and financing for small and medium-scale enterprise development in Bayelsa state. Although the microfinance institutional system in Nigeria is faced with the challenges of not having enough funds, problems which militate against their efforts to fund sufficient finances to small-scale enterprises (Isern et al., 2009), there are tendencies to amplify the financial needs of small scale enterprises are substantially acknowledged.

Recommendations

MFIs should ensure and strive to put in place procedures, policies, and products that will enhance the participation of both men and women (low-income households) in their various programmes in order to achieve gender responsiveness and equity; The MFIs should design appropriate products that are flexible enough to meet the different needs of the low-income household and the poor for both production and consumption purposes.

To avoid fraudsters and quacks in the microfinance industry, CBN should establish an institution with the responsibility of building capacity through the periodic training of directors and managers of microfinance banks. Also, the necessary authorities should take their duties seriously so that the problem of poor management and diversion of funds will be addressed.

The government should urgently tackle the problems of infrastructural development and maintenance. These include electricity, water, and efficient transportation systems which impact greatly the standard of living of the people; The government should ensure that the financial intermediary services provided by the microfinance banks are given enough publicity and captured clearly in the official financial statistics, this would assist in evaluating its contribution to the GDP of the country. Microfinance Banks should create more credit to the agricultural sector so as to generate more employment opportunities in the Niger Delta region of Nigeria. and

Finally, a regulatory framework to improve the lot of the stakeholders particularly the rural low-income borrowers who seem to be at the receiving end.

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EMPIRICAL INVESTIGATION OF PUBLIC DEBT ON ECONOMIC GROWTH IN NIGERIA (1981 - 2021)

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Abstract

Increasing public debt is a major source of concern to both policy makers and researchers. This study examined the impact of public debt on economic growth in Nigeria for the period 1981–2021. The dependent variable of the study is real gross domestic product while the independent variables are foreign debt (FDT) and the cost of debt servicing (CDS). The data for these variables were sourced from the World Bank Development Indicator and Central Bank of Nigeria Statistical Bulletin. The theoretical framework is anchored on the Keynesian theory of public debt and the autoregressive Distributed Lagged (ARDL) model is the estimation method. The study reveals that foreign debt has positive effect on real GDP but the cost of servicing the debt has negative effect on the economic growth of Nigeria. The study therefore recommended effective and efficient utilization of borrowed funds so as to reduce the negative effects on the economy; reduction in borrowings and scale up efforts to boost sources of domestic revenue to finance its growth plans as external debt accumulation weighs down economic growth; economic diversification on non-oil sectors; external funds for specific projects that can yield revenue for the country so as to leverage on such facilities to repay the loan in future. Again, the study also emphasized the need to ensure that borrowed funds were not embezzled so as not to have negative multiplier effect on the economic growth in Nigeria.

Keywords; Public Debt, RGDP, Borrowing, Economy, Budget Deficit.

, Introduction

Government spending is a function of her income. Like corporate entities' government articulate her expected income and expenditure on yearly basis in a work plan usually known as budget. This is a plan of action prepared by government or corporate entity expressed in financial terms, for a given period, usually a year. Sometimes, the expected expenditure exceeds the expected income, when that happens, it is known as budget deficit and the shortfall or financing gap is in most cases financed through borrowing. Public debt which is also referred to as national debt owed by the government or the aggregate of borrowings of all government units such the federal, state and local government (Idenyi, Igberi andAnoke, 2016).

, Public debt is described as the aggregate of borrowings acquired by government bodies of a country; this includes funds owned to private organizations, public entities, foreign government etc. Debt borrowing is a major instrument by the government to finance budget especially in a developing country where low capital stock and limited investment opportunities exist. Debt or borrowings have been described as an important instrument of fiscal policy available to government to fund the development of a nation. Debt is employed in causing the settlement of expenditures that will ultimately increase productivity and improve the growth of the economy (Muhammad, Ruhaini, Nathan and Arshad, 2017).

Public debt can either be external or internal (domestic). Domestic debts are incurred by government in domestic markets in order to finance domestic investments while foreign debts also known as external debt is obtained outside the shores of the country

It is usually owed to multilateral agencies such as International Monetary Fund, World Bank, African Development Bank, Islamic Development Bank, and bilateral agencies such as the China Exim Bank, the French Development Bank, or the Japanese Aid Agency. Others are private creditors such as the London club or Paris club etc. The aggregation of both domestic and foreign debts cumulates in what is referred to as public debt. Public debt which includes both internal (domestic) and external debts is considered when the revenue realized by the governable is insufficient for its projected expenditures (Rahman, 2012).

