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The Impacts of Domain Knowledge and Personal Traits on Decoy Effects

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ABSTRACT

The aim of this study is to investigate how consumers react to decoy effect. Decoy effect is a phenomenon that an option added increases the favorable perceptions of similar, but superior, items in the choice set, which indicates that the preference of people can be changed by adding a decoy option. We then want to realize the impact of those factors on decoy effects, and the intensity of effects.

We employed quota-sampling method and classified the sample by districts in Taiwan and we collected 404 valid questionnaires by web and finished designed sample structure in spring 2016. Empirical results of this study show that domain knowledge and self-confidence significantly attenuates the intensity of decoy effect. We inference that experts do not need to refer the information provided by choice set, and high self-confidence people more likely to trust their own experience in nature.

Keywords : *decoy effect, attraction effect, domain knowledge, personal traits, decision making* **JEL code:** *M21, M31, M37, M00, D30.*

1. INTRODUCTION

The aim of this study is to investigate how consumers react to decoy effect; we want to realize the impact of those factors on decoy effects, and the intensity of effects. Decision making happens everywhere and every day. People often experience conflict about how much of one attribute (e.g., price) to trade off in favor of another (e.g., quality). It is critical to make a right choice because the decision you made can be manipulated. People are usually uncertain about the exact consequences of our actions and it may depend on the weather or the state of the economy. That is to say, people's preference can be affect by different circumstances. And, consumer behavior and decision making are interesting subjects not only for their practical uses in marketing, but also for the contributions they bring to the literature of how people choose. Understanding behavior is a better way to design offers than guesswork (Helgadóttir, 2015).

The needs of people are various and unique. To meet the needs, researchers believe that the various sorts and varieties of selection can satisfy more widely of needs. One such assumption is the regularity principle (Luce & Duncan, 1977), which asserts that the addition of a new option to the choice set should not increase the probability of choosing any of the original options. However, the study of has different theory, that is, context effects (Huber, Payne, & Puto, 1982; Huber & Puto, 1983).

We face them many times a day since there is always a context to choose from. In a fast food restaurant, we choose between the single, double, or triple cheeseburger. In an electronics store, we may balance processor speed and weight when we buy a laptop. Every day, our choices are subject to the joint influence of the available alternatives. Not just the alternatives themselves, but also the context provided by the choice set influences what we choose. We choose products that stand out, represent a compromise, or are relatively better than the alternatives (Huber et al., 1982).

Decoy effect is one kind of context effect, refers to the phenomenon that an option added increases the favorable perceptions of similar, but superior, items in the choice set (Bateman, 2008). The added item (decoy) provides a worse trade-off with a similar (target) product, which makes the target item look relatively better, shifting preferences to the target. Context effects are defined as the finding that consumer's choices are influenced by the context that surrounds us, context can also refer as environmental factors in broad sense, but in narrow sense this study used, context effect refers to the composition of the choice set may affect the decision (Doyle, O'Connor, Reynolds, & Bottomley, 1999). Decoy effect also called “attraction effect” or “asymmetric dominance effect” (Health, 1995).

Reference price refers to how much consumers expect to pay for a good in relation to other competitors and the previously advertised price (Ratchford, 2001). Memories of past prices, which consumers have paid in the past for similar products, determine the reference price for a product. Reference prices can be external or internal to memory (Kivetz & Netzer, & Srinivasan, 2004). The Anchoring effect was first theorized by Tversky & Kahneman (1986), they contended that people frequently form estimates by starting with a given, easily available reference value, which could be arbitrary and adjusting from that value. As estimate, therefore, would be “imprinted” to that value. As for Arbitrary coherence, occurs when we are exposed to a price for something and that price sort of sticks (coheres) in our minds. The price can be (and often is) arbitrary, hence the term, but once the price is out there and gets stuck into our heads, we come to expect that price to be the price, and we value things based on this original, somewhat arbitrary set point (Ariely, 2003)..

According to the study of Bearden (2001), self-confidence is defined as the extent to which an individual

feels capable and assured with respect to his or her marketplace decisions and behaviors. Bearden also claim that consumer self-confidence reflects one's perceived ability to make effective consume decisions and protect oneself from being misled, deceived or being treated unfairly (Hellén, 2011) Thus, through the external behavior of consumers, self-confidence can also provide a relatively stable characteristic of self-esteem (Blascovich & Tomaka, 1991).

Self-confident people also tend to ask for a product demonstration, relying on past personal experience, trying the product before buying, or reading the information on the package (Locander & Hermann, 1979). Self-confident people are also considered they have faith in their decision, rarely influenced by others (Wood & Stagner, 1994). Cohen, Stotland, & Wolfe (1955) in their work on individual differences in cognitive motivation, identified a “need for cognition” which they defined as “the individual's need to organize his experience meaningfully”, the need to structure relevant situations in meaningful, integrated ways, and “need to understand and make reasonable the experiential world.”

Several researchers have considered need for cognition as a person's reactions to demands for effortful thinking in a variety of situations (Cacioppo, Petty, & Morris, 1983; Cacioppo & Petty, 1984). Specifically included items describing a variety of situations in which people could choose to garner information, analyze available evidence, abstract from past experiences. Past research revealed that people high in need for cognition tended to prefer the complex to the simple task whereas people low in need for cognition tended to prefer the simple to the complex task. It also indicates that high in need for cognition individuals are more likely to extract information from and think about externally provided message arguments than low need for cognition individuals (Cacioppo et al., 1983).

In the study of Cacioppo et al. (1983), has classified message processing to “make a single selection from a number of options” and to “make an evaluation on each option.” Previous research also found that high need for cognition individuals tend to change their optimal in-store purchase decisions because they tend to react to a promotion signal; conversely, low need for cognition individuals remain their choice whether the amount of price reduction offered or not (Mantel & Kardes, 1999). Finally, we defined domain knowledge as valid knowledge or experience in specialized domain field used for consumer decision. Such experience is knowledge in a particular decision making skill, which you have gained because you have done that before (Luo & Toubia, 2015).

In short, there are four aims of our study as follows: (1) To verify how personal traits (self- confidence, need of cognition) affect decoy effect. (2) To verify the relationship between age and decoy effect. (3) To verify the relationship between domain knowledge and decoy effect. (4) To provide the reasoning relationship between different theories. Figure 1 is research framework. (Figure 1 is here)

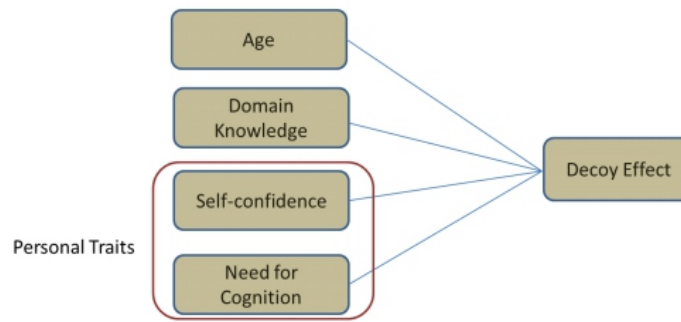


Figure 1 Research Framework

2. LITERATURE REVIEW AND HYPOTHESIS SETTING

In rational choice theories of decision making, irregular choice has been demonstrated in university students using both hypothetical and concrete options (Huber et al., 1982; Tversky & Kahneman, 1986). Inconsistency across similar problems can, for example, result in very great costs to a decision maker, in one demonstration A, B, C corresponded respectively to six dollars in cash, an elegant pen, and a not-so-elegant pen (Simonson & Tversky, 1992). In these circumstances, the proportion of people choosing B was significantly greater in the three alternative group than in the two-alternative group, implying a violation of regularity on the part of many participants (Kim & Hasher, 2005).

At the work of Lichtenstein and Slovic (1973) has shown with both undergraduate students and adult gamblers. It is widely thought that inconsistencies arise in the absence of well-established or preexisting preferences that then allow people to construct them on each occasion. As a result, minor changes in wording of a problem or in alternatives to select from can lead to differences in preferences and so inconsistencies in choice across variants of the same problem (e.g., Payne, Bettman, & Johnson, 1993; Slovic, 1995). As an example, individuals' preferences are known to vary within the exact same set of options when they make a choice (e.g., between Gamble A, 10% chance of earning \$ 90, and Gamble B, 90% chance of earning \$10), compared to when they make a judgement (e.g., how much would you pay for each of these gambles?). People in the choice condition are likely to choose Gamble B whereas people in the judgement condition are likely to value Gamble A more highly (e.g., Slovic, 1995). This phenomenon, called preference reversal, is one example of inconsistency in decision making (Kim & Hasher, 2005).

Counter intuitively, the study of Mao (2012) has shown that the attraction effect is more pronounced for consumers who rely heavily on intuitive reasoning in judgment and decision making. In contrast, the attraction effect is equally pronounced for consumers who rely more and those who rely less on rational thinking.

Consumer choices that exhibit systematic dependencies on the alternatives in the choice set violate two assumptions underlying traditional random utility models (RUM). First, such choices are inconsistent with the Independence of Irrelevant Alternatives (IIA) assumption that the relative preference between two options does not depend on the presence of other options (Luce & Duncan, 1977). Second, such choices violate the regularity assumption that enlarging the choice set cannot increase the choice share of an option. The regularity principle is applicable only if adding the third product (like Cheerios) does not provide new information about the original options. Thus, the switch from Corn Flakes to Wheats cannot be faulted if the introduction of Cheerios provides evidence of a nutritional defect in Corn Flakes.

Previous work indicated that older people's choice performance can be wiser than that of younger people (Tentoria, Osherson, Hasher, & May, 2001). We contrasted two possible interpretations: a general view that suggests that older adults are generally more skilled or experienced at making decisions than younger people and a domain-specific expertise view that suggests that older people are more skilled decision makers only in domains in which they have greater knowledge (Kim & Hasher, 2005).

However, researches on aging-related changes in decision making report mixed results. Some decision-making skills decline with age, while others remain unchanged or improve. Because fluid cognitive ability (e.g., reasoning, problem solving) deteriorates with age, older adults should perform worse on decision-making tasks that tap fluid cognitive ability (Shafir, Waite, & Smith, 2002). However, the performance on some decision-making tasks may require experience, which increases with age. On those tasks, older adults should perform at least as well as younger adults. These two patterns emerged in correlations between age and component tasks of adult decision-making competence (A-DMC), after controlling for fluid cognitive ability, age becomes a proxy for experience. These results suggest that experience plays no role in performing the first set of tasks, and some role in performing the second set of tasks (Trueblood, 2013). Although not all decision-making tasks showed age-related declines in performance, older adults perceived themselves as worse decision makers. Self-ratings of decision-making competence were related to fluid cognitive ability and to decision-making skills that decreased with age but not to decision-making skills that increased with age (De Bruin, Parker, & Fischhoff, 2012).

In many situations, people make estimates by starting from an initial value that is adjusted to yield the final answer. The initial value, or starting point, may be anchored in their mind, this defined as anchoring effect. The anchoring effect (Tversky & Kahneman, 1986) refers to the adjustment a decision maker carries out based on information presented to him. For example, if a person must make a decision about whether the guy is taller or shorter than 180 cm, he will use the figure of 180cm as a reference point in coming to make a conclusion. Behavioral scientists call the numerical figure that people use to make decisions an anchor.

The reference price effect (Kalyanaram & Winer, 1995) can be defined as any price in relation to which other prices are seen. Reference prices can be external or internal to memory. External reference prices can be provided to consumers through channels such as advertising, catalog listings, and consumer price guides. Internal reference prices are those stored in the consumer's memory. When buying goods consumers give importance to comparing the price of the good with a “reference price” the price that they would usually expect to pay or the price they think the goods is worth using all previous data.

The core concepts of these two theories are very similar. In the reference price theory the internal reference price they memorized is where the value imprinted. These theories indicated that people do not know how much things are worth to them, an anchor helps them decide. Once a value is set, people are good at setting relative values. Therefore, decoy effect can be theorized by such, when you add a new decoy option, it will also set an anchor in your mind when you first facing the choice set, the anchor will becomes your reference point (price), and once anchor was set, you will use that reference point to evaluate the other. The results of Hess & Queen (2013) support the notion that older adults are adaptive decision makers and that factors other than age may be more important determinants of performance in situations where knowledge can be used to support performance.

The domain specific knowledge can also considered experience as anchor point, internal reference price. It will be memorized and can help people make a decision. If people have a firmly anchor point, it is difficult to change them by the new anchor, external reference price, which is the decoy option we added. That is, we purpose the H1 and H2 hypothesis as follows:

H1: As age growing, influence of decoy effect attenuates.

H2: Domain knowledge negatively influences decoy effect.

Consumer self-confidence is defined as the extent to which an individual feels capable and assured with respect to his or her marketplace decisions and behaviors (Bearden, 2001). According to the study of Locander & Hermann (1979), “self-confident people tend to ask for a product demonstration, relying on past personal experience, trying the product before buying, or reading the information on the package.” This quote also implied that the self-confident people tend to make a estimation by internal reference price in their mind, instead of external reference price, as previously mentioned, internal reference price can also considered as an anchor in people's mind. Self-confident people are considered to have faith in their decision, rarely influenced by others (Wood & Stagner, 1994). It also confirms that self-confident people are more likely to reference to their own experience rather than external factors.

This study measure the extent of self-confidence by whether people are confident with the decisions they

made or not. Therefore, we make the following inference: Since self-confident people are more certain on their own judgment, and less susceptible to external factors influence, hence we assume that the decision relatively unaffected by added decoy option, therefore, the decoy effect will be less obvious.

That is, we purpose the H3 hypothesis as follows:

H3: Self-confidence negatively influences decoy effect.

The literature studied by Cacioppo et al. (1983) indicates that “the extent of individuals” need for cognition is the main reason which affects individuals to processing message. This study further inference that when high in need for cognition individuals facing different price information, they tend to ponder the content of information, observe the details and properties of product more clearly. The study of Mantel & Kardes (1999) indicates that “in preference judgments,” they are more likely to have the attribute information accessible from memory and more likely to engage in attribute-based processing than are their low need for cognition counterparts. Thus, it appears that message elaboration and need for cognition can shape the decision process by influencing how information is encoded, stored in memory, and used in making a preference judgment.” This also confirms our contention.

Previous research also found that not only the amount of information search differs, but also searching ways is different in decision making (Cacioppo et al., 1983). To make a single choice, high need for cognition individuals searching for a relatively large amount of information, and the search way will be the attributes comparison between different options. When individuals with high in need for cognition want to evaluate each option, they will think the attributes of each option in order to make an overall evaluation. We can simply sum up by this assertion, self-confident individuals tend to refer the internal experiences more, while high in need for cognition individuals tend to refer external information more.

In this study, we require consumers to make a single choice in multiple options. The high need for cognition individuals will consider each attribute of options carefully to make an overall judgment; this makes them easily affected by the decoy effect, namely intensifying decoy effect. On the contrary, according to the study of (Mantel & Kardes, 1999), one with low on the need for cognition will be less likely to use attribute-based processing during preference formation, and thus will be less likely to be influenced by the direction of comparison. That is, we purpose the H4 hypothesis as follows:

H4: Need for cognition positively influences decoy effect.

