



University of
Greater
Manchester

Academy for African Studies Annual Conference

Repositioning Africa: Power, Policy and
Practice in a Disrupted World.

10-12 AUGUST 2026



Conference Proceedings
Part 1 of 2



ABSTRACTS

INTERROGATING METHODOLOGICAL RIGOUR IN SYSTEMATIC LITERATURE REVIEWS: A DOCUMENTARY ANALYSIS OF MSc DISSERTATIONS

Amina Mehmood and Ahmed Beloucif; *University of the West of Scotland, UK*

Abstract

Systematic literature reviews (SLRs) have become a widely adopted research strategy in postgraduate education, yet there remains limited empirical understanding of how they are methodologically enacted by novice researchers. Addressing this gap, this study employs a documentary analysis to critically examine the methodological rigour of SLRs conducted within MSc dissertations. Drawing on a purposive sample of 25 dissertations, the research treats student-produced texts as institutional artefacts that reflect both methodological practice and pedagogical context.

The study develops and applies a structured analytical framework informed by established SLR protocols, including PRISMA and SALSA, to evaluate key components such as search strategy transparency, inclusion and exclusion criteria, screening procedures, quality appraisal, and synthesis approaches. Combining quantitative descriptive techniques with qualitative thematic analysis, the research not only assesses levels of methodological compliance but also interprets patterns of practice and inconsistency within the documentary evidence.

The findings reveal significant variability in the execution of SLR methodologies, with most dissertations demonstrating partial and uneven adherence to established standards. Persistent weaknesses include limited reproducibility of search strategies, inconsistent application of selection criteria, and minimal engagement with formal quality appraisal tools. The analysis further identifies underlying structural and pedagogical influences shaping these practices, including gaps in methodological training, restricted access to scholarly resources, and ambiguity surrounding SLR implementation.

By positioning dissertations as sites of methodological enactment, this study advances documentary analysis as a valuable approach for evaluating research training outcomes. It contributes to debates on postgraduate supervision by evidencing systemic shortcomings in SLR instruction and offering actionable recommendations, including the development of clearer methodological guidelines, targeted training interventions, and enhanced supervisory structures. Ultimately, the study provides evidence-based insights to strengthen methodological rigour and research capacity in postgraduate education.

Keywords: *Systematic literature review; documentary analysis; MSc dissertations; postgraduate research; methodological rigour; research training; supervision; higher education pedagogy; PRISMA; SALSA*

A TWO-PHASE QUALITATIVE APPROACH TO EXPLORING INTRA-GENDER DISCRIMINATION IN NON-WESTERN ORGANISATIONAL CONTEXTS

Banu Albayrak Ucar; *Bournemouth University, UK*

Abstract

Background of the Study

While gender discrimination directed at women by men is well studied, significantly less scholarly attention has been paid to discrimination occurring between women. Women-to-women discrimination – a phenomenon encompassing horizontal workplace hostility and behaviours associated with the Queen Bee Syndrome (Ellemers et al., 2004) – carries serious consequences for wellbeing and mental health, yet remains underexplored, particularly in non-Western contexts. This study examines how these dynamics operate within Turkish organisations and how HRM practices may mitigate or perpetuate them. Turkey sits at a unique intersection of Middle Eastern and European influences, where Western corporate structures coexist with traditional patriarchal cultural norms – making it a compelling and paradoxical case for this inquiry. By comparing multinational and locally managed organisations, this study explores whether global structural practices or traditional cultural norms are the stronger enabling force. Findings from this Turkish context are intended to contribute to broader conversations about patriarchal institutional persistence in non-Western settings, including across the African continent, where similar intersections of traditional norms and formal organisational structures shape women's workplace experiences.

Rationale for the Choice of Methodology

A qualitative design is adopted as most appropriate for exploring lived experiences and sensitive workplace dynamics (Creswell and Creswell, 2023). Given the personal and often concealed nature of intra-gender discrimination, qualitative methods enable the contextually rich, participant-centred data this inquiry requires.

Methodology

The study adopts a two-phase sequential design. Phase one involves open-ended online surveys distributed via LinkedIn and PERYÖN (the Turkish HR professionals' association), assessing the prevalence and nature of women-to-women discrimination and identifying patterns to guide the interview phase. Participants who volunteer via the final survey question will form the pool for purposive selection. Phase two comprises semi-structured interviews with approximately 30–35 women employees and 8–10 HR professionals, sampled for diversity across organisation type, seniority, and role. Thematic analysis (Braun and Clarke, 2022) will be applied to uncover patterns in participants' experiences and institutional responses, with data collection continuing until saturation is reached. Theoretically, the study draws on Social Identity Theory, Intersectionality, and Mintzberg's Organisational Structure Theory in an integrated analytical framework to examine how identity, institutional structure, and cultural norms interact to shape intra-gender workplace dynamics, contributing both to scholarly understanding and to practical HR interventions.