Economic theory suggests that reasonable levels of borrowing by a developing country are likely to enhance its economic growth (Pereira, A. and Z. Xu, 2000). When economic growth is enhanced (at least more than 5% growth rate) the economy's poverty situation is likely to be affected positively (Amakom, 2003). In order to encourage growth, countries at early stages of development like Nigeria borrow to augment what they have because of dominance of small stocks of capital hence they are likely to have investment opportunities with rates of return higher than that of their counterparts in developed economies. This becomes effective as long as borrowed funds and some internally ploughed back funds, are properly utilized for productive investment, and do not suffer from macroeconomic instability, policies that distort economic incentives, or sizable adverse shocks. Growth therefore is likely to increase and allow for timely debt repayments.

Soludo (2003), opined that Countries borrow for two broad categories: macroeconomic reasons[higher investment, higher consumption (education and health)] or to finance transitory balance of payments deficits[to lower nominal interest rates abroad, lack of domestic long-term credit, or to circumvent hard budget constraints]. This implies that countries seek for debt to boost economic growth and reduce poverty. He also opined that once an initial stock of debt grows to a certain threshold, servicing them becomes a burden, and countries find themselves on the wrong side of the debt-laffer curve, with debt crowding out investment and growth. This seems to be the position of Nigeria today because investment, which will accordingly result to high-speed growth with a positive effect on poverty, is moving sporadically in both positive and negative directions.

Public borrowing has been an important source of funding Nigeria's national development plans. The federal government budget, the key driver of public spending, is often in deficit. The Federal deficit is financed through domestic and foreign borrowings. The study findings have direct policy implications, especially on tax and investment decision and crucial for understanding whether an expansionary fiscal policy that increases the level of public debt will reduce the standard of living in the future.

The results are expected to guide policy makers in the design of an optimal public debt strategy that is conducive for Nigeria's economic growth objectives and free up resources for pro- growth government spending. The paper is organized into five sections. Following the introduction, Section two presents the overview of the related literature, while section three addresses the methodological issues and research materials. The empirical results are presented and discussed in section four while section five concludes the study and offers policy recommendations based on findings.

Literature Review

A review of relevant conceptual, theoretical and empirical literature will provide better insights into the rationale and dynamics of public debt and economic growth. This section discusses some conceptual, theoretical and empirical literature on the cause-and-effect linkage between government expenditure and economic growth**.**

Conceptual Literature

The Concept of Economic Growth

Economic growth is defined as “the process whereby the real per capital income of a country increases over a long period of time.” It can also be defined as the increase in the market value of the goods and services produced by an economy over time. It is a rise in the per capita income as stated by Jelilov, Gylych, Muhammad Yakubu, Maimuna (2015). This connotes an increase in the total output of an economy per person, all things being equal. hinghan (2011) states that economic growth is the quantitative sustained increase in a country's per capita output or income, accompanied by expansion in its labour force, consumption, capital and volume of trade. It is measured as a percsent rate of increase in real gross domestic product (GDP) according to IMF (2011).Economic growth is one of the objectives of macroeconomic policy of a nation's economy.

Economic growth may also be described as an increase in the volume of flow of goods and services in an economy. Muritala and Taiwo (2011) defines a country economic growth as a long term rise in capacity to supply increasing diverse economic goods to its population, this growth capacity based on advancing technology and the institutional and ideological adjustment that is demanded. In other words, economic growth refers to increase in a country's potential Gross Domestic Product (GDP). Godwin (2007) defines economic growth as an increase in real gross domestic product (GDP), that is, gross domestic product adjusted for inflation.

The Concept of Public Debt

Public debt is defined as the accumulated total of government borrowing from either the private sector of the country or from abroad (Mayo, 1996). Public debt also referred to as government debt or external debt is conceptualized as the aggregate debts owed by a certain country to individuals, corporations and countries within the country or abroad. It is the total money owed by the government of a country to various creditors, institution, others and individuals resident in and outside Nigeria.