3. METHODOLOGY

This study distinguishes variable need for cognition into two groups, high in need for cognition and low in need for cognition, to verify whether personal traits (self-confidence and need for cognition) and

domain knowledge will influence decoy effect or not. This study also verifies the intensity of effects and the causality between variables and results. We will also provide a theorized reasoning process for how it works. Note that there are many classification ways of personal traits, however, this study choose self-confidence and need for cognition to discuss in depth, because researcher consider these two personal traits can obviously influence decoy effect.

The decoy effect is typically measured by comparing the relative shares of choice alternatives between the core and the extended sets. Thus, if $P(A; B)$ is the share of A relative to option B in a selection made from the set $\{A, B\}$, then $P_C(A; B)$ is the share of A relative to B and C in options made from the set $\{A, B, C\}$, where

$$P_C(A; B) = \frac{P(A;B,C)}{P(A;B,C) + P(B;A,C)} \quad (1)$$

Consistent with prior research, the decoy effect is measured in terms of the changes in the relative share associated with adding a decoy alternative to the choice set, as given by

$$\Delta P_A = P_C(A; B) - P(A; B) \quad (2)$$

i. e. , ΔP_A represents decoy effect, which means after adding decoy option, the shares change from selection B made to selection A made. $P(A; B)$ is the share of A relative to option B in a selection made from the set $\{A, B\}$, and $P_C(A; B, C)$ is the share of A relative to B and C in options made from the set $\{A, B, C\}$. The measurement is according to the researches of Simonson (2003) and Chernev (2004). This measure was used to examine differences after adding the decoy option (Hedgcock & Rao, 2009). In the study of decoy effect, it is to be noted that the choice set with two alternatives called core set, and the choice with three alternatives is called extended set.

As to domain knowledge ratings, as an approximate index of domain-specific expertise, we assessed knowledge about decision domains for a subset of participants using four questions. These were adopted from (Mitchell & Dacin, 1996; Mishra, Umesh, & Stem, 1993; Ratneshwar, Shocker, & Stewart, 1987; Sen, 1998).

In data collection and sampling design, before carrying out a formal questionnaire in this study, we have employed a pre-test to conduct to make sure that the validness of measurement was adapted for the study. Our main survey area is whole Taiwan by web questionnaire. Our study employs quota-sampling method and classifies the sample by districts in Taiwan. We then distribute 426 formal questionnaires and proposed designed sample structure.

For research design, to calculate the decoy effect, this study should use within-subjects study. There will be a problem, if subjects do questionnaire with both core set and extended set continuously. This is because that the similarity of choice set and avoid of cognitive dissonance, it will make subjects insist to choose same option no matter how options change. This caused the error in calculation of decoy effect.

In order to avoid problem of common method variance, one kind of error in quantitative research, this study uses between-subjects study instead. This way demands more samples and the classification of questionnaire, but it can avoid the problem of common method variance and decrease the questions of subjects have to answer. It will increase the accuracy they answered, too.

The design of questionnaire is separate all individuals to two sample sets, core set and extended set, each of them will answer same questionnaire except this question: case in the internet access charge for different rates (Table 1). Amongst, this price is adopted from Chunghwa Telecom's pricing, only program A is a little bit expensive in the real world, to make it more attractive in core set and to make decoy effect more pronounced in comparison. In reality, program B of extended set does not exist.

Table 1 Core Set and Extended Set

Core set	Download/Upload	Internet access charge	Circuit fee	Total\$
A	20M/5M	\$365	\$375	\$740
B	60M/20M	\$459	\$476	\$935
Extended set	Download/Upload	Internet access charge	Circuit fee	Total\$
A	20M/5M	\$540	\$200	\$740
B	40M/8M	\$726	\$200	\$926
C	60M/20M	\$935	free	\$935

4. EMPIRICAL RESULTS

Demographic data was categorized as gender, age, area, education level and income level. We send out 426 questionnaires and we collect 404 valid questionnaires as our formal test sample in spring 2016. From Table 2, it presents the percentage of male and female are respectively 53.2 percent and 46.8 percent. The age is mostly located at 21-30 years old which occupies 54.7 percent. As for the region, the north region gets the largest portion 53.5 percent, and then the south region gets 26.0 percent.

Table 2 Demographic Characteristics of the Sample

Characteristics	Definition	Count	Percentage (%)	Cumulative Percentage (%)
Gender	Female	215	53.2	53.2
	Male	189	46.8	100.0
Age	Below 20 years-old	126	31.2	31.2
	21-30years-old	221	54.7	85.9
	31-40years-old	30	7.2	93.1
	Above 41 years-old	27	6.9	100
Area	North region	216	53.5	53.5
	Middle region	68	16.8	70.3
	South region	105	26	96.3
	East region	11	2.7	99.0
	Outlying islands	4	1	100.0
Total		404	100	100.0

One-way ANOVA was used to examine if there is difference between levels of factors. The factors are the demographic elements this study discussed before, which are gender, age, area. Here, we find that three p-values (0.779, 0.312, 0.557) are larger than 0.05 and we conclude that there are no difference exists between decoy effect and three types of factor.

Additionally, we employ Cronbach's α to judge the reliability of the questionnaire. If the composite reliability is larger than 0.6, it indicates an acceptable fit of the data. We compute that the Cronbach's α of domain knowledge, self-confidence, need for cognition are 0.907, 0.722, and 0.862, respectively. As to the five construct within self-confidence, they are 0.824 (personal outcomes decision making), 0.807 (information acquisition), 0.716 (consideration-set formation), 0.780 (persuasion knowledge), and 0.723 (marketplace interfaces), respectively. All of them pass our criteria of reliability analysis, so we can conclude our measurement holds internal consistency.

Furthermore, we can conduct independent-sample T test to examine whether there is attraction or not in this study. We can compute that F statistics is 67.695 and Significant level is 0.000, which is smaller than 0.005, thus, we conclude that the decoy effect has significantly emerged. Next, we can capture the intensity of decoy effects from Table 3. we can find that there are 27.6 percent people's preference has been changed if we add the decoy option. Thus, we can compute that the decoy effect as the change in their preference, and it can be viewed as people are affected by the decoy effect.

Table 3 Decoy Effect Calculation

Set	Choose A	Choose B(C in Extended)	Choose A%	Choose B%(C in Extended)	Decoy Effect
Core(AB)	97	91	51.60%	48.40%	
Extended(ABC)	52	164	24%	76%	27.60%

We further employ binary logistic regression to examine if the variables influences decoy effects or not. Table 4 lists the results. Dependent variable Y is divided into “choose A” and “choose C;” independent variable x are DK (domain knowledge), SC (self-confidence), NC (need for cognition) and age (6-point scale anchored by “not agree at all” and “Strongly agree”), respectively. The decoy effects can be examined by the cross interaction item, such as DK*set to capture how domain knowledge influences decoy effects. From Table 4, we can find out that domain knowledge and self- confidence has significant effect on decoy effects.

Table 4 Likelihood Chi square Test: Binary Logistic Regression

Variable	Constructions	β	Wald	Sig.
Age*Set		-0.018	0.97	0.325
DK*Set		-0.629	11.099	.001***
SC*Set		4.981	4.909	.027**
	Personal Outcomes Decision Making*set	-2.245	7.164	.007**
	Information Acquisition*set	-0.965	2.116	0.146
	Consideration-Set Formation*set	-0.593	1.392	0.238
	Persuasion Knowledge*set	-0.662	3.69	0.055
	Marketplace Interfaces*set	-0.376	1.126	0.289
NC*Set		0.199	0.700	1.22
Intercept		1.146	52.573	.000

Previous likelihood chi-square test can only test the significance of independent variable and this study uses the following equation to test the direction and intensity of effects.

$$Y = \beta_0 + \beta_1\chi_1 + \beta'_1 D\chi_1 + \beta_2\chi_2 + \beta'_2 D\chi_2 + \beta_3\chi_3 + \beta'_3 D\chi_3 + \beta_4\chi_4 + \beta'_4 D\chi_4 \quad (3)$$

Where Y= Option selected, χ_1 = Domain Knowledge, χ_2 = Self Confidence, χ_3 = Need for cognition, χ_4 = age, D= Dummy Variable Set.

Based on our study, we have found out that two of four Independent variables have significant effect on decoy effects; namely, Domain knowledge and self confidence will significantly attenuate the intensity of decoy effect. This study further examines their strength on decoy effect reduction (Table 5). It shows that high domain-knowledge people are less affected by the decoy effect if we divide all the samples into two groups by the median of its independent variable. It also shows that self-confident people are less affected by the decoy effect than non-confident people. We have also found out that DK has stronger decoy effect reduction, 8% low DK versus 16% high DK, than that of SC, 12% non-confident versus 18% self-confident.

Table 5 Likelihood Chi square Test Full Model

Variables	β	S.E.	Wald	df	Sig.
Intercept (β_0)	0.57	0.868	0.431	1	0.511
Domain Knowledge(β_1)	-0.168	0.186	0.816	1	0.366
Self Confidence(β_2)	-0.450	0.290	2.400	1	0.121
SCMpodm	-1.272	0.879	2.092	1	0.148
SCia	-1.210	0.732	2.731	1	0.098
SCcsf	-0.878	0.458	3.672	1	0.055
SCpk	-0.572	0.396	2.094	1	0.148
SCmi	-0.569	0.319	3.176	1	0.075

Need for cognition(β_3)	-0.154	0.260	0.349	1	0.555
Age (β_4)	-0.015	0.018	0.694	1	0.405
Domain Knowledge (β^1_2)	-0.454	0.269	2.849	1	0.091
Self-confidence (β^1_2)	-0.366	0.361	1.026	1	0.311
SCpodm	-2.183	0.842	6.719	1	0.010
SCia	-0.909	0.673	1.826	1	0.177
SCcsf	-0.550	0.518	1.127	1	0.288
SCpk	-0.636	0.351	3.283	1	0.070
SCmi	-0.353	0.354	0.996	1	0.318
Need for cognition(β^1_3)	4.356	2.276	3.664	1	0.056
Age (β^1_4)	-0.002	0.026	0.004	1	0.951

5. DISCUSSION AND CONCLUSION

This study focuses on the question: What makes the decoy effect stronger? What makes it go away? Here is the following result. For hypothesis 1, the hypothesis 1 is rejected due to lack of evidence. However, it does not vital in this study, because age can be viewed as a proxy variable for experience, knowledge, etc. After all, variable age lack of substantial meaning, this study also shows the result in contrast with previous researchers' conclusion: influence of age on decoy effect is not significant.

For hypothesis 2, the hypothesis 2 is not rejected so we can conclude that domain knowledge significantly attenuates the intensity of decoy effect. We have found that when the decoy option is presented, domain knowledge attenuates the beneficial effect of an asymmetrically dominated decoy on consumers' preference for the target.

The findings of this study suggest that experts are able to make better sense than novices of the implications of each item of attributes information for choice. This is because that the novices are more likely to refer the information provided by choice set and thus making a decision by comparison. On the contrary, experts can draw on their category-specific knowledge structures to better visualize the useful experience corresponding to each item and then evaluate the options' overall desirability independent of the choice. This is consistent with Ratneshwar et al. (1987) and Sen (1998) finding that when all subjects possess a relatively high level of knowledge about a product category, such as beer, information does not stimulate them to change their choice.

For hypothesis 3, the hypothesis 3 is not rejected either; we can conclude that self-confidence significantly attenuates the intensity of decoy effect. An explanation for the better performance shown here by self-confident people than non-confident people might be self-confident people are more likely to refer the experience from themselves rather than external information provided by choice set, which means external information is relatively meaningless to them. This study finds that self-confidence helps counteract decoy effect.

For hypothesis 4, the hypothesis 4 is rejected, here is the probable explanations: the original inference is that high in need for cognition tends to make more effort and research before a decision made, and it will make them more easier to fall into the trap, but actually that might just one kind of characteristics of those who gets high score in scale of need for cognition, researcher conjecture that people high in need for cognition might also have characteristics will make them thinking more logical, not only just compare the attributes of the options, but also wonder that how much value does it worth to pay.

Last but not the least, according to the empirical results of our research, these studies arrange the main finding and address the follow suggestions in this section for further researches. Decision making can be different from involvement. The time you spend and the attention you pay might depend on how big the decision is. Considering involvement is one kind of decision factor, it sounds reasonable to influence decision bias.

To dig into the relationship between domain knowledge and decoy effect, this study showed different results comparison with previous researches. Moreover, knowing what makes it happened might have some interesting findings. Since inferences about subjects' decision processes were drawn from their information acquisition ways, further research might be directed to numerically define how close the option to be to make subjects feel alike. Furthermore, the intensity of decoy effect might differ on same individual towards different industries? Previous studies have shown that existence and direction of decoy effect are consistent, here quoted from Mishra et al. (1993) "The overall results were consistent across product classes studied, which included beer, cars, and TV sets." This study was restrained by the time restriction, and we only collected 404 questionnaires. Under the situation of enough time, 600 to 1000 questionnaires could effectively decrease the bias happened. Additionally, this study's subjects are mainly sampling from age between 20 and 30, which is different from the overall population structure. As a consequence, this study somehow cannot entirely represent the whole population.

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Effectiveness of Staff Motivation Strategies in Manufacturing Companies in Enugu State

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ABSTRACT

The main objective of the study was to evaluate the effectiveness of staff motivation strategies in manufacturing companies in Enugu state. The specific objectives include to: Ascertain the effect of quality training on the employee commitment and the effect of recognition and reward of outstanding performance on the output of employees in manufacturing companies in Enugu state. The population consists of 4321 staff of selected manufacturing companies in Enugu state which is made up of Aluminum industries, Block industries, Aqua Ralph industries, Innoson groups, Peace oil, Bakery industries formed the population of the study. The study used the survey approach. The primary sources used were the administration of questionnaire to staff. The 349 sample size of the study, the study used the Freund and Williams's formula. 312 staff returned the questionnaire and accurately filled. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.79 which was also good. The hypotheses were analyzed using f -statistics (ANOVA) tool. The findings indicated that Quality training has a positive significance on the employee commitment in manufacturing companies in Enugu state $F(95, n=312)=1193.861, P<0.05$; Recognition and reward of outstanding performance has positive significance on the output of employees in manufacturing companies in Enugu state $F(95, n=312)=344.164, P<0.05$. The study concluded that training as a motivation is an effective tool to enhance efficiency, productivity and workers retention in organizations. It increases that morale of the workers and commitment. The study recommended that training should be part of organizational activities to enable the workers acquire more skills and knowledge to work for the companies and retention assured.

Keywords : Effectiveness, Motivation, Strategies.

1.1 INTRODUCTION

Employees are the building blocks of an organization. Organizational success depends on the collective efforts of the staff. The employees will collectively contribute to organizational growth when they are motivated. Employee motivation is said to be the level of energy, commitment, and creativity that a company's workers bring to their jobs. Whether the economy is growing or shrinking, finding ways to

motivate employees is always a management concern. Competing theories stress either incentives or employee involvement (empowerment) (Susan, 2018).

Staff motivation and fulfillment are turning into the focal point of considerations of overseeing HR since it has been understood that human capital speaks to the principle device of focused capacities and preferences in the worldwide commercial center. (Merima, 2014). Associations can likewise give a perfect climate to worker motivation, representatives see the consequences of their commitments straightforwardly; input is quick and noticeable. An easily working and persuaded work drive likewise liberates the proprietor from everyday errands for considering long haul improvement. Besides, unmistakable and passionate reward can mean maintenance of alluring representatives. Individuals flourish in innovative workplaces and need to have any kind of effect. In a perfect world the work result itself will give them a sentiment of achievement however all around organized reward and acknowledgment projects can underline this outcome (Pierce, Cameron, and Banko, thus 2013).