Public debt can also be described as the total debts of a country, which include debts of governments at all levels such as local, state and national governments, thereby showing how many public expenditures are financed through borrowing instead of taxation (Makau, 2008 cited in Christabel, 2013). Public debt is one of the approaches used in financing government projects, even though the approach is not the only way the government can finance its operations as she can also create money to monetize its debts, and by creating money to finance government operations, the need to pay interest may be removed (Martin, 2009).Government debts are all forms of government borrowings at all levels of government(Christabel, 2013).Public debt forms part of the finance approach adopted by governments all over the world, although this approach is often resorted to when all measures have been exhausted, in fact the measure is considered favorable relative to other measures which includes the creation of money and the sale of national assets (Martin, 2009).Public debt is an important means of bridging government financing gaps. Effective and efficient utilization of public debt can increase economic growth and help government achieve developmental and social objectives. However, public debt is also a doubled-edged sword. Excessive reliance on public debt and inappropriate public debt management raises enormous macroeconomic risks, impede economic growth, and hinders overall economic development. For example, high public debt demand can increase the domestic interest rate thereby crowding out private investment. For instance, empirically, Fosu (2007, 2008) applied a seemingly unrelated regression model to a panel of 35 African countries for the period 1975–94 and concludes that the debt constraint has a negative impact on education and health expenditures.

Theoretical Literature

The Keynesian Theory of Public Debt

The Keynesian theory of public debt was developed partly as a result of the economic crisis created by the great depression of the 1930s in the 19th century. In the theory, constant unbalanced budgets and rapid increase in public debt affect the nations' financial stability. It conceived that huge public debt is a national asset rather than a liability and hence, continuous deficit spending is very essential to the economic growth of nations because, it leads to full employment (Precious, 2015).

The Keynesian theory postulated that the economy tends to equilibrium at full employment, which was an attack on the classical principles of budgeting and public finance. By assumption, Keynes assume that if there were unemployed resources that the private sector could not employ, these resources can be put to use by adopting an unbalanced budget. Accordingly, Keynes upheld that a rise in public debt via the multiple effects would raise the National Income. It linked public borrowing with deficit financing and urge the government to borrow for all purposes in order to increase effective demand in the economy, which would, in turn, result inincreased employment and output. Lerner (1955), opined that duly importance should be given to certain advantage of public borrowing while considering burden thesis of public debt. The economic effect of public debt is assessed in the consideration of the nature of the expenditure for which debt is incurred and in terms of the income generating potentialities. In modern theory, duly importance was given to the net burden of public debt. Furthermore, the theory postulated that additional flow of income generated by increased debt to finance expenditure leads the payment of taxes to serve the debt. During the period of unemployment, public debt increase contributes to current capital for the nation. More so, the theory stated that public borrowing promotes the development of more and more institutionalized sources of savings like stock, capital market, insurance companies, and Banks.

The Ricardo Theory of Public Debt

The theory was postulated by Ricardo in 1819. In his Principles, Ricardo developed the theory of public debts by stating that the ordinary and extraordinary spending of government were mainly payments made to sustain unproductive laborers. Therefore, any saving from the government expenses would be included in the income if not to the capital of the contributors. Ricardo in a letter written to McCulloch in 1816 believed that public expenditure was wasteful venture undertaken by the state. Ricardo's theory of public debts was then, based on the fact that the primary burden to the community was derived from the wasteful nature of public expenditure itself rather than from the methods adopted to finance such expenditure (Precious, 2015).

The Riacrdo's theory of public debt suggests that financing public expenditure could be productively attained by sourcing funds from sectors and communities with excess economic resources so as to reduce inequality.

He stated that the reason for this is because the prioritization of a certain sector for the settlement of public expenditure does not impact positively on the growth of the economy but rather it impoverishes the state despite large amount of public debts and taxes raised (Ricardo, 1819). In a similar way, the author argued that the payment of interest of debt extorts significant amount of wealth from the society to a different economy thereby impoverishing the state. This according to Okoye, Modebe and Evbuomwan (2013) necessitates the need for countries to contract productive debts as improves economic growth.

Empirical Literature

Many researchers have done a lot of work in an attempt to study the effect of increasing public debts on economic growth at different countries including Nigeria. Therefore, some of the studies related to economic growth and public debts were reviewed in this section..