Interminable blends of worker benefits, for example, human services, disaster protection, benefit sharing, representative stock proprietorship designs, practice offices, financed supper designs, kid mind accessibility, organization autos, and that's just the beginning have been utilized by organizations in their endeavors to keep up glad representatives in the conviction that cheerful representatives are persuaded representatives. The motivation a worker feels toward his or her activity has less to do with material prizes than with the plan of the activity itself. Concentrates as far back as 1950 have demonstrated that very fragmented and disentangled occupations brought about lower representative spirit and yield.

1.2 STATEMENT OF THE PROBLEM

The quick changing patterns in innovation has presented more members in the oil segment with each embracing distinctive methodologies went for pulling in clients and expanding activities therefore making the market a fight ground for the survival of the fittest. Most associations today, with a specific end goal to hold their staff and survive the fight need to consider better approaches to make their staff feasible in the new condition and to expand their perceivability on the planet arrange.

A few associations have lost the certainty of their staff and even that of the overall population attributable to the wastefulness, apathy and unconcerned demeanor of a portion of its laborers because of absence of preparing. Worker motivation can here and there be especially dangerous there is low representative motivation incorporate lack of concern, lack of engagement, even across the board debilitation, diminish in representative duty and low efficiency.

Such states of mind can cumulate into emergencies, truancy and high turnover, both of which are expensive for any organization, low profitability and powerlessness to accomplish set goals. It is on this basis that the researcher seeks to explore the effectiveness of staff motivation strategies in manufacturing companies in Enugu state.

1.3 OBJECTIVES OF THE STUDY

The main objective of the study was to evaluate the effectiveness of staff motivation strategies in manufacturing companies in Enugu state. The specific objectives include to:

- I. Ascertain the effect of quality training on the employee commitment in manufacturing companies in Enugu state.
- ii. Find out the effect of recognition and reward of outstanding performance on the output of employees in manufacturing companies in Enugu state.

1.4 RESEARCH QUESTIONS

- i. What is the effect of quality training on employee commitment in manufacturing companies in Enugu state?
- ii. What is the effect of recognition and rewards of outstanding performance on the output of employees in manufacturing companies in Enugu state?

1.5 RESEARCH HYPOTHESES

- i. Quality training has a positive significance on the employee commitment in manufacturing companies in Enugu state.
- ii. Recognition and reward of outstanding performance has positive significance on the output of employees in manufacturing companies in Enugu state.

2.1 REVIEW OF RELATED LITERATURE

2.1.1 Effectiveness

Effectiveness needs to do with capacity of creating a coveted outcome or the capacity to deliver wanted yield. When something is esteemed compelling, it implies it has a planned or expected result, or creates a profound, distinctive impression. Organizations regularly discuss employee when conceptualizing approaches to enhance business. While they sound comparable, effectiveness implies something completely not quite the same as productivity. A successful worker produces at an abnormal state, while a proficient employee delivers rapidly and cleverly. By consolidating effectiveness and productivity, an organization creates better items quicker and with less assets.

Effectiveness is the level of results from the activities of workers and administrators. Employees and directors who show effectiveness in the work environment help create amazing outcomes. Take, for example, a worker who works the business floor. On the off chance that he's compelling, he'll make deals reliably. On the off chance that he's ineffectual, he'll battle to convince clients to make a buy. Organizations measure adequacy frequently by leading execution surveys. The adequacy of a workforce enormously affects the nature of an organization's item or administration, which regularly manages an organization's notoriety and consumer loyalty (Mikson, 2018).

1.1.2 Employee Motivation

Employee Motivation is inclination to carry on in an intentional way to accomplish particular, neglected requirements and the will to accomplish, and the internal power that drives workers to achieve individual hierarchical objectives. A man winds up spurred keeping in mind the end goal to accomplish their very own objectives and in addition the authoritative objectives. The more persuaded an employee is, the more probable they are to have authoritative responsibility and distinguish themselves with the association (Ryan and Edward, 2012).

Employee motivation, i.e. strategies for propelling employees, is a natural and inside drive to advance the vital exertion and activity towards business related exercises. It has been extensively characterized as the "mental powers that decide the bearing of a man's conduct in an association, a man's level of exertion and a man's level of ingenuity" (Robbins, Trevor, Everitt, Barry 2016). Likewise, "Motivation can be thought of as the eagerness to consume vitality to accomplish an objective or a reward. Motivation at work has been characterized as 'the aggregate of the procedures that impact the excitement, bearing, and upkeep of practices pertinent to work settings' (Berridge, Kent; Kringelbach, Morten 2013)". Propelled employees are basic to the achievement of an association as persuaded workers are for the most part more gainful at the work put.

The most noteworthy factor, that the chief controls, is his or her association with every employee. The second most imperative factor in a supervisor's capacity to rouse employees is making a workplace and hierarchical culture that cultivates worker motivation and commitment. This work culture comprises of a domain in which employees are trusted, treated like the grown-ups they are, and not micromanaged. Employees are endowed with the qualities, vision, mission, and key strategy inside which they are required to achieve their employments.

They get visit correspondence, are approached with deference and respectfulness, and have contribution to each feature of the work they are procured to deliver. They are urged to talk up about what they accept

while taking part in tackling an issue for their client. They are additionally trusted by the association with the most noteworthy and basic money related data so they are not caught unaware by business issues.

2.1.3 Strategies

Strategy is an abnormal state intends to accomplish at least one objective under states of vulnerability. In the feeling of the "specialty of the general", which incorporated a few subsets of aptitudes including "strategies", coordination's and so on., "strategy" came to indicate "an extensive method to attempt to seek after political closures, including the risk or real utilization of power, in an argument of wills" in a military clash, in which the two enemies connect. (Freedman, 2013).

Strategy is imperative in light of the fact that the assets accessible to accomplish these objectives are generally constrained. Technique for the most part includes defining objectives, deciding activities to accomplish the objectives, and training assets to execute the activities. A methodology depicts how the closures (objectives) will be accomplished by the methods (assets). Strategy can be expected or can rise as an example of action as the association adjusts to its condition or contends. It includes exercises, for example, key arranging and key reasoning (Simandan, 2018).

Procedure is an example in a surge of choices to stand out from a perspective of methodology as arranging, the pith of technique as the exercises to convey an exceptional blend of significant worth – performing exercises contrastingly or to perform unexpected exercises in comparison to rivals. Procedure is tied in with forming the future" and is the human endeavor to get to "attractive finishes with accessible means". There are distinctive procedures administration uses to spur staff. Motivating force writes; one compose is employee's pay rates and wages. Pay is essential factor of drawing in, holding and propelling a specialist. It is broadly recognized that laborers ought to be repaid in connection to their work. Premium installments are another type of motivating force in perceiving the individuals who take up extra work or work in troublesome condition. Another is installment for time not worked. This incorporates get-away, debilitated leave, occasions, lunch periods and PTO (Paid Time Off) programs. This compensation is normally given to laborers after a particular period and might increment with time. This motivating force is esteemed by employees with families, since they have time with their relatives, while as yet being paid. Here and now motivating force is another apparatus by the business. They are given when the individual meets certain criteria. They are typically called commission or rewards paid week after week or month to month (Tausif, M. 2016).

Another kind of motivating force which is non-financial is permitting adaptable work routines. Here, the business gives the employee chance to change work hours in accordance with their own calendar yet at

the same time keeping up position and pay. Another shape is arranging organization exercises. This can be occasion party, end of year party, or other organization work. This is gainful to all specialists since it upgrades assurance and influences them to feel increased in value. Advancement from inside is another frame. Here, the firm outlines programs for employees to be elevated to higher positions previously selecting qualified people for opening. This is imperative for bring down level employees who want to have expanded obligations and pay. Verbal acclaim and positive input are additionally types of non-money related motivating force. It could be sending a thank you email or telephone call to the individual who completed an extraordinary activity on a venture. It influences them to realize that the association esteems and acknowledges what they are doing. Instructive repayment is additionally offered to employees. The firm repays the specialists for costs on enhancing their instructive capability. This is essential for employees who love to enhance their training for expanded pay and positions (Sun, (2013).

2.1.4 Employee Quality Training and Commitment

From a down to earth viewpoint, manager's promise to training depends on whether they trust that it will deliver or enhance items and additionally benefits. Absences of employee training are most circumstances caused by the businesses, who are having a go at everything conceivable to lessen running expense, particularly now that there is a worldwide monetary down turn. Albeit different reports have been given on the positive effect of training on hierarchical responsibility (Boxall and Macky, 2014).

Training fundamentally adds to the yield estimation of an item or administration when it's straightforwardly connected with the key targets set by administration. In the event that preparation is connected to authoritative methodology, it urges chiefs to help the preparation. Another variable that influences administration's help for training is how much the preparation has been demonstrated to improve employee master ductivity and execution. To comprehend hierarchical effectiveness, we should comprehend the general population factor. The nature of an association's kin at all levels decides authoritative achievement or disappointment, on the grounds that an organization is just the strategy(s) that its individuals made, and the predominance of any creation at last relies upon the capacities of its creator(s). At the center of any association's prosperity is the nature of its individuals (Daniel, 2017).

Responsibility isn't just a human connection idea yet in addition includes producing human vitality and actuating human personality. Without commitment, the execution of new thoughts and activities will be endangered (Jaw and Liu, 2014). Human asset framework can encourage the improvement or hierarchical skills through inspiring employees' promise to the firm. Subsequently associations with a fit business methodology, structure and practices and approach may perform better. Walton (2015) recommended "responsibility" as a particular strategy for HRM whose beneficial outcome will be felt.

High commitment work on as indicated by Guest (2013) is a way to deal with overseeing employees, which stresses is on the need to create hierarchical responsibility among workers in view of the supposition that it will prompt positive results, for example, low work turn over, non-attendance, better motivation and enhanced execution. High responsibility human asset practices, for example, staff training will increment authoritative adequacy by making a condition whereby employees turn out to be profoundly energetic and engaged with the hierarchical exercises went for accomplishing authoritative objectives (Abu-Baker, 2010). Unrivaled execution has been connected with associations that actualize this practices in view of the way that 'responsibility approach' is utilized, which goes for expanding viability, profitability and depend on conditions that urges employees to relate to the objectives of the association and furthermore work keeping in mind the end goal to accomplish shared objectives. In addition, late investigations have demonstrated that high responsibility practices can function admirably synergistically and an intelligent of a general duty system (Sweetman, 2015).

While trying to guarantee that the worker stays with the organization following preparing, bosses may execute a technique to preparing that encourages responsibility. Preparing will build employees' responsibility, which can additionally counter the various immediate and backhanded expenses related with workers' turnover. Organizations can look to accomplish hierarchical objectives through an assortment of human asset systems and approaches and the significance of guaranteeing employees' dedication and maintenance following preparing may lie in the vital approach that is used (Brum 2010).

2.1.5 The Significance of Recognition and Reward of Extraordinary Execution

Employee recognition is the opportune, casual or formal affirmation of a man's or group's conduct, exertion or business result that backings the association's objectives and qualities, and which has plainly been past ordinary desires. Employees react to gratefulness at work, particularly when it's communicated through recognition of their endeavors since it affirms their work is esteemed. A basic thank you goes far and won't just influence your workers to rest easy, yet will really profit your business all the while (Dan, 2017).

To be extremely viable in your activity, you have to comprehend the brain research of commending others for their great work, to apply the standards of worker recognition yourself and to urge others to start it in their working connections. Thankfulness is a central human need. Reward and recognition are basic to an extraordinary working environment. Individuals need to be regarded and esteemed by others for their commitment. Everybody wants to be perceived as an individual or individual from a gathering and to feel a feeling of accomplishment for function admirably done or notwithstanding for a valiant exertion. Everybody needs a 'praise' to influence them to rest easy.

It's outstanding that connected with staff are fundamentally more profitable, working proficiently and proactively keeping in mind the end goal to complete a great job. In the event that endeavors are probably going to be lauded and compensated, at that point it bodes well that an individual from staff will work harder to get such worker recognition. Perceiving a worker's endeavors exhibits that the activity they're doing is important to the business. It sends the message that their diligent work merits fulfilling and in this way should be vital.

This, thus, makes the individual feel that they are having any kind of effect. The arrangement of prizes gives employees an unmistakable motivation to remain. An upbeat and satisfied employee can be persuaded to perform better due to the positive inclination they have towards the organization. On the off chance that your workers are locked in with your business, they will have the capacity to advance and offer your image far superior than somebody who does not have confidence in or think about it. Remunerating diligent work produces unwaveringness and causes your group to feel a passionate bond with your association. Prizes that consolidate distributed suggestions are awesome for camaraderie, as they urge staff to see the positive properties in each other. Groups are all around put to do this, as they work close by each other consistently. Also, enabling partners to choose each other for rewards is engaging, as it exhibits that they esteem each other's assessment (Kim, 2018).

2.1.6 The Challenges of Staff Motivation Strategies

Motivation is the word got from the word 'rationale' which implies needs, wants, needs or drives inside the people. It is the way toward animating individuals to activities to achieve the objectives. In the work objective setting the mental variables empowering the general population's conduct can be the craving for cash, achievement, recognition, work fulfillment, cooperation, and so forth. A standout amongst the most essential elements of administration is to make readiness among the employees to perform in the best of their capacities. Along these lines the part of a pioneer is to excite enthusiasm for execution of workers in their employments (Prachi, 2018).

Poor frameworks and work over-burden could be demotivating factors. A chief needs to adapt to the difficulties of changing business frameworks, legitimate workload dispersion and to keep the employments fluctuated with the goal that weariness does not set in. A director must not expect that he/she is unmistakable but rather should guarantee that it is valid. Another test could be the manner by which to include and urge staff to take an interest in the basic leadership. Subsequently, guaranteeing that the staff is propelled and remain inspired consistently is a critical piece of maintaining a business. An Involved and upbeat staff conveys. Motivation is vital in light of the fact that it costs more to supplant staff than to keep them. Staff likes to feel required and regarded and keeping them glad outcomes in their

proceeding to remain with the association any longer. All things considered it is fundamental to continue propelling the staff. It is a vital point on the rundown of needs of an association (Ehab and Amrut, 2014).

In the present focused world, each association is taking the part in the battle to have upper hand. To get this title with itself, an association's administrative group ought to have sound connection with workers (Kalat, 2010). Such sound relationship must be made when, employees are content with their association. Interestingly, today it is exceptionally hard to make upbeat and fulfilled each employee constantly. Thus, in such exertion pioneers confront following difficulties more often than not: Diverse Workforce: Diversity among workforce having indispensable influence to make mistake in readiness of motivational program by pioneers. A pioneer confronts issue to recognize such a large number of various viewpoints to fulfill the greater part of the workers. This decent variety can be found as far as culture, religion, sex, age; physical capacities and so forth. (Sims, 2001). Complex hierarchical structure today, the greater part of the associations is working with multi-level structure. In such structure, open correspondence untruths and pioneers confront issue in the ID of workers' desires starting with one level then onto the next (Dessler and Phillips, 2007).