Abdulkarim et al (2021) assesses the impact of government debt on economic growth in Nigeria using the Autoregressive Distributed lag technique. They advocated that external debt constituted an impediment to long term growth while its short term effects was negative. It was suggested that the government should direct the borrowed funds to the diversification of the productive base of the economy. This will improve the long term economic growth, expand the revenue base and strengthen the capacity to repay outstanding debts when due.

Egbetunde (2012) examined public debt and economic growth in Nigeria. The study employed the quantitative research method. Secondary time series data spanning forty years (1970-2010). Data gathered in the study was analyzed using Augmented Dickey Fuller and Philip Perron test. Results stemming from the study revealed that public debt exerts a long run impact on economic growth. The findings of the VAR model also demonstrated that there is a bi-directional causality between public debt and economic growth in Nigeria. Based on this finding, the study recommended that Nigeria government should source for loans within the economy.

Abiodun et al (2022) in their studies: Effect of External Debt Service on Economic Growth in Nigeria adopted the Auto-Regressive Distributed Lags (ARDL) approach to co-integration and found evidence of a negative relationship between external debt service and economic growth. It recommended that policy makers in Nigeria should develop a methodology to compare the return on external debt to be incurred with the cost of debt so that gains that may eventually offset the cost of debt service can be ascertained.

Elom-Obed, Odo, Elom, and Anoke (2017), carried out research on the nexus between public debt and economic growth in Nigeria for the period 1980-2015using cointegration test, Vector Error Correction Model (VECM) and Granger causality test. The variables employed in the investigation were the real gross domestic product, domestic private savings, external debt, and domestic debt. The empirical results revealed that external debt and domestic debt have negative and significant effects on economic growth in Nigeria. More so, the results showed that domestic debt and external debt granger cause real gross domestic product (RGDP) with causality runs from external debt and domestic debt to RGDP.

Nassir and Wani (2016), investigated the relationship between public debt and economic growth in Afghanistan for the period 2008-2012 using analysis of variance (ANOVA).The variables employed in the study include the gross domestic product (GDP), government stock, Advances from Commercial banks and external debt. The results showed that government stock, Advances from Commercial banks and external debt have negative and insignificant influence on the gross domestic product (GDP) in Afghanistan. Thus, the study recommended that the government should develop a framework for recording and monitoring all contingent liabilities and also formulate and implement a policy for the management of the contingent liabilities. More so, it recommended that the government should continue to implement wider economic reform policies that promote investment in Treasury bonds and encourage institutional investors such as pension funds and insurance companies to invest in Treasury bonds.

Bakare et al (2022) in their study, Debt Burden Effect on Growth of a Mono-Cultural Economy: The Nigeria Experience, claimed that the local debt contribution to the economy is highly significant and more productive than the foreign debt. Therefore, policy makers should prioritize local debt to foreign debt. While; diversification of the economy, strict monitoring of loan utilization, among others should be placed above politics.

Lucky and Godday (2017), empirically examined the nexus between the public debts structure and the growth performance of the Nigerian economy for the period 1990-2015 using simple and multiple regression analyses.

The variables used in the analysis include gross domestic product, domestic debt, external debt, and total debt. The results of the simple regression total public debt have a positive and significant impact on gross domestic product in Nigeria. Similarly, the results of the multiple regression analysis revealed that whereas the external debt is negative and significant to economic growth, the domestic debt has a positive and significant effect on the economic growth in Nigeria. Therefore, the study recommended that Nigeria should pursue domestic debts policies as against its external debts counterpart.

Abula and Ben (2016), examined the effect of public debt on economic development in Nigeria from 1986 to 2014. Johansen cointegration test, Error Correction Method (ECM) and the Granger Causality test were utilized in the analysis. The variables employed in the study include gross domestic product, external debt stock, domestic debt stock, external debt service payment and domestic debt service payment. The results showed evidence of long-run relationship among the variables. The results of the ECM indicated that external debt servicing and external debt stock have a negative and insignificant impact on economic development in Nigeria while domestic debt stock has a significant influence on economic development. The results also showed that domestic debt service payment has a negative and significant effect on economic development in Nigeria. Therefore, the study recommended that the government should reduce its external debt stock level but should accumulate more domestic debt accumulation as it will contribute significantly to the development of the economy.