2.2 Empirical Review

Kassim, Anyanwu and Nwuche (2017) led an investigation on Incentive administration techniques and employee performance: an investigation of assembling firms in Port Harcourt. This investigation investigated the connection between motivating force administration procedures and worker execution. The audit considered money motivation and non-money motivators as measurements of impetus administration procedures while efficiency and lateness were utilized as measures of employee performance. The study embraced the cross sectional overview which is a type of the semi exploratory plan. Information was gathered from an example of 281 workers was drawn from a people of 751 agents in the picked creating firms. Our discoveries uncover huge relationship between the study factors where measurements of impetus administration are uncovered to be altogether connected with the measures of worker execution. The investigation inferred that motivating force administration through its measures; money motivator and non-money impetus fundamentally relates worker execution, in this way improving results, for example, work efficiency and lateness. The study prescribed that the administration and organizing of motivating force designs should take after effective and obviously spread out approach which is genuine and reasonable given the unsteadiness of the external condition and the risk of such to the relentlessness and understanding of the affiliation. Motivating force organization and practices, for instance, pay sparks and coincidental favorable circumstances should be established on sensible and standard procedures according to mechanical benchmarks, records and frameworks and should in like way change in accordance with moral valuations and practices.

Syukra (2014) inspected the Relationship between Training, Compensation and Employment Promotion with Labor Productivity Employees in Public Health Center. The reason for the investigation was to decide the connection between training, pay, business advancement with work profitability employees in Public Health Center of Bukittinggi– West Sumatera. The study configuration utilized as a part of this investigation is enlightening and expository with a cross-sectional study, the study populace all both government employees at Public Health Center or Honorary government employees who are as yet dynamic and the examples were taken in complete inspecting. The autonomous factors in this investigation are training, remuneration, worker advancement, and the reliant variable is work efficiency. The study instrument utilized as a part of this exploration is poll to decide the connection between training, pay and work advancement with work efficiency employees in Public Health Center of Bukittinggi West Sumatera and the information investigation is bivariate investigation utilizing the Chi-Square test and the level of certainty (CI) 95% ($\alpha = 0.05$). The aftereffect of this study found the quantity of employees who concur with a decent training increment work limit by 21 (67.7%), workers who asserted pay got has satisfied desires by 17 (54.8%), employees who concur with the significance of worker advancement upwards of 22 (71%) and employees who have a decent work efficiency by 24 (77%). From this study it can be inferred that the data affects the work profitability. Workers who have an expectation of showing signs of improvement business advancement openings result in labor efficiency have 12 times superior to employees who don't expect an advancement.

Hatice (2013) analyzed the Influence of Intrinsic and Extrinsic Rewards on Employee Results: An Empirical Analysis in Turkish Manufacturing Industry in AfyonKocatepe University. The investigation examined in the article questions whether certain reward rehearses utilized by associations are superior to anything others when looking at the worker comes about in view of TQM. The aftereffects of this study are examined through distinct investigation, ANOVA and MANOVA studies. As the principle finding of the study, it has been resolved that application level of inborn and extraneous rewards in Turkish assembling industry isn't high. It has been recognized that inherent prizes impact worker comes about; anyway extraneous prizes don't affect representative outcomes in Turkish assembling industry. The investigation featured the significance of the characteristic reward framework for actualizing TQM.

Josephine (2015) did a study on Non-Financial Reward and Employee Retention in Private Primary Schools in Kenya (Kiambu County). The targets of the investigation were accomplished through directing an overview on the employees of chose schools. The outcomes that depict the whole populace were utilized. The real discoveries were that activity adaptability was a vital instrument since it gives the representative some specialist in their working hours. The discoveries under paternity leave were nearly at a tie since lion's share of the respondents had experienced the period of paternity leave and others had no goal of the same along these lines discovering it not applicable. It is prescribed that associations

consistently audit their reward practices to guarantee arrangement with the potential effect of changes in the full scale condition and to offer leniency for various necessities in view of the statistic elements of their employees.

Owoyemi, Oyelere, Elegbede, and Gbajumo (2013) directed a study on Enhancing Employees' Commitment to Organization through Training. The investigation investigated the connection amongst training and workers' duty to their association. The study depended on an overview of 250 employees and administration staff of a money related firm situated in the South Western piece of Nigeria. Measurable Package for the Social Sciences (SPSS) was utilized to direct a few types of investigation. The study uncovered some confirmation that proposes a positive measurable noteworthy connection between the diverse levels of training and employees' pledge to association. A relapse study was directed on the information gathered. The investigation uncovered a positive factual noteworthy connection between the diverse levels of training and workers' duty to the association. The study reasons that the more the preparation providing for employees, the higher their level responsibility to the association.

Dhar, (2014) directed a study on benefit quality and the preparation of workers: The interceding part of authoritative responsibility in Uttarakhand, India. The motivation behind the investigation was to look at the states of mind of employees working in Indian lodgings obliging sightseers. It broke down their impression of training openings and the effect of such training on the administration gave to visitors. An incorporated model was created featuring the connection between saw availability to training, saw bolster for training, saw profits by training, and the ramifications of training on benefit quality intervened through hierarchical duty. Utilizing an example of 494 employees, basic condition demonstrating was directed to set up this relationship by dissecting the reactions of employees working in little and medium size vacationer inns working in Uttarakhand, India. The discoveries of the study uncover a solid connection between representative training and the nature of administrations offered by workers in traveler lodgings. The investigation talked about the ramifications of the introduced discoveries and recommends potential commonsense applications.

Ndibe, (2014) did an observational audit on the impact of employees training on authoritative execution in sodas packaging organizations in Enugu State, Nigeria. The study concentrated on the impact of representative training on authoritative execution. The targets were planned by the analyst and these were to discover the degree to which unsystematic approach of representative training influences hierarchical efficiency; to decide the degree of impact of training outline on worker profitability; In quest for the goals, a study inquire about was done in Enugu State, Nigeria. The populace utilized for the investigation was 694 staff of Nigerian Bottling Company and 7UP Bottling Company. Test estimate

was resolved utilizing Yamane (1964) equation. An example size of 254 was drawn. The investigation made utilization of information from essential and optional sources which were gathered utilizing survey directed to the 254 staff of the chose Organizations. Faculty records and yearly reports of the chose Organizations were utilized for optional information. The information investigations was done utilizing the Statistical Package for the Social Sciences (SPSS), while the individual item minute relationship coefficient and the one-example test were utilized to test the theories detailed in the study. Discoveries from the investigation uncover that the degree to which unsystematic approach of worker training influenced authoritative profitability was high. This was factually upheld by the one-example test at 0.05 ($Z_c = 8.246 < Z_t = 0.000$). Once more, the degree of impact of training plan on worker efficiency was high. The one-example test ($Z_c = 0.679 < Z_t = 0.730; \alpha = 0.05$) affirms this affirmation. The degree to which training conveyance style influenced worker profitability was high as bore witness to by the aftereffect of one-example test ($Z_c = 0.681 < Z_t = 0.762; \alpha = 0.05$). So also, there was an extremely solid positive connection between representative view of training and authoritative execution. In view of the finding, the study reasons that if the correct employees are sent on training through the precise training technique of recognizing and choosing workers for training, there would be a huge change on the authoritative execution. At long last, it is suggested that an instrument ought to be made for appropriate appraisal and assessment of worker execution in the wake of training as this will guarantee that lone employees who require training are sent on training.

Motivating staff is a powerful tool in effectiveness of employees and organization performance particularly in weak economic times. A combination of financial and non- financial rewards can help improve staff morale, job satisfaction and enhance productivity. Motivation is a key to stimulating employee performance. Staff motivation has been studied and researched on by various scholars. Modern corporate organizations are increasingly taking the issue of staff motivation seriously as it is tool for increasing productivity in an organization; In theoretical framework of the study, Maslow (1954) theory of Motivational approaches, value orientation and career development, and that some needs take precedence over others. Our most basic need is for physical survival, and this will be the first thing that motivates our behaviour.

3.0 METHODOLOGY

The study was based on the recruitment practices and employee performance among staff in manufacturing companies. The population consists of 4321 staff of selected manufacturing companies in Enugu state which is made up of Aluminum industries, Block industries, Aqua Ralph industries, Innoson groups, Peace oil, Bakery industries formed the population of the study. The study used the survey approach. The primary sources used were the administration of questionnaire to staff. The 349

sample size of the study, the study used the Freund and Williams's formula. 312 staff returned the questionnaire and accurately filled. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.79 which was also good. The hypotheses were analyzed using f-statistics (ANOVA) tool.

4.0 DATA PRESENTATION AND ANALYSIS

Table 4.1 Quality training has a positive significance effect on the employee commitment in manufacturing companies in Enugu state

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	87	27.9	27.9	27.9
	Agree	108	34.6	34.6	62.5
	Neutral	28	9.0	9.0	71.5
	Disagree	45	14.4	14.4	85.9
	Strongly disagree	44	14.1	14.1	100.00
	Total	312	100.00	100.00	

From table 4.1, 87 respondents representing 27.9 percent strongly agree that Quality training has a positive significance effect on the employee commitment in manufacturing companies in Enugu state. 108 respondents representing 34.6 percent agree, 28 respondents representing 9.0 percent were neutral, 45 respondents representing 14.4 percent disagree while 44 respondents representing 14.1 percent strongly disagree.

Recognition and reward of outstanding performance has positive significance effect on the output of employees in manufacturing companies in Enugu state.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	100	32.1	32.1	32.1
	Agree	151	48.4	48.4	80.4
	Neutral	37	11.9	11.9	92.3
	Disagree	15	4.8	4.8	97.1
	Strongly disagree	9	2.9	2.9	100.0
	Total	312	100.0	100.0	

From table 4.1, 100 respondents representing 32.1 percent strongly agree that recognition and reward of outstanding performance has positive significance effect on the output of employees in manufacturing companies in Enugu state. 151 respondents representing 48.4 percent agree, 37 respondents representing 11.9 percent were neutral, 15 respondents representing 4.8 percent disagree while 9 respondents representing 2.9 percent strongly disagree.

Test of Hypotheses

Hypothesis One

Quality training has a positive significance effect on the employee commitment in manufacturing companies in Enugu state.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.975 ^a	0.951	0.95	0.13304

Predictors: (Constant), TUS, IEI, TGH, EMO, TEI

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	105.654	5	21.131	1193.861	.000^b
Residual	5.416	306	0.018		
Total	111.070	311			

Dependent Variable: TETE

Predictors: (Constant), TUS, IEI, TGH, EMO, TEI Where

TETE = the Effect of Training on the Employee Commitment in Manufacturing Companies in Enugu State.

TUS = Training has been used in my organization as a strategy to left employee morale

IEI = Improving employees innovation helps to achieve my organization desired output value.

TGH = Training generates human energy and activates human mind in organization

EMO = Effectiveness of my orgainsation is achieved through training

TEI = the employees are identified in my organisation with the help of training

Statistical criteria {first order test}

Coefficient of multiple determinants {r²}

The R² {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .951 and adjusted to .950. This means that R² accounts for 95.1 percent approximately 95 percent. This indicates that the independent variables accounts for about 95 percent of the variation in the dependent variable. Which shows goodness of fit? From the result, f-calculated {1193.861} is greater that the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H₀} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that Quality training has a positive significance effect on the employee commitment in manufacturing companies in Enugu state.

Test of hypothesis Two

Recognition and reward of outstanding performance has positive significance effect on the output of employees in manufacturing companies in Enugu state.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.921 ^a	0.849	0.847	0.19883

Predictors: (Constant), PPO, PMS, TPT, MYV, MOA.

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	68.030	5	13.606	344.164	.000 ^b
Residual	12.097	306	0.040		
Total	80.127	311			

a. Dependent Variable: TERRO

Predictors: (Constant), PPO, PMS, TPT, MYV, MOA

Where

TERRO = The Effect Recognition and Reward of Outstanding Performance on the Output of Employees in Manufacturing Companies

PPO = Premium payment in my organization are paid to workers who take up extra work. PMS= Payments are made to staff on sick leave

TPT = There is paid time off (PTO) in my organisation

MYV = My organisation allows flexible work time.

MOA = My organisation has vacation periods

Statistical criteria {first order test}

Coefficient of multiple determinants { r^2 }

The R² {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as .849 and adjusted to .847. This means that R² accounts for 84.9 percent approximately 85 percent. This indicates that the independent variables accounts for about 97 percent of the variation in the dependent variable. Which shows goodness of fit?

From the result, f-calculated {344.164} is greater that the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H₀} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that recognition and reward of outstanding performance has positive significance effect on the output of employees in manufacturing companies in Enugu state.

5. Discussion of result

From the result of hypotheses one, the R² accounts for 95.1 percent approximately 95 percent and f-calculated {1193.861} is greater that the f-tabulated {2.7858}, that is, f-cal > f-tab. This implies that quality training has a positive significance effect on the employee commitment in manufacturing

companies in Enugu state. The result was supported by Syukra (2014) in the literature review that the number of employees who agree with a good training increase work capacity by 21 (67.7%), employees who claimed compensation received has fulfilled expectations by 17 (54.8%), employees who agree with the importance of employee promotion as many as 22 (71%) and employees who have a good labor productivity by 24 (77%) and (Ndibe, Dhar, 2014).

The result of the second hypothesis shows that this means that R² accounts for 84.9 percent approximately 85 percent. From the result, f-calculated {344.164} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. This shows that recognition and reward of outstanding performance has positive significance effect on the output of employees in manufacturing companies in Enugu state. The result was supported by Josephine (2015) that job flexibility was an important tool because it gives the employee some authority in their working hours in the literature review.

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Integrated Strategy Of Change Management: A Conceptual Study

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ABSTRACT

*In the strategic management, there are two trends: first represents by Porter and his contributions, [Porter's generic strategies, Porter's model of competitive analysis (five forces), and Porter's value chain+. The second is Mintzberg's emergent strategies, and his contributions, *Ten strategy schools, the 5 P's of strategy, (strategy as a plan, pattern, position, perspective, and poly), Emergent, unintended, exploratory, flexible, organic, dynamic and customized strategy, Thinking and strategy, strategic process vs strategic planning]. The main purpose of this paper is, to describe an integrated change management strategy that achieves, the organization goals effectively, and fill the gap between the two trends. In this study, there are five specific factors that contribute to achieve the integrated strategy: Rational-adaptive (standard-realist) approach to change, Radical-incremental change, Human and technological change, Top-down & bottom-up change, and Long & short term change. Moreover, a comparison between Porter and Mintzberg strategies' characteristics and advantages were made, and the proposed integrated strategies, which have the mixed advantages of both trends. Future view of change management strategies, and discussion were included.*

Keywords : Change, Change management, integrated strategy, and Strategy

INTRODUCTION

In the 21st century, change, and its successfully pioneering, has become a critical issue that has attracted the attention of many organizational leaders. Change is all pervasive – taking hold of every part of our lives with speed and complexity. The future success of organizations depends on how successfully leaders can execute their change programs. It is important to bear in mind that change is a requirement for sustaining organizations in a competitive market place. The organizations inability to change in the face of challenges posed by cutting-edge competition in its external environment could bring about its untimely exit from the market. Change management is a fertile field where many studies have contributed to the development of concepts, approaches, and tools required for utilizing change. Change management is defined as the discipline that ensures the prompt and effective meeting of existing performance targets by organizations and employees (Weiss, 2003, p. 22). According to Argüden (2008), it is the art of creating the most suitable corporate culture and behavior within today's dynamic environment. On the other hand, Karamazarcadik (2007) emphasized that change management is a

collection of strategies and activities that enable the transition from the existing situation to the desired one.