Sunday, Ngozi, Michael, and Ogochukwu (2016) carried out research on the impact of public sector borrowings on interest rates, prices, and output in Nigeria. Vector Autoregressive (VAR), Granger causality test, impulse response and variance decomposition of the various innovations were engaged in the analysis to study the impact of the variables. The variables specified in the model of the study include real gross domestic product (RGDP), prime lending rate, external debt, domestic debt, and composite consumer price index. The estimation results showed that shock to external debt stock raises the prime lending rate. The results indicated that external and domestic debts had an insignificant impact on the output and general price level.

Favour, Ideniyi, Oge and Charity (2017) assessed public debt and economic growth in Nigeria. Specifically, the study investigate extent to which foreign debt impact national output in Nigeria; ascertained if domestic debt significantly impacts national output in Nigeria; determined the degree of causal relationship existing between the explanatory variables and national output in Nigeria. The study adopted the quantitative research method. Secondary time series data spanning forty-five years (1970-2015) was amassed in the study from the Central Bank of Nigeria. Result stemming from the study revealed that external debt has significant negative impact on economic growth within the period under study; domestic debt (DMD) has significant negative relationship with economic growth within the period under consideration and external debt and domestic debt granger cause RGDP in Nigeria with causality running from external debt and domestic debt to RGDP. Premise on the result, the study suggested government should reduce external debt and the ones obtained should be strictly used for purposes intended to ensure positive effect and government should cut down on domestic borrowing and ensure that the already borrowed.

Methodology

Theoretical Framework

The theoretical anchor of this research is the Keynesian theory of public debt which suggests that huge public debt is a national asset rather than a liability and hence, continuous deficit spending is very essential to the economic growth of nations because, it leads to full employment. By assumption, Keynes assume that if there were unemployed resources that the private sector could not employ, these resources can be put to use by adopting an unbalanced budget. Accordingly, Keynes upheld that a rise in public debt via the multiple effects would raise the National Income. It linked public borrowing with deficit financing and urge the government to borrow for all purposes in order to increase effective demand in the economy, which would, in turn, result in increased employment and output. Furthermore, the theory postulated that additional flow of income generated by increased debt to finance expenditure leads the payment of taxes to serve the debt. More so, the theory stated that public borrowing promotes the development of more and more institutionalized sources of savings like stock, capital market, insurance companies, and Banks.

Model Specification

In an attempt to find the Rising public debt in Nigeria and its impact on economic growth (1981-2020). Thus, the model to be estimated in this study is specified as follows:

RGDP = f (FDT, CDS)

(3.1)

The above equation can be written in econometric model;

$RGDP = \beta_0 + \beta_1 FDT + \beta_2 CDS + \mu$

(3.2)

Where RGDP = Real Gross Domestic Product;
FDT = Foreign Debt;
CDS = Cost of Debt Servicing;
β_0, β_1, β_2,are the parameters to be estimated
μ = Stochastic term or error term.

Results And Discussion Of Findings

This section presents the results of the estimated data, the interpretation, the discussion and the evaluation on the standard evaluation criteria outlined in section three and in line with the structure of the Nigerian economy.

Results Presentation and Analysis

The results of the estimation exercise are presented in the following tables. Table 4.1 presents the summary of descriptive statistics

Summary of the Descriptive Statistics

Table 4.1: Result of Descriptive Analysis

	RGDP	FDT	CDS
Mean	34690.67	1698.216	499.2115
Median	23688.28	633.1400	131.0500
Maximum	71387.83	9022.420	4622.600
Minimum	13779.26	2.330000	1.010000
Std. Dev.	20237.78	2195.768	947.0456
Skewness	0.673787	1.763095	2.907626
Kurtosis	1.880848	5.585453	11.54878
Jarque-Bera	4.986242	31.06770	173.7106
Probability	0.082652	0.000000	0.000000
Sum	1352936.	66230.44	19469.25
Sum Sq. Dev.	1.56E+10	1.83E+08	34082021
Observations	39	39	39

Source: **Authors' Computation using EVIEW 9**

Table 4.1 presents the summary statistics/descriptive analysis of the variables under study which include; real gross domestic product (GDP), foreign debt (FDT) and cost of debt servicing (CDS). The total number of observations for each variable is 39. RGDP has the highest mean value of 34690.67, followed by FDT (1698.216) and CDS (499.2115) respectively. The skewness values show that all independent variables are highly and positively skewed as their values are greater than one (1) individually while the dependent variable appear to be moderately skewed owning to the fact that its skewness value range values shows that all independent variables are mesokurtic as their values are greater than three (3), while the dependent variable appear to be platykurtic given that its Kurtosis value, is less than three (3). The probability of the Jarque-Bera Test also shows that all the independent variables are normally distributed as their probability values suggest a significant status of the JB values at a 5% level, while the probability values of RGDP JB result are insignificant at 5% level. The above result shows that the estimation of the variables is robust thus, the variables can be used for inference in further analysis.

4.1.2 Stationarity/Unit Root Tests

To determine the nature of stationary process of the series, the study employed the Phillip Perron (PP) test of unit root test that is in relation with the Augmented Dickey Fuller test (ADF). The essence of the stationary test is to avoid spurious regression, strongly biased estimation result of high correlation coefficient test and low Durbin Watson test results. The PP test results are presented in Table 4.2.

Table 4.2: Phillips-Perron(PP) Unit-Root Test Result for Variables

Variables	PP-Statistics	Critical Value	Order of Integration
RGDP	-9.604787	1% level = -3.626784 5% level = -2.945842 10% level = -2.611531	Stationary @ 2nd Difference
FDT	-11.13630	1% level = -3.626784 5% level = -2.945842 10% level = -2.611531	Stationary @ 2nd Difference
CDS	-9.021634	1% level = -3.621023 5% level = -2.943427 10% level = -2.610263	Stationary @ 1st Difference

Source: Authors' Computation using EVIEW 9

Note : *** p< 0.01; ** p < 0.05; * p < 0.1

Table 4.2 show the Phillips-Perron unit root test results for Real GDP, Foreign Debt, and Cost of Debt Servicing. It can be seen from the results that real GDP and foreign debt are second-order integrated variable while cost of debt servicing is stationary at first difference. It becomes obvious that the variables are of mixed order. The statistical implication of this result is that cointegration has to be tested for the result not to be spurious. For this reason, an ARDL model is employed due to its flexible nature to dynamically accommodate the mixture of stationary and integrated regressors.

Autoregressive Distributed Lag (ARDL) bound Test Approach

The co integration test is conducted to establish the co integrating ranks for the variables. The cointegration test is based on the ARDL bound test. This is at both the upper bound and lower bound critical values of 5 percent and 10 percent significant levels. The result is presented in Table 4.3

Table 4.3: ARDL Cointegration Test Results

Test	Statistics					
F-stat	1.894206					
critical values and approximate p-values						
	10%		5%		1%	
	I(0)	I(1)	I(0)	I(1)	I(0)	I(1)
F	2.37	3.20	2.79	3.67	3.65	4.66

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Source: Authors' Computation using EVIEW 9

Table 4.3 shows the ARDL bound test result for testing for the level (long-run) relationship real GDP, foreign debt and cost of debt servicing. The null hypothesis of the test is that there is no long-run relationship between the variables with real GDP which is the dependent variable. The bound test is based on the decision that, if the F and t statistics lies between the bounds I(0) and I(1), the result is inconclusive. If it is above the upper bound I(1), the null hypothesis of no level effect can't be rejected. If it is below the lower bound I(0), the null hypothesis of the no level effect is rejected. The result shows that the calculated F-stat (1.89) is significant at the conventional levels; hence, we can conclude that there exists a valid long-run relationship between the variables.

ARDL Long-Run and Short-Run Results

Having established the long-run relationship among the variables, the study proceeded to estimate the long-run coefficients result. The long-run estimate results based on the ARDL is reported in Table 4.4.

Table 4.4 ***Estimated ARDL Long Run Model Parameters***

Variable	Coefficient	Std. Error	t-Statistic	Prob.
RGDP(-1)	1.547244	0.167657	9.228618	0.0000***
RGDP(-2)	-0.518534	0.184629	-2.808523	0.0084***
FDT	0.130104	0.101774	1.278364	0.2103
CDS	-0.703172	0.406266	-1.730818	0.0931*
C	-85.44481	434.6734	-0.196572	0.8454

R^2= 0.99
s.e= 1000.440
Regression diagnostic test results
LM-test = 1.90139[0.1669]
Hete-test = 4.95[0.0032]

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Source: Author's Computation using EVIEW 9

Table 4.4 shows the long-run impacts of foreign debt and cost of debt servicing on real GDP. The result revealed that one-period lag of the dependent variable has positive and significant impact on its current value; while the two-period lag have negative impact on the current value of the dependent variable. The foreign debt (FDT) has positive long run impact on the dependent variable while the cost of debt servicing (CDS) has inverse relationship with the real GDP.