Any good business performance requires a good strategy, focused on achieving a creative collaboration between many significant influencing factors of change. Whether the strategy is implicit or explicit; wherever possible, it is always better to device an explicit strategy that can move the organization into becoming an influential and highly reputed place to work in. Strategy is arguably the most important concept in management studies. Additionally, strategy making is undoubtedly the most important activity to be undertaken by visionary leaders and effective managers. This posits the question, why is strategy important for a manager? This is because strategy combines a vision and managerial effectiveness for the realization of that vision. In the business world, strategy is about successful entrepreneurship and good management (White, 2004, p.5).

STRATEGY

The simplest concept of strategy defines it as a unifying idea, which combines purpose and action into a single matrix. Strategy is a method used to bring about a desired output, which is related to the periodic achievement of an organization's goals or providing solutions to business problems in the market. According to the Merriam- Webster dictionary, strategy is “a careful plan or method for achieving a particular goal usually over a long period of time.” Also, strategy can be seen as a process of translating perceived opportunity into successful outcomes, by means of purposive action sustained over a significant period of time (White, 2004). Meanwhile, others believes strategy involving planning, control, setting of long-term goals, finding the most optimum ways to reach goals, and a tool to manage an organization in deterministic ways (Pederzini, 2016). Moreover, strategy is employed as a body of language and a set of analytical tools that frame the organizational change (Jaynes, 2015). Our management heritage has an abundance of strategies. The official beginning of strategic concern began in the 1960s, when Igor Ansoff (1965, p.104), in his book “Corporate Strategy,” provided a conceptual and methodological framework for formulating strategies. Before that, strategy was widely practiced in wars and battles as a military art, where it was used as the 'grand' concept of military campaigns for application of large scale forces against an enemy (Cummings, 2007). In the same context, leadership and military strategy have impressive lineages that date back thousands of years to the contribution of the Chinese philosopher Sun Tzu in “The Art of War” (Marx, 2014).

Out of the two main trends of strategic management, one represents an approach headed by Porter in the 1980s; he saw strategy formulation as an analytical process. The major contributions to the strategy, represented by Porter (1985; 1998), arguably exerted more influence over strategic planning in owing to his contributions to the total competitive strategies. The second trend was headed by Mintzberg (1994),

with regard to his contribution toward fighting strategic planning and supporting emergent strategy, when he saw that the strategy emerging during implementation was actually embodied in action. On the other hand, he argued that strategy was an evolutionary process in his definition of strategy as “a pattern in a stream of decisions” (Mintzberg & Waters, 1985; Mintzberg, 1978). Moreover, according to Mintzberg et al. (1998) and Mintzberg (1987b), there are five P's of the strategy, or five definitions of strategy, which are as follows: - Strategy is the Plan; the Pattern; the Position; the Perspective; and the Ploy.

On the other hand, Edgelow (2012) pointed out that any successful change must have four dimensions, which are as follows: Strategy; Change; Transition; and Communication. Each of the above essential aspects of change is integrated together and its implementation is assigned to a suitable group. An organization can go through a continuous flow of changes. If one or more dimensions are underestimated, such as strategy, then the change will not succeed. The more employees involved in creating the strategy, the easier it is to meet its objectives.

For this study, strategy can be defined as the creatively integrated activities, which an organization adopts for achieving the desired goals, over a designated period. Many definitions of strategy have been offered to consolidate its ideation and conceptualization. Afuah (2009) defined strategy as a set of activities that the firm performs to create and appropriate value in new ways. Meanwhile, Hill and Jones (2008) defined it as a set of related actions that managers take to increase their company's performance. On the other hand, Porter (1996) defined Strategy as the creation of a unique and valuable position, involving a different set of activities. Finally, Hitt et al., (2007) pointed out that, strategy is an integrated and coordinated set of commitments and actions designed to exploit core competences and gain a competitive advantage.

Strategies of Change Management

Change creates disturbances and chaos, forcing people to re-think their ongoing and future situation. When the leader has a clear vision about the change, an occasion that he has to rise to, he always rushes forth and takes action, just to get things moving. While lowering his enthusiasm to deal with change is not an option, he still has to ensure that his efforts are as focused on the desired output/organization's goals as possible. He has to ask himself the “WH” questions - what, where, who, when, how, and so on, before starting any change. In order to choose the most appropriate change strategy, whether, long - or short- term, radical or incremental, the leader needs to thoughtfully consider his starting point in terms of a variety of factors, including the following: Leader present status, Availability of resources, The time availability, and Personal preference: Some changes may not fit the expectations, abilities, needs, wants, and desires of the existing employees, suppliers, customers, and so on.

Change is usually effected either by human factor, i.e., dissatisfaction with the present situation, or technological factor, i.e., introduction of a new technology that will improve the product or help gain a competitive advantage over rivals. Therefore, in a rapidly changing world, managers must continuously rethink their action strategies in order to adapt themselves to changes, especially external changes, and prepare their employees for new ones. The change strategies are informed by the situation in the organization (situational), and there is no singular grand strategy for everything. Sometime an integrated strategy is required to suit a particular change, whether it is long- or short- term, radical or incremental, employee-driven or executive-driven, or human or technological change.

Many scholars offered a variety of strategies that were put on action in various aspects, according to the organization and the change process that it was used for. Nickols (2016), in his paper, discussed the four basic strategies used to manage change in organizations. The first three strategies were drawn from the works of Chin and Benne (1969), while the fourth one was forwarded by Nickols (2016). He argued that the most successful change efforts will require a mix of the four strategies, which are as follows:

- Empirical-Rational (E-R), assumes employees are rational beings who pursue their self-interest. Successful change is based on the communication of information and the proffering of incentives.
- Normative-Re educative (N-R), assumes employees are social beings who adhere to cultural norms and values. Successful change is based on redefining and re-interpreting the existing norms and values.
- Power-Coercive (P-C), assumes employees are compliant and follow what they are told. Successful change is based on the exercise of authority and the imposition of sanctions.
- Environmental-Adaptive (E-A), assumes employees oppose loss and disruption but adapt quickly to new circumstances. Change is based on building a new organization and gradually transferring employees from the old set-up to the new.

In the same context, many managers underestimate not only the variety of ways in which employees can react to organizational change, but also the ways in which they can positively influence specific individuals and groups through the course of a change. Hunsaker (2005, pp.478–480), offered the following appropriate strategies or approaches, which are as follows: Education and communication, Participation and involvement, Facilitation and support, Negotiation and agreement, Manipulation and co-optation, and Explicit and implicit coercion. The first four approaches involve the employees into the change process, but it they take time to execute the change in question. The last two approaches are risky, as they are against the willingness of the employees; however, they help accelerate change execution.

On the other hand, when it comes to management of change, it is necessary to distinguish between five

different general approaches, which were identified by Thurley and Wirdenius (1973). The outputs derived from these approaches vary depending on the degree to which change was imposed; approaches are summarized by Lockett (2004) are as follows:

- **Directive strategy:** Sheds light on the manager's right to manage change and use authority to impose change with little or no involvement of other employees.
- **Expert strategy:** Views the management of change as a problem-solving process that needs to be resolved by an expert.
- **Negotiating strategy:** Sheds light on the willingness on part of the senior managers to negotiate and bargain in order to effect change.
- **Educative strategy:** Involves changing employee's values and beliefs, i.e., winning hearts and minds, in order for them to fully support the changes.
- **Participative strategy:** Stresses the full involvement of everyone involved in, and affected by, the anticipated changes.

As mentioned above, most of the successful change efforts require an integrated strategy comprising all developed strategies, as no single change management strategy can be considered as the universally acceptable strategy. However, managers can use an integrated strategy and tactics. The type of strategy is to employ depends upon the ongoing events. However, often time's one singular strategy fails to work, which is when an integrated strategy with common characteristics should be used.

Integrated Strategy of Change Management

Organizations need an integrated strategy to drive systematic, constructive change, and minimize the destructive barriers to change. They also require the same to address the consequences of making the change. For change implementation, different types of strategies are used. Each change process is dominated by a strategy that corresponds to the tactics of managers during change. At times, the managers have to change the strategy in connection to the application of management control, declining financial support, and with new information technology application (Carlström, 2012). Moreover, most of the successful change processes require more than one strategy for successful execution. Change can be implemented successfully, even in public sector organizations, by examining current management systems and involving the organization's employees. In other words, negotiations and involvement of the employees' strategy can be used to achieve the required change (Smith et al., 1995).

The literature review is familiar with the classic form of strategy or what is known as planned strategy (Mintzberg and Waters, 1985; Porter, 1980; Porter, 1985), where the leaders at the center of authority formulate their intentions in as precise a manner as possible. What follows is their implementation and

translation into collective action with no new introduction. The conceptual framework consists of three stages: formulation, implementation, and evaluation.

Strategy formulation stage: The first step in effectively managing change is to identify and evaluate the present situation, i.e., employees' resistance and their needs and other requirements, for the process to run smoothly. In the same context, strategy formulation is a process that ends in a decision being made (Grattan, 2002). On the other hand, Porter (1980) argued that formulating competitive strategy in an industry can be viewed as selecting the most suitable strategic group to compete in. Strategy implementation stage: In this stage, the management has to start with teaching the employees about the change process in order to bring about a realization of on the state of affairs and the benefits of change for them and for the organization as a whole. The second part of the implementation is entails making the employee comprehend the benefits of this change. If the manager convinces the employees with the purpose of the new change, the net outcome of the adoption process will be positive. Then, they will develop strong positive feelings toward accepting, and adopting the new system (Amoako-Gyampah, 1999). The last stage in the strategy implementation phase is adoption, wherein they accept, support, and defend the new status. Strategy evaluation stage: In this stage the top management's feedback should be accurate and provided after having adopted a systemic perspective. According to this feedback, the required change management strategy can be used as the final and acceptable strategy to entirely fit the situation or be a work in progress in that regard.

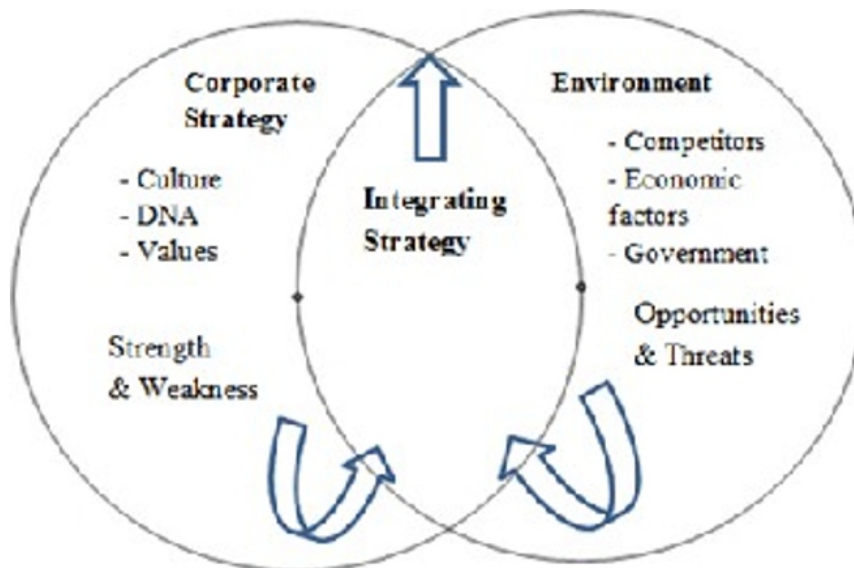
On the other hand, Mintzberg and Waters (1985) argued that the emergent strategy is a strategy that emerges from all across the company, over a period of time, as the environment changes and the organization shifts and adapts to better utilize its strengths to a changing reality. They also added that the intended strategy follows the deliberate strategy, which relies on senior leaders to set goals and develop plans and strategies to achieve them. During the implementation stage, due to new opportunities or threats or any environmental changes, the leader can reformulate vision, and take decision accordingly. However, the results of these formulations and decisions can lead to a reshaping of the strategy. Thus, the use of the emergent strategy can suit this situation, which comes from the absence of any prior intention about it. After using the emergent strategy, the new strategic situation thus developed is called Realized Strategy. Indeed, Mintzberg (1994; Mintzberg et al., 1998) emphasized that strategy is better characterized as an emergent rather than planned organizational phenomenon. Collis (2016, p. 67), argued that during strategy implementation, managers at all levels in the organization make myriad decisions every day. The sum of all these independent choices gradually alters the organization's position and determines the exact form the strategy is supposed to take over time. This is the emergent dimension of strategy. In the same context, Richardson (1994) argued that the leader's involvement

should be focused on learning through engagement with in learning-by doing decision-making processes in a system of strategic development where strategies emerge rather than getting deliberately planned into existence.

Moore (2011) argued that Porter and Mintzberg were very impressive in the study of strategy, but had contrasting views. Porter took a more deliberate strategy approach, while Mintzberg emphasized on emergent strategy. Emergent strategy was viewed as a strategy that emerges over time, as intentions collide with and eventually accommodate a changing reality. Moore added that although Porter's ideas are still relevant, Mintzberg's emergent strategy ideas simply seem to be more relevant to the world we live in today.

During the implementation of the corporate strategy, the environment changes and new opportunities appear. A manager then has to adapt to these changes, often discovering that the strategy he devised is no longer usable. Therefore, managers are advised to integrate the two situations: the corporate environment with its culture, DNA, values, and the points of strength and weakness, and the outside environment with its competitors, economic factors, government and opportunities and threats (Robbins and Stuart-Kotze, 1990; Papulova and Papulova, 2006). There should be integration between these situations in order to gain from the best result of change factors that influence the change process, and subsequently adopt an “Emergent Integrated Strategy,” which suits the current situation, and helps achieve the goals of the organization. The emergence of integrated strategy is shown in figure (1).

Figure 1, Emerging of Integrated Strategy



Integrated Strategy of Change is a strategy that can achieve a creative integration between many significant influencing factors of change. Here, we will portray five specific factors that bring about integrated strategy. They are as follows:

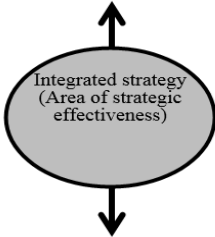
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- **Rational-adaptive (standard-realist) approach to change:** The systematic process of placing the focus of the strategy on vision, mission, and strategic goals of change. This process does not tell the whole story, as the rapidly changing business environment makes vision and the underlying message insufficient to achieve effective management of organizations and their response to rapid changes that characterize this environment. Learned skill or Skills acquisition helps to identify the steps and tools in everything that represents the past, but a business usually comes with new challenges that require an effective, outside the box response to that skill. Strategic planning is the skill, while strategic thinking is the most important strategic initiative in a changing business environment.
 - **Radical-incremental change:** The radical change is the change brought forth through strategic leaps in divergent periods, which leads to extensive cycles of change within the organization, industry and the market. However, such a change is accompanied with many risks, including the risk of failure to innovate and achieve novelty. In contrast, organizations try to avoid the large risks that are associated with radical change and tend to opt for continuous improvement and small incremental improvements. However, they are not inexpensive and without high risk. The American approach to change tends toward radical change in a long business cycle, where change functions as a strategic leap. On the other hand, the Japanese approach to change is based on continuous improvement and small incremental changes that accumulate rapidly in order to achieve dominion over large strategic impulses.
 - **Human and technological change:** The technological change approach represents a standard approach with regard to regard to the dominion referred to above, where excellence is achieved through ambitious research and development programs, in addition to the introduction of new technology that may help an organization become a market leader. However, this technology faces the challenges of inflexibility in responding to changes in the market and the requirement for a new cycle of R&D to introduce the new technology in question. In order to meet these challenges, human approach creates high flexibility by attracting, developing, and enabling individuals to achieve continuous technological innovation to respond promptly and adeptly to the changes in the market.
 - **Top-down & bottom-up change:** When observing the top-down approach, the main decisions are made at the executive management or executive-driven level and are then delivered to the employees, making it easy to quickly implement a decision. The systematic process here focuses on the role of leadership in the change process. In contrast, the bottom-up or employee-driven approach begins with receiving input from the employees by using the conflict management system, and the thus-brainstormed decisions are then finalized by the top management. In this process, the focus is on the employees' role in creating the strategy for the change process.

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- **Long & short term change:** In context of long - term change, the change process occurs gradually, over time affecting organization a longer period of time. In contrast, the short- term change occurs very rapidly and affects certain parts of the organization.

A comparison between two trends of strategies: Porter's contributions strategies and Mintzberg's emergent strategies, along with their contributions to this field, are shown in table (1). The comparison portrays the characteristics and advantages of both trends of strategies, and the integrated strategy has the integrated characteristics and advantages of both the individual the two strategies. Although, the two trends have characteristic advantages, they also have some disadvantages. Porter's deliberate strategy suffers from the disadvantage of increasing of the organizations' rigidity and lowering its speed of responsiveness, in case of changes in their operating environment or negative feedback received following the pursuit of a particular strategy (Manuwa, 2014). The other disadvantages entail the blurred distinction between differentiation and cost, compared to the black and white approach suggested by Porter; and having to make a choice between cost leadership and differentiation essentially implies that the organization is stuck in the middle, and there is no competitive advantage for an organization that is stuck in the middle. Additionally, they may not provide relevant strategic routes in the case of fast growing markets (Lynch, 2003; Macmillan et al., 2000; Porter, 1980). The emergent strategies, too, have its own disadvantages. Carter et al. (2008) critiqued that the emergent strategy is just as top management oriented as the planned approach, and that it does not offer a genuine alternative to more traditionally planned strategy (as cited in Neugebauer, 2014). In the same context, Idenburg (1993, p. 136) criticized that the emergent perspective on strategy “leaves the door wide open for all kinds of irrational mechanisms” (as cited in Neugebauer, 2014).

Our proposed mixed or integrated strategy possesses the following characteristics and advantages: maintaining clarity of purpose, utilizing technological changes, responding to opportunities and challenges, having ability to learn from change, the ability to work in diverse segments, focusing on customer preferences, and leading the organization to achieve competitive advantages. Moreover, the mix or integrated strategy avoids the disadvantages of the two trends, which will drive the organization to achieve its goals.

Table 1, comparison between Porter & Mintzberg strategies' characteristics and advantages & integrated strategy characteristics

Porter's contributions in strategies	Mix or integrated strategy (Area of strategic effectiveness)	Mintzberg's emergent strategies
Porter's contribution (1979;1980,1985) is representing in following:	Professional strategy	Mintzberg et al.,(1998; Mintzberg, 1987b; 2003)
- Porter's generic strategies	 <p>Integrated strategy (Area of strategic effectiveness)</p>	- Ten strategy schools.
- Porter's model of competitive analysis (five forces).		- The 5 P's of strategy (Strategy as a plan, pattern, position, perspective, and poly).
- Porter's value chain.		Emergent, unintended, exploratory, flexible, organic, dynamic and customized strategy.
	Emergent Strategy	- Thinking and strategy strategic process vs strategic planning
Characteristics and advantages of Porter's strategies	The integrated strategy should have the following characteristics	Characteristics and advantages of Mintzberg emergent strategies
1. Clarity of purpose and unambiguous focus on objectives set.	1. The strategy must be characterized by maintaining clarity of purpose; it's unique in addressing problems.	1. Strategy can be designed to address problems.
2. Technological changes play a role of challenge.	2. The strategy should utilize the corporate knowledge and concentrate on the technology changes in order to have a competitive advantage.	2. Product developments and technological change are the normal issues in emergent strategy.
3. Strategy helps management to evaluate their current market environment.	3. The strategy must help in assess the current market and responding in effective way to the opportunities.	3. Strategy is a flexible and responsive to the opportunities.
4. Strategies can be effective in defending against competitive forces in the industry.	4. The strategy has a good responding the effect to the market forces and other challenges of competition in the market.	4. Emergent strategies cumulate from organizational experiences in treating the changes in the market.
5. Strategy provides an excellent foundation for the further research and intelligence gathering needed to formulate an organization's future strategy.	5. The strategy should be able to provide strategic choices that are derived from the ability to learn from change in environment.	5. Strategy provides valuable learning to the organization.
6. An organization's ability to understand and optimize the activities that lead to its competitive advantage and high profit levels.	6. Strategy should have the ability that leading the organization to achieve competitive advantages.	6. Strategy could discover the activities before the competitor does.
7. The segment may disappear over time, as the business environment change over time.	7. The strategy ability to work in diverse segments of the organization.	7. Emergent strategy insists of two dimensions; deliberate strategy and other adapted segments.
8. Good differentiation strategy of an organization may attract competitors to enter the organization's market segment and copy the differentiated product to comply with customer preferences.	8. The strategy should focus and concentrate on customer preferences.	8. Strategy leads a business to provide what the market actually wants, rather than what the owner or management believes the market wants.

FUTURE VIEW OF CHANGE MANAGEMENT STRATEGY

We are now on the brink of a new era, one where we will need to expand our focus beyond the limitations of the organization, as a standalone system, and take into account its integration into the larger economic, social, and environmental structures (Parry, 2015). The success or failure of most human activities is based upon a necessary level of accuracy in predicting future outcomes. However, the future by virtue of it having not happened is uncertain and ambiguous, rendering exact and successful prediction impossible. However, it must be attempted in order to attain business success. On the other hand, the ones who expect to control the future will only be met with frustration. Drucker (1999) hinted at this frustration when he said that, “one cannot manage change, one can only be ahead of it” (p. 73). According to Drucker, successful strategic managers and leaders are those who go on to become change leaders. They identify opportunities and threats to the organization, and subsequently establish an environment wherein people can still grow as individuals while meeting new challenges (Murphy, 2003). In the same context, White (2004) argued that successful strategic leaders must have a ratified view about the future, as the aim of the strategist is to create the future, or rather recreate the present, without taking the future as a given.

DISCUSSION

Change management strategies have become a dominant discourse in organizations. However, there are many empirical studies, with each offering its own distinct strategy, or an approach to deal with a change process in specific organizations. Change in an organization aims at the strategy, vision, structure, policies, budget, services, suppliers, customers, costs and prices, resources, and technologies. These factors are the determinants of an organization's competitive edge and performance, influenced by the external and the internal environment of the organization. Top management should, therefore, proactively deal with this problem instead of reactively confronting it. With environment changes, and the emergence of new strength opportunities, the manager needs to adapt. He or she might find that the strategy in place is out of date. Hence, managers are advised to integrate the new situations, so as to benefit from the best results of change. Five specific factors for the integrated strategy that will help in the selection of the most suitable approach to execute the change were described.

Porter (1979; 1980; 1985) mainly elaborates upon something akin to “standardization” in strategic management. He portrays strategy as a fixed plan, which should be taken as a whole, with less flexibility and with more concreteness. Grattan (2002) argued that a strategy is usually selected by the executive. Unless a big crisis occurs, the strategy will not be reviewed until the start of the following year (annual review). Mintzberg (1994) argued that the manager should not stick to a specific strategy; instead, he should lay emphasis on emergent strategy formed through trial and experience process, i.e., personal

experiences and the experiences of others throughout the organization. In the same context, Ansoff (1991) and Mintzberg emphasized that managers should focus their attention on the operating efficiency of the organization. On the other hand, Mintzberg believed in diversification in organization's responses to its environments. This may lead to loss of control over the organization. Mintzberg (1994) concluded that, "Contrary to what traditional planning would have us believe, deliberate strategies are not necessarily good, nor are emergent strategies necessarily bad. He believes that all viable strategies have emergent and deliberate qualities, since all must combine a degree of flexible learning with a degree of cerebral control." In the same context, Mintzberg (1987a) added that all strategy is supported by two pillars, one deliberate, and the other emergent. Ultimately, an integrated change strategy, which possesses the above characteristics and advantages, and is devoid of the disadvantages of these trends, can help fulfill the demands and achieve the goals of an organization. Additionally, by adopting this strategy, an organization will become and will be more capable of using its core competences internally and reap the benefits from the opportunities offered by its external environment by enabling an organization to respond to them effectively. Although, there are other characteristics and advantages, which are not mentioned in this study, the main ones have received sufficient elaboration.

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Deregulation of The Downstream Oil Sector and Economic Development in Nigeria, 1999 - 2017: A Critical Analysis

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ABSTRACT

The abysmal performance of the downstream oil sector has beleaguered the socio-economic wellbeing of Nigerians. As a result, government introduced several reforms that would encourage private sector participation and enhance production. The paper interrogated the link between deregulation of the downstream oil sector and economic development in Nigeria. Using the elite theory as its framework of analysis, the secondary method of data collection, and the qualitative-descriptive method of data analysis as its methodology, the paper examined the corrupt practices that have beleaguered the downstream oil sector, and concluded that deregulation of the downstream oil sector has not enhanced economic development in Nigeria. Among other things, the paper recommended that government should, as a matter of urgency, fix the country's incapacitated refineries for optimal production; that all legislative bottlenecks facing the speedy passage of the petroleum industry bill should be tackled so that the-much-talked-about policy of deregulation can become feasible.

Keywords : *deregulation, fuel subsidy, downstream oil sector, economic development, corruption.*

INTRODUCTION

Globally, the oil sector remains an indispensable aspect necessary for human sustenance and industrial production. Undoubtedly, oil is the bedrock of the Nigerian economy, accounting for about 83% of total federally collected revenue in 2008, 65.8% in 2009 and 73.8% in 2010 (C.B.N. Statistical Bulletin, 2010). Also, it accounted for 78.1% in the first half of 2012 (C.B.N. Economic Report for the first quarter of 2012).

However, just like in most developing countries of the world, the benefits from the sector have not actually translated to economic development, as the life of the common man on the streets of Nigeria has remained impoverished. It was against this background that Odey (2011) stated that despite being a major oil producing country for decades, with huge revenues accruing from the oil sector, Nigeria is still being ranked as one of the poorest countries in the world. Nigeria's case is likened to a number of oil rich countries where governments have failed to translate their oil wealth into economic sustainability and higher standards of living. This has been severally described in various literatures as either a resource curse" or the „Dutch disease“ (Warner, 2007).

It is no gainsay that Nigeria's oil sector has been saddled with myriad of problems that undermine the policy of deregulation in the downstream sector. The industry still grapples with systemic corruption. The observable corrupt practices in the allocation of oil blocks, crude oil export and importation of refined products, and the award of contracts in the sector, as well as poor supply of petroleum products for domestic consumption, etc. are instructive. The sector has continued to be characterized by incessant crises in supply of products, and this is largely attributed to the frequent break downs of the country's four refineries, arising from the issue of neglect, lack of routine turn around maintenances necessary for the optimal performance of the refineries, as well as general inefficiencies in managing the refineries and outright sabotage (Sabiou and Reza, 2014).

The downstream oil sector has continued to be characterized by low capacity utilization of Nigeria's refineries. There is also scarcity of petroleum products leading to long queues at retail outlets - a situation which breeds black market, product hoarding, products adulteration and large scale smuggling of petroleum products through the neighbouring countries; pipelines vandalism, low investment opportunities in the sector, etc. It is worrisome to note that instead of building more functional refineries, with the capacity to meet up with the demands of Nigerians, government has continued to resort to the importation of refined petroleum products, with a view to bridging the yawning gap existing between domestic production and domestic demand (Sabiou and Reza, 2014). Nigerians have been concerned over the huge amount of money that governments spend to subsidize the consumption of petroleum products in the country. For example, in the first quarter of 2011, the country spent about N115 billion on petroleum subsidies, while in May 2011 alone, government spent about N74 billion on subsidies (Akinmutumi, 2011).

Various governments in Nigeria have, at one point or the other, introduced reforms that were expected to address the challenges beleaguering the oil industry. The study focused on examining deregulation of the downstream oil sector vis-à-vis economic development in Nigeria. It equally analyzed the corrupt practices in the Nigeria oil sector. This paper examined the efforts made by the governments of Olusegun Obasanjo and Goodluck Jonathan, as well as the first two years of Muhammadu Buhari's civilian administration.

METHODOLOGY

The paper adopted the ex-post facto design and qualitative-descriptive methods, in order to analyze critically issues concerning reforms in the downstream oil sector. The study is theoretical in nature, and its argument is drawn from secondary data, which include books, journal publications, and internet sources, among others. For the purpose of clarity, the paper was divided into the following sections: The

first section was concerned with the introduction and methodology. The second section dealt with an overview of oil sector reforms in Nigeria. The third examined the deregulation of the downstream oil sector and economic development in Nigeria. The fourth section outlined some of the corrupt practices in the downstream oil sector. The fifth was conclusion and recommendations.

Overview of Oil Sector Reforms in Nigeria

The administration of former President Olusegun Obasanjo introduced the first Oil and Gas Sector Reform Implementation Committee (OGIC), which was inaugurated in the year 2000. This committee produced a National Oil and Gas Policy (NOGP), whose major policy thrust, was anchored on the need to separate the commercial institutions in the oil and gas sector from the regulatory and policy-making institutions. Even though report was commended, the administration failed to embark on the full implementation of the recommendations made by OGIC for institutional restructuring (Petroleum Sector Reform, nd).

The Petroleum Products Pricing Regulatory Agency was established on 19th June 2003 with the vision of re-positioning Nigeria's downstream sub-sector for improved efficiency and transparency, and the mission of attaining a strong, vibrant downstream sub-sector of the petroleum industry, where refining, supply, and distribution of petroleum products are self-financing and sustaining.

In September 2007, President Umaru Musa Yar'Adua's administration reconstituted the OGIC, under the chairmanship of Dr. Rilwanu Lukman. The new OGIC was saddled with the responsibility to transform the broad provisions of the national oil and gas policy (NOGP) into functional institutional structures that are legal and practical for the effective management of the oil and gas sector in Nigeria. Basically, the duty of the new commission was to help restructure the petroleum industry that will help propel the economy (Petroleum Sector Reform, nd).

In May 2016, under the administration of President Muhammadu Buhari, the federal government announced a full deregulation of the downstream oil sector, thereby increasing the price of petrol to N145/liter. The Minister of State for Petroleum, Ibe Kachikwu, who announced the policy change, on behalf of the Federal Government of Nigeria in Abuja on May 2016, stated as follows:

In order to increase and stabilize the supply of the product, any Nigerian entity is now free to import the product, subject to existing quality specifications and other guidelines issued by Regulatory Agencies. All oil marketers will be allowed to import PMS on the basis of FOREX procured from secondary sources and accordingly PPPRA template will reflect this in the pricing of the product. Pursuant to this,

PPPRA has informed me (Ibe Kachikwu) that it will be announcing a new price band effective today, 11th May, 2016 and that the new price for PMS will not be above N145 per litre (Udo, 2016).