The result shows that if the lag one of real GDP increase by one percent, there would be N1.54 increase in real GDP whereas one percent increases in the lag two of the GDP would reduce the current value of the real GDP by N0.51. The result also implies that if the foreign debt increases by one percent, there would be 0.13 increase in real GDP while one percent increase in the Cost of debt servicing would reduce the real GDP by 0.70. The coefficient of determination shows that 99 percent of the variation in the dependent variable is explained by the independent variables and speaks volume about the robustness of the estimated model.

ARDL Short-Run Test Results

Since the ARDL approach integrates both the short-run and long-run dynamics, the short-run dynamic result is presented in Table 4.5.

Table 4.5: ***Estimated ARDL Short Run Model Parameters***

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(RGDP(-1))	0.518534	0.145701	3.558883	0.0012***
ecm(-1)*	-0.028710	0.009973	2.878741	0.0071***
R^2	= 0.59			
s.e	= 956.6041			
Regression diagnostic test results				
LM	= 1.901398 [0.1669]			

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Source: Author's Computation using EVIEW 9

Table 4.5 presents the short run result of the estimation which reveals that one-period lag of the RGDP showed a positive and significant impact on its current value. The error correction term (ECM) shows that the GDP responds to the deviation from its long-run (steady) state, and it significantly adjusts to it. The value of the error correction term must be negative and strictly lies between -1 and 0 for otherwise, it makes the results invalid statistically and economically. It can be deduced that a low percentage i.e.3% of the GDP level is adverted due to a one-time temporary shock within a year. In addition to this, the correctness and significance of the error correction term prove the estimated long-run result presented to be valid and further substantiate the convergence of the estimated ARDL model. The coefficient of determination shows that about 60% of the variation in the level of GDP is explained by the regressors. The LM autocorrelation test result is insignificant and it can thus be conferred that the model is free of autocorrelation.

Summary, Conclusion And Recommendations

Summary of Findings

The study examined the impact of public debt on economic growth in Nigeria from 1981 to 2021, using the autoregressive distributed lag approach. The variables of the study are public debt, proxy by external loans, and cost of debt servicing. The study reviewed the related literature and the following findings were made:

1. The Foreign debt has positive impact on the economic growth of Nigeria
2. The cost of debt servicing (CDS) has negative impact on the economic growth of Nigeria.
3. There exists a long-run relationship between gross domestic product, the foreign debt and cost of debt servicing in Nigeria for the years under analysis.

Conclusion

From the ARDL long-run model parameter, external debt component of public debt is positively related to economic growth. This implies that external debt has more efficiency in promoting economic growth in Nigeria. In Nigeria, the external debt sources are the bilateral and multilateral financial institutions. From the result, it implies that these sources are prone to promoting growth than institutively the domestic loan sources. The cost of debt servicing is negatively related to economic growth. This supports the fact that debt servicing is really a development challenge to Nigerian policy makers and this has given rise to debt overhand.

Institutively, effective management is important, if Nigeria should exit debt challenges one more than after the first debt exit in 2003. The earlier the debt overhang is prudentially managed by the Debt Management Office (DMO) and by extension he policy maker, the better from promoting growth.

Policy Recommendations

Following the empirical findings and in consonance with the development in Nigerian economy, the following policy options are recommended:

There is a positive relationship between external debt and real GDP. This implies that policy makers should evolve fiscal/complementary to promote economic growth via external debt borrowing. However, caution must be exercised to avoid overhand.

Since debt servicing is negatively related to economic growth, therefore, the policymakers and government should device appropriate means of managing these debt to reduce its effect on the growth path of the Nigeria economy

The office of the Debt Management Officer should be strengthened in handling debt issues and empowered to evolve debt management strategies including moratorium and the use of embargo on managing debts.

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