Worrisomely, even with the official increment of the prices of petroleum products under the current administration of President Muhammadu Buhari from N97/ liter to N145/liter, fuel price has continued to rise beyond the official price. More worrisome is the fact that there has been weak institutional measures that address such astronomical rise which is seriously affecting the common man on the streets of Nigeria.

Downstream Oil Sector Deregulation and Economic Development in Nigeria

Over the years, oil has become the main stay of the Nigerian economy, as the earnings from crude oil are used for infrastructural developments and other improvements on the socio- economic well-being of Nigerians (Augusto, 2002). In other words, the oil and gas sectors play a very dominant role in the Nigerian economy; accounting for over 90% of the country's foreign exchange earnings which is drawn from the sale of crude oil.

Apart from the large crude oil and natural gas deposits, the country is also blessed with deposits of gold, tin, talc, gemstones, kaolin, bitumen, iron ore and barites, and these can be harnessed to earn foreign exchange for the country, yet, oil and gas remains the country's major source of foreign exchange earnings and revenue base (Adebola, 2006). However, Nigeria - has suffered from incessant political instability, bad governance, inadequate infrastructure and macro-economic mismanagement (Atakpu, 2007).

The Nigerian oil industry is divided into three sub-sectors: the upstream, mid-stream and downstream sectors. The upstream sector deals with the exploration and extraction of petroleum, crude oil and natural gas. Within the Nigerian context, crude oil and gas production takes place at both onshore and offshore. Onshore production is where drilling and production of crude oil and gas is done on the land, while an offshore production is the situation where drilling and production of crude oil and gas take place in the sea or ocean (NNPC, 2012). On the other hand, the midstream sector primarily deals with the transportation of crude oil and natural gas from extraction sites. In Nigeria, however, the midstream oil sector consists of gas and power, renewable energy, engineering and technology (NNPC, 2012).

The downstream sector has three functional areas that it is concerned with - refining, distribution and the marketing of petroleum products for its consumption. This sector is of strategic importance to the country, considering the fact that petroleum products constitute a key source of energy used for various

purposes (Obasi, 2003). However, according to Ojoku (1992) the most problematic among the sectors over the years has been the downstream sector, which has the link with the final consumers.

According to the report of the Department of Petroleum Resources (2014) cited in Gberevbie, et al, (2015), Nigeria currently has five refineries located in Port-Harcourt, Warri and Kaduna, of which four plants are government owned and managed by the state owned company - Nigerian National Petroleum Corporation (NNPC), while the fifth plant is owned and operated by the Niger Delta Petroleum Resources (NDPR). The total output production of petroleum products from these five refineries combined together could barely meet 30 percent needs of domestic supply. These five refineries are currently working at below 55 percent installed capacity due to mismanagement, lack of maintenance culture and corrupt practices on the part of the operators.

As a result of this, the Federal Government resorted to fuel importation from outside the country, in order to meet its domestic consumption of petroleum products. According to Agbeba et al, (2005) and Soyinka (2012), this resulted into the emergence of “rich oil Mafia” that controls the Nigerian petroleum sector, and hoards petroleum products with a view to increasing the pump price of petrol arbitrarily without considering the interest of the citizens. Lamenting on the danger of reliance on oil and gas as major revenue base for Nigeria, and fuel importation as a means of meeting the domestic needs of petroleum products, Peter Adebayo (cited in Manuaka, 2014, p.36) stated that “except Nigeria faces the reality of diversifying its economy from reliance on oil as a major revenue earner and develop capacity in other areas like agriculture, mining and solid minerals the future may remain bleak”. Furthermore, he argued thus:

If we have four state owned refineries that are not operating at full capacities and we take delight in exporting our crude and again import back as refined products at high costs, I wonder the kind of future our leaders” desire for this country (Manuaka, 2014, p.36).

In Nigeria, governments have adopted various strategies for the implementation of the downstream oil sector deregulation. Typical among these strategies are: fuel subsidy removal, privatization of the country”s refineries, and perfect competition among petroleum product marketers.

Fuel Subsidy Removal

According to Hornby (2005, p.1476), subsidy is “money that is paid by a government or an organization to reduce the cost of producing goods or services so that their prices can be kept low”. It is also defined as the “payment made by government to producers to enable them produce and sell at a lower price than they would otherwise” (Agu, 2009:286).Based on the above definition of subsidy, one can describe fuel

subsidy as “the difference between the actual market price of petroleum products per litre and what the final consumers are paying for the same products” (Ovaga, 2012:22).

The history of fuel subsidy removal is a long one in Nigeria. Some scholars are of the opinion that it dates back to 1978 when the then military government of Gen. Olusegun Obasanjo reviewed upwardly the pump price of fuel which was at 8.4 kobo to 15.37 kobo (Ering and Akpan, 2012). Others believe that the word “subsidy” came into Nigeria’s political and economic lexicon in 1987 when the President Babangida’s regime popularized it with the announcement of the removal of 80% subsidy on premium motor spirit (PMS-petrol) (SDIC, 2012). Irrespective of the different versions on the origin of subsidy in Nigeria, it is informative to note that such decisions usually led to the increase in the price of fuel which inevitably, escalated inflation in all sectors of the economy.

Again, it is worth mentioning here that before the emergence of such ugly trend in the country, Nigerians had experienced moments of joy, when the four refineries were working at full capacities (Ovaga, 2012). Sadly, the inability of the government to manage properly Nigeria’s local refineries led to a situation where these four refineries operate below their optimal capacities. This situation degenerated to fuel importation, in order for Nigerians to meet up with its domestic demand for petroleum products. This experience is not witnessed in any OPEC country, or even countries that do not produce oil (Badmus, 2009).

This ugly development has, at different times, led to protests in Nigeria. The country’s import dependency on petroleum products, which constituted about 82 percent of the total supply of petroleum products, consumed locally, invoked protests from different quarters in the country...a controversial issue that nearly tore the country into pieces (Ovaga, 2010:119).

Privatization of Nigeria's Refineries

Divestment of government interests in oil refineries and the transfer of such interests to private companies is another strategy adopted by government in its policy of deregulation in the downstream oil sector. Private operators were issued licenses to set up their own refineries, supply and distribution networks. In 2002, prospective operators were required to pay a non-refundable fee of US \$50,000. This was followed by a feasibility study. An approval for construction of refinery attracts a license fee of US \$100,000 and the plant must be built in accordance with the approved design (EL-Rufai, 2002).

Perfect Competition Among Petroleum Product Marketers

The whole essence of deregulation is to remove all laws restricting the forces of demand and supply

from determining the market equilibrium price of commodities. The government is to allow the private refinery operators, marketers and distributors to undertake their transactions in line with market force condition. This entails free competitions among marketers of petroleum products and the responds of prices to local and international demands for the products. The aim of deregulation of the petroleum sector of a nation is to expose the industry to market forces as a means of promoting greater efficiency and bring about lower prices (Pickford & Wheeler, 2001).

Table 1: Fuel subsidy removal in Nigeria between 1986 and 2017

Year	Regime	Process of Withdrawal	Subsidy Withdrawn
1986	President Babangida	23kobo-70kobo	47kobo
1993	Chief Ernest Shonekan	70kobo - N 5.00	N 4.30
1994	Gen. Sani Abacha	N5.00- N 11.00	N 6.00
1998	Abdulsalami Abubakar	N 11.00- N 25.00	N 14.00
1998	Abdulsalami Abubakar	N 25.00- N 20.00	Due to Public Outcry
1999	President Olusegun Obasanjo	N 20.00- N 30.00	N 10.00
2000	President Olusegun Obasanjo	N 30.00- N 22.00	Due to Public Outcry
2002	President Olusegun Obasanjo	N 22.00- N 26.00	N 4.00
2003	President Olusegun Obasanjo	N 26.00- N 40.00	N 14.00
2003	President Olusegun Obasanjo	N 40.00- N 34.00	Protest from Labour
2006	President Olusegun Obasanjo	N 34.00- N 40.00	N 6.00
2007	President Olusegun Obasanjo	N 40.00- N 75.00	N 35.00
2009	President Yar'Adua	N 75.00- N 65.00	N 10.00
2010	President Jonathan	N 65.00 - --	- --
2011	President Jonathan	N 65.00 - --	- --
2012	President Jonathan	N 65-N141	Protest from Labour
	President Jonathan	N141-N86	N55.00
2016	President Muhammadu Buhari	N86-N145	N59.00
2017	President Muhammadu Buhari	N145	

Source: Afonne E., (2011), "Politics of Oil Subsidy: The Cartel's Fraudulent Acts," Nigerian News world, October 24, Vol. 15, No. 034; Author's compilation (2018).

As can be seen in table 1, removal of fuel subsidy and the consequent deregulation of the downstream oil sector have not tackled the menace of poverty and unemployment in Nigeria. Unemployment has remained one of the socio-economic challenges confronting Nigeria. In 2000, the number of unemployed persons constituted 31.1%, in 2005, it reduced to 11.9% but increased again to 23.9% in 2011 (National Bureau of Statistics, 2009, 2010 & 2012). Nigeria has a youth population of 80 million, which represents 60% of the total population with a growth rate of 2.6% per year. The national demography suggests that the youth population remains vibrant with an average annual entrant to the labour force of 1.8m between 2006 and 2011. Between the period of 2006 and 2011, majority of the youth are either unemployed or under-employed. He further stated that the statistics of unemployment among the youths showed that between 1990 and 2000, the largest groups of the unemployed were secondary school graduates. Also, 40% of unemployment rate were among urban youths aged 20 - 24

and 31% of the rate were among those aged 15-19. About two-thirds of the urban unemployed ranged from 15-24 years old (Ajaegbu, 2012).

The overall unemployment rose from 12.3% of labour force to 23.9%. Moreover, the educated unemployed tended to be young males with few dependents (Okafor, 2011). In 2011, the situation became more critical with 37.7% of Nigerians between the ages of 15-24 and 22.4% of those between the ages of 25-44 who showed willingness to work but did not get the jobs. The average youth unemployment rate in Nigeria is 46.5% (BGL, 2012).

See table 2 for a better understanding of the unemployed persons by educational level/age group and sex as at December 2005 for rural and urban Nigeria combined, and table 3 for national unemployment rate in Nigeria.

Table 2: Unemployed persons by educational level/age group and sex as at December 2005 for rural and urban Nigeria combined.

Level	2002	2003	2004	2005
All levels	100.00	100.00	100.00	100.00
No schooling	14.0	16.6	11.0	14.9
Primary	21.0	16.1	18.0	15.8
Secondary	55.2	57.4	59.7	16.5
Post-secondary	9.7	9.9	11.0	16.5
Age group: All groups (15-59)	100.0	100.0	100.0	100.0
15-24	59.9	49.6	54.8	52.9
25-44	34.2	35.9	35.5	41.1
45-59	4.2	5.2	3.9	2.7
60-64	4.7	9.2	6.8	3.4
Sex (both sex)	100.0	100.0	100.0	100.0
Male	56.4	59.8	55.5	58.5
Female	43.6	40.2	44.5	41.7

Source: National Bureau of Statistics (2006, p.5)

Table 3: National Unemployment Rate in Nigeria

Survey Period	Composite	Urban	Rural
1998	3.4	6.1	2.8
1999	3.2	6.0	2.6
2000	3.2	4.9	2.8
2001	3.1	5.8	2.5
2002	4.7	7.2	3.7
2003	4.2	4.8	3.9
2004	3.0	3.8	2.7
2005	2.9	3.2	2.7
2006	2.8	3.3	2.6

Source: NBS (2006, p.56)

Table 4: Unemployment rate in Nigeria, 1999-2012

Year	Unemployment rate
1999	3.1
2000	13.1
2001	13.6
2002	12.6
2003	14.8
2004	13.4
2005	11.9
2006	12.3
2007	12.7
2008	14.9
2009	19.7
2010	21.1
2011	23.90
2012	24.90

Source: CBN Statistical Bulletin, 2012

Table 4 shows the unemployment rate in Nigeria between 1999 and 2012. A closer look at the table reveals that poverty level in the country is on a continuous rise, regardless of the introduction of the policy of deregulation in the country's downstream oil sector.

According to Arogundade et al (2011), poverty is the inability of an individual to attain the minimum standard of living... a social condition characterized by inadequate access to basic human needs (food and non-food) to the sustenance of socially acceptable minimum standard of living in a given society. Some of the basic determinants of minimum standard of living include adequate food, shelter, portable water, health care, education and employment opportunities (Akintola and Yusuf, 2001).

In 1980, poverty rate increased from 27 percent to 66 percent in 1996 in the country. By 1999, the estimate was that more than 70 percent of Nigerians lived in poverty, while life expectancy is 54 years, and infant mortality is rated at 77 per 1,000. Maternal mortality was rated at 704 per 100,000 live births. These were among the highest in the world (IMF, 2005). Sadly, Nigeria is still grappling with poverty, even with the introduction of downstream oil sector reforms that were supposed to enhance economic development of the country. As shown in table 5, poverty was growing at geometrical progression in Nigeria between the period of 1984 and 2004.

Table 5: Trends in Poverty Levels in Nigeria, 1980-2004

Year	Poverty Incidence	Estimated population (m)	Total population in poverty (m)
1980	21.1	65	18.26
1985	46.3	75	34.73
1992	47.2	91.5	39.07
1996	65.6	102.3	67.11
2004	54.4	126.3	68.7

Source: National Bureau of Statistics (2004, pp.22-24)

Table 6: Nigeria's poverty index, 1999-2012

Year	Poverty index (rating of 100)
1999	54.7
2000	55.8
2001	55.8
2002	55.8
2003	55.8
2004	69
2005	69
2006	69
2007	69
2008	69
2009	69
2010	69
2011	69
2012	69

Source: CBN Statistical Bulletin, 2012

Table 6 shows that between the period of 1999 and 2012, the level of poverty in Nigeria has continued to rise astronomically.

Corrupt Practices in The Nigerian Oil Sector

Corruption is as old as man. It is an ancient practice that is traceable to pre-biblical time and made itself known in the ancient civilizations of developed and developing countries (Nwankwo, 2014). According to Mohammed (2013), corruption is one of the greatest threats to economic and political development of any nation. Nagari, Umar and Abdul (2013) identified corruption as one major obstacle that militates against rapid growth and development of the Nigerian economy. It undermines good government, fundamentally distorts public policy, leads to the misappropriation of resources, harms the private sector and private sector development, and particularly it hurts the poor (Ajao, Dada & Olaoye, 2013). They also state that as a result of the negative effects of corruption on development, Nigerian government and international organizations seek for solution on how to combat the menace. They equally believe that since the pre-colonial period to date, corruption has been perpetrated in governance, public and private places in Nigeria (Nagari, Umar & Abdul, 2013).

It was observed that in Nigeria, the rise of public administration and discovery of petroleum and natural gas were two major events that led to the unimaginable rate of corrupt practices in the country (Wikipedia, 2014). Corruption, which is manifest in the form of bribery, kickbacks, inflated pricing of contracts and public projects, breeds crises in the country and constitutes some of the greatest dangers to the security of the nation (Obioma, 2012). In Nigeria, corruption is still high, irrespective of efforts made by government agencies in the country like the Economic and Financial Crimes Commission (EFCC),

the Independent Corrupt Practices and Related Offences Commission (ICPC), and international organizations like Transparency International, World Bank, etc. to reduce it (Akinwale, 2012).

Since the discovery of oil in Nigeria in 1956, the industry has been marred by political and economic strife, largely due to a long history of corrupt military regimes, civil rule and complicity of multinational corporations (Baghebo & Atima, 2013). The downstream oil sector has been faced with plethora of problems. This section of the study explicated how lack of transparency in the Nigerian oil industry (as evidenced in the award of oil blocks, crude oil export and importation of refined products and award of contracts), and the low capacity utilization of Nigeria refineries have negatively affected several efforts made to reform the sector.

Lack of Transparency in Nigeria's Oil Industry

One of the problems facing Nigeria's oil industry is lack of transparency. In this study, we are going to analyze this point under the following sub-headings: indiscriminate allocation of oil blocks; crude oil export and import of refined petroleum products; and the award of contracts. First, there is the issue of indiscriminate allocation of oil blocks to people, and this undermines reforms in the downstream oil. During the second coming of Olusegun Obasanjo as Nigeria's democratically elected president, eleven oil blocks given to senior military officers and their allies by the previous military governments were revoked. That government introduced transparency and competition into the Nigeria's oil block bidding processes in order to end such sharp practices. The oil bids of 2000, 2005, 2006 and 2007 were publicly advertised by the government to some extent – a development that availed people the opportunity to know the available blocks and the criteria for selection, and the various bids received (Salisu, 2011). Unfortunately, the government later derailed from its preaching for transparency and competition in the award of oil blocks. Accordingly, the whole process suffered serious shortcomings by giving advantages to certain companies. Corroborating this scenario is the fact that between 2001 and 2006, there was no open bidding for oil blocks; rather, it was only selective bidding that was authorized by the presidency during that time. In 2007, Obasanjo allocated oil blocks arbitrarily to his political associates and cronies – an action that was described as the “oil block bazaar” in a national newspaper.

Second, there is the issue of crude oil exportation and importation of refined products. The country was swindled of billions of dollars in the award of crude oil contract by the NNPC during the Obasanjo's civilian administration (Newswatch, 2008). The NNPC perpetuated crude oil fraud through three major fronts. Examples were the deliberate increase in the daily quota as against figures allocated to Nigeria by the Organization of Petroleum Exporting Countries (OPEC); the diversion of interest on income from illegally transferred money from the NNPC joint venture account; and the diversion of money through a

non-existent joint venture cash call arrears (Salisu, 2011). According to the audit report of the NNPC, between 1999 and 2004, it was observed that between June and December 1999, OPEC gave Nigeria a quota of 403, 390, 000 barrels; NNPC produced 499, 774, 775, which is an excess of 46, 384, 745 barrels. The excess was taken up to 80, 601, 101 in 2000 when NNPC produced a total crude quantity of 828, 618, 101 as against the 748, 011, 000 approved by OPEC. Furthermore, in 2001, OPEC gave Nigeria a quota of 728, 634, 000; NNPC produced 863, 835, 184 - an excess production of 130, 201, 184. In 2002, instead of producing in line with OPEC quota of 478, 851, 000, NNPC produced 542, 103, 211, which was an excess of 54, 252, 271. Based on the oil price of \$25 per barrel at the prevailing exchange rate of N111.6 to \$1 at that period, Nigeria lost N515, 071, 784, 460 to the scam. The oil cartel involved in the deal pocketed the extra income accruable instead of paying it into the nation's treasury (Newswatch Magazine, 2008).

Award of Contracts

There is also lack of transparency in the Nigerian oil industry in the way and manner contracts were awarded. More often than not, large-scale contracts are awarded mainly to oil service companies. This implies that in principle, it is the operator company that awards these contracts. However, during the reign of Obasanjo as Nigeria's civilian president, government exercised a lot of influence in the award of contract in the oil sector. The famous Halliburton scandal, which only blew open after a US oil service company pleaded guilty to paying around US \$6 billion to buy Liquefied Natural Gas facilities in Nigeria revealed the involvement of some Nigerians.

Low Capacity Utilization of The Nigerian Refineries

In Nigeria, the downstream oil sector has been facing serious challenges due to the unenviable state of the nation's refineries which its production capacity been below optimal level, even when huge amount of money is voted in for Turnaround-maintenance (TAM). The poor maintenance of the country's refineries located in Warri, Port Harcourt and Kaduna, with a combined installed capacity of 445,000 bpd, led to a sharp decline in production level to 15 % of the total installed capacity. This resulted to Nigeria's reliance on importation to meet about 70 percent of its domestic fuel needs (Maram, 2012).

Between 1999 and 2004, more than 90 billion was spent on getting the refineries producing at their full capacities. No positive result was achieved from the huge expenditures. In 2010, about \$364 million was sunk into the maintenance of the Kaduna, Warri and Port Harcourt refineries. About \$75million was spent on the Kaduna refinery alone, while the Warri and Port Harcourt refineries received \$137 million and \$152 million respectively (Nwachukwu, 2010). Over \$35 million was often budgeted for Turn Around Maintenance every four years with little or no improvement in the functioning and operation of

the refineries (Feyide, 1994). As can be seen from table vii, the combined production of the refineries represent only 31.4 percent, 13 percent, and 26.1 percent of installed capacity for PMS, DPK, and AGO respectively during the period of 1999-2004. Consequently, due to the inability of the NNPC to refine its crude, the corporation has increasingly sold unrefined crude in the international market since 1999, and uses it to import refined petroleum products.

Table 7: The last minute award of oil block during Obasanjo tenure (1999-2007)

S/n	Name of Companies	No. of Blocks	Amount (\$)
1	Essar Energy Exp. And. Prod.	Block 226	\$ 18.5 million
2	Monipulo	Block 231	\$ 17, 999.980 million
3	Conoil	Block 290	\$ 49, 999,975 million
4	Global Energy Coy Ltd	Blocks 2009 & 2010	\$ 11, 499, 949 million
5	Continental Oil	Block 2007	\$ 54, 999, 982 million
6	Sterline Global Oil Res.	Blocks 2005 & 2006	\$ 5, 150, 000 million
7	Bayelsa Oil Coy	Block 240	\$ 5, 599, 949 million
8	Abbey Courts/Coscharis	Block 293	\$ 50, 167, 510 million
9	Deltagate/Petrodel	Block 258	\$ 12, 500, 000 million
10	Sahara Energy	Block 228	\$ 2, 500,000 million

Source: The Nation Newspaper, Thursday June 19, 2008, pp.1-2.

Information in table 7 shows that the award of oil blocks was done in a way that enriched a privileged few individuals who were close to the government of Obasanjo, to the detriment of the less privileged majority in Nigeria. To support this assertion, Louis (2009), notes that oil blocks were almost freely given to individuals who are highly connected to those in power, while Salisu stated thus:

These individuals then sell the blocks to International Oil Companies and earn substantial income. It operates like a government-subsidized welfare programme for a selected few. Politically, Nigerian leaders perceived and use oil blocks as form of reward and punishment to compel or elicit certain behavior from targeted individuals (2011, p.301).

The indiscriminate award of oil contracts by successive governments in Nigeria largely contributed to the disenchantment of Nigerians towards reforms in the downstream oil sector. Table 8 x-rays the Halliburton scandal, which only blew open after a US oil service company pleaded guilty to paying around US \$6 billion to buy Liquefied Natural Gas facilities in Nigeria revealed the involvement of some Nigerians, is highly informative.

Table 8: Halliburton scandal indicating the beneficiaries and the amount

S/n	Period	Beneficiaries(Company/Individual)	Amount
1	1994-1995	General Sani Abacha (former Nigeria Military Dictator)	\$ 40 million
2	1998	General Sani Abacha's brother, Abdulkadir Abacha	\$1.887 million
3	1996-1998	Dan Etete (former Minister of Petroleum under Abacha)	\$2.5 million
4	1999-2000	M.D. Yusuf (former Inspector General of Police and Chairman of LNG)	\$75, 000
5	2001-2002	Atiku Abubakar (former Vice President, 1999-2007) and Don Etiebet, ex Petroleum Minister)	\$37.5 million
6	2001-2002	Olusegun Obasanjo and Atiku Abubakar, and Funsho Kupolokun (former President, Vice President and GMD, NNPC respectively)	\$74 million
7	2001-2002	Bodunde Adeyanju, ex personal assistant to Obasanjo	\$5million
8	2001-2002	Ibrahim Aliyu, a retired federal permanent secretary (Urban Shelter and Intercellular)	\$11.7 million
9	2001-2002	Mohammed Gidado Bakare, a retired Chief Planning Officer	\$3, 108, 675
10	March, 1999	Nasir Ado Bayero, Son of the Emir of Kano (Gosmer International, Risers Brothers)	\$600,000
11	1999-2000	Shinkafi and Glosmer International	\$195, 000
12	March, 1999	Edith Edeghoughou	\$290, 000
13	March, 1999	Zertasha Malik and Greta Overseas	\$600, 000
14	March/June, 1999	Greta Overseas and Riser Brothers	\$1.12 million

Source: Salisu, O.U. (2011, p.304).

Linking The Elite Theory To Downstream Oil Sector Reforms and Economic Development

Elite doctrine presupposes that all societies are divided into two classes. To this end, an Italian political scientist, Mosca (1939) stated that in all societies starting from those that are underdeveloped up to the developed ones, two classes of people can be found. The first group is of a set of few privileged minority consisting of the ruling class, while the second group is a set of less privileged majority consisting of the ruled class. The first class, with their thin population monopolizes power for their own advantage, while the second class, with their thick population is under the control of the first group. It is pertinent to note that in all societies (socialist or capitalist societies, agricultural and industrial, traditional and advanced); it is the elite that govern. In Nigeria, the few who are in position of authority do not represent the many that are governed by them. In Nigeria, elites constitute themselves as the aristocrats. They control the resources of the state for their own selfish end. They control and own some disproportionate share of the societal institutions. Oftentimes, they establish a clique that is difficult to dislodge or control. Again, elite theory implies that public policy reflects more of the interests and values of these few privileged individuals than that of the people. Since the country's political independence, Nigerian elites have been in the attitude of instituting reforms that are in consonance with their self-interests (Ikunga, 2008).

Furthermore, elite theory does not bar people of the lower class from rising to the highest echelons of the

society; rather, it enforces some mobility which enables non-elites to become elites. This development is important for the stability of the elite system, because once a system is open it helps to ward-off all forms of revolution from the mindset of the lower class. More often than not, “it is only those non-elites who have repeatedly supported the cause of the ruling elite that are admitted into the elite class and given responsibilities in the political processes of the Nigerian state” (Ikunga, 2008, p.3).

The Nigerian state has been severally described as a predatory one, and the elites are a group of egocentric and self-serving individuals that aspires to manipulate the machinery of the state in order to fulfill their class interest. It was in this light that a scholar maintains that basically, privatization counters the imagery of the less privileged that crave for improved employment opportunities, slum rehabilitation, improved and cheaper and social services among others. Privatization in Nigeria, given the its key lapses remains an elite hegemonic project, which is nothing but a counter narrative of the economy from the point of view of those outside the elite's sphere (Anugwom, 2011, p.211).

In a similar vein, Obiora and Okonwo (2014), while citing Guardian (2006) asserted that the privatization exercise gave the opportunist political elite in Nigeria the chance to collude with the foreign bourgeois class to seize the economy. Further still, they posited that even the private operators of businesses in Nigeria, who are seen as the probable key beneficiaries of the exercise have been made to act as fronts for foreign bourgeois class with unlimited proceeds accumulating from state resources.

There are other scholars who observed that the programme on privatization has created the long-sought opportunities for the business elites and the political elites to their regain economic dominance. This created an avenue for the political elites to launder the accumulated resources of the state in economic ventures, thereby creating legitimacy for plunder. The political elite have used the avenue of privatization exercise to consolidate their grip in the economic sector with the loots stolen from the coffers of the state (Adegoroye, 2006). For Anugwom (2011), privatization in Nigeria's reinter economy has provided the elite class with the opportunity to reinvest their proceeds of primitive accumulation in the economy.

Other scholars like Obikeze and Obi (2004) saw privatization of government enterprises from the angle of a platform needed by the elites to arrogate to them the power to control the economy. They further stated that in order for this capitalist motive to manifest, they first had to cripple the efficient running of public corporations with all forms of corrupt practices so as to have enough reason to describe them as inefficient and unproductive. Describing this scenario, they stated thus:

... public enterprises did not perform abysmally in Nigeria because they are publicly owned. Rather, they perform that way because; the government that owned them has never really been interested in them to perform. To those in government, these enterprises are seen as avenue for rewarding the 'boys' and are therefore not bothered when their resources are plundered leading to their rendering epileptic services to the citizens Obikeze& Obi, (2004, p.269).

Elite theory is hinged on elite domination and manipulation, and this is manifest in Nigeria's downstream oil sector. The oil cartels collude with the political elite to sustain the tempo with which they squander the country's commonwealth (Daily Independent, 2006; Okogu, 1993). The level of corruption pervading the oil sector is inextricably linked to institutions of the Nigerian state. This point was buttressed by Akov, (2015, pp. 396-397), when he said thus:

Government's inability or refusal to probe the appalling corruption in the Nigerian National Petroleum Corporation (NNPC), coupled with its unwillingness to prosecute suspected oil thieves...is a pointer to the fact that its officials are enmeshed in the wanton corruption in the sector or at least are beneficiaries of it. The fight against corrupt individuals/groups seems to have attenuated in Nigeria in recent years, and government has demonstrated a glaring unwillingness to investigate corruption-related cases especially in the country's sprawling oil sector. The masses who ideally, should be benefactors of the country's oil wealth continue to suffer in penury and helplessness on account of governments tempered response to corruption, which continues to exacerbate the poor state of the country's economy and society.

CONCLUSION

This paper critically examined the link between deregulation of the downstream oil sector and economic development in Nigeria. Elite theory was adopted as the framework of analysis, while the ex post facto design and the qualitative-descriptive method of data analysis defined the methodological approach used in the study. The paper argued that deregulation of the downstream oil sector has not enhanced economic development in Nigeria. It also posited that the high level of corruption in the downstream oil sector has largely contributed to the poor growth of the Nigerian economy. These corrupt practices which manifests in various forms such as the indiscriminate award of oil contracts; allocation of oil blocks to friends and cronies of those at the corridor of power; low capacity utilization of the country's refineries due to the lacklustre attitude of the relevant stakeholders on the issue of Turn Around Maintenance etc., have continued to beleaguer the downstream oil sector. The resultant effect is that Nigeria's economy remains comatose. Based on the foregoing, some recommendations that are capable of addressing the challenges that has bedeviled the Nigerian downstream for robust economic development were made in the paper.

RECOMMENDATIONS

Based on the foregoing analysis, the paper recommended that:

1. Government should, as a matter of urgency, fix the country's incapacitated refineries for optimal production.
2. All legislative bottlenecks facing the speedy passage of the Petroleum Industry Bill should be removed so that the policy of deregulation in the downstream can become feasible.
3. Government should display strength of character by punishing all those persons that have contributed to the corrupt practices in the sector.
4. Government should sensitize Nigerians using their native languages on the benefits and challenges of deregulating the downstream oil sector.
5. Government should urgently and patriotically initiate and implement palliatives measures that would address the short-run challenges that Nigerians are facing as a result of deregulating the downstream oil sector.

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