CONTENT CREATION SELF-EFFICACY AND DIGITAL WELLBEING: EXAMINING THE MECHANISMS AND BOUNDARY CONDITIONS IN GLOBAL THE SOUTH

Bernard Oforu Bernard; *University of the West of Scotland, UK*

Kwame Ntim Sekyere; *University of Leicester, UK*

Abstract

The rise of digital entrepreneurship has repositioned social media as an engine for youth employment and wellbeing in emerging economies. Yet, the psychosocial consequences of high online visibility remain underexplored, especially in resource-constrained digital ecosystems such as Ghana. This study examined how content creation self-efficacy (CCSE) shapes digital wellbeing (DWB), emphasizing the mediating effect of social media conspicuousness (SMC) and the moderating role of generative AI dynamic capabilities (GAI). Grounded in Self-Determination Theory and Dynamic Capability perspective, we argue that while CCSE enhances autonomy and competence, excessive demand for visibility may increase digital fatigue, performance anxiety, and dependency on external validation.

A three-phase analytical approach was employed. First, data from 400 Ghanaian webpreneurs were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test linear relationships. Findings show that CCSE improves DWB directly, but indirectly undermines it through high SMC, revealing a paradox where the same psychological resource simultaneously empowers and endangers wellbeing. Second, a moderation analysis shows that GAI significantly reduces these negative effects by enhancing creativity, reducing workload, and restoring autonomy when engaging conspicuously online. Third, fuzzy-set Qualitative Comparative Analysis (fsQCA) uncovers multiple configurations of technological and psychological conditions leading to digital flourishing, confirming the nonlinear nature of digital wellbeing.

This study contributes to emerging scholarship by introducing a dual-pathway model of digital flourishing, distinguishing empowering vs. impairing outcomes of digital entrepreneurship. Practically, it signals the need for policy and platform-level interventions on digital mental health literacy and AI-upskilling to promote sustainable digital careers. The findings underscore that in emerging markets, digital wellbeing is not merely a user-level trait—it is an innovation and public health imperative.

Keywords: *Content Creation Self-efficacy, Digital Wellbeing, Social Media Conspicuousness, Generative AI Dynamic Capabilities, Webpreneurs, Emerging Markets*

BUILT TO LAUNCH, NOT TO LAST: MAINTENANCE CULTURE AND THE SUSTAINABILITY OF PUBLIC INFRASTRUCTURE IN GHANA

Ebenezer Frimpong, Esther Damaris Tsotsoo Ashiao, Elvis Dwumah; *York St John University London, UK*

Abstract

Across Africa, the failure to maintain public infrastructure is routinely blamed on a deficient 'maintenance culture', a national attitude of neglect. Ghana illustrates the scale of the problem: the 2024 Auditor-General's report identified sixty-two completed public projects standing unused, roughly one-third of local government projects are never completed, and deferred maintenance converts routine repair costs into reconstruction liabilities. This study argues that the cultural diagnosis is analytically empty and practically misleading. Drawing on maintenance and repair studies and the political economy of public investment, it reframes maintenance failure as an institutional outcome: new construction generates contracts, commissioning ceremonies and political credit, while maintenance generates none, so budget cycles, donor financing structures and electoral horizons systematically reward building over keeping.

The study employs a qualitative case study of Ghana with an embedded two-sector comparison designed to isolate the effect of institutional design. Roads, where a dedicated institution, the Ghana Road Fund, financed by ring-fenced fuel levies, was created to protect maintenance spending, are compared with public buildings, where no equivalent institution exists. The Road Fund's trajectory of revenue capping, diversion and recent restoration provides additional within-case variation. Data comprises of Auditor-General reports, 10 years of national budget estimates distinguishing capital from recurrent allocations, Road Fund records, and parliamentary committee reports.

Preliminary findings indicate that maintenance outcomes track institutional protection, not public attitudes: where maintenance commands protected revenue, dedicated agency and clear accountability, assets are kept; where it competes with new construction in the general budget, they decay. The study concludes that 'maintenance culture' should be replaced by 'maintenance institutions' as the explanatory frame, and recommends that governments ring-fence recurrent financing at project approval, assign each asset class an accountable maintenance owner, and require whole-life cost disclosure before new construction is authorised, a discipline of immediate relevance as African states embark on a new generation of megaprojects.

Keywords: *maintenance culture; public infrastructure; sustainability; institutions; political economy; Ghana*

GOVERNING AI WITHOUT ENFORCEMENT: A COMPARATIVE STUDY OF NATIONAL AI STRATEGY ADOPTION IN GHANA, NIGERIA AND RWANDA

Ebenezer Frimpong, Olalekan Adisa; *York St John University London, UK*

Abstract

In 2024, the African Union adopted its Continental Artificial Intelligence Strategy, calling on all member states to develop national AI strategies during its first implementation phase (2025–2026). The response has been rapid but uneven: by mid-2025, only thirteen African countries had published AI strategies or draft policies, and even these early adopters struggle to translate policy objectives into enforceable governance. African states are thus adopting AI strategies faster than they are building the institutional capacity to implement them, at a moment when the European Union, the United States and China are exporting rival regulatory models across the continent. This study asks why states with similar AI ambitions produce distinctly different governance outcomes, and what determines whether a national AI strategy builds genuine regulatory capacity or remains largely symbolic.

The study employs a qualitative comparative case study design informed by policy transfer and diffusion theory. Three contrasting early adopters are examined: Rwanda, Nigeria, and Ghana, selected to capture variation in the forces driving strategy adoption. Data comprises the three national AI strategies, the AU Continental AI Strategy, associated regulatory instruments, and independent assessments by the OECD, the Carnegie Endowment and UNESCO. Documents are coded against four dimensions: the actors driving adoption, institutional anchoring, enforcement mechanisms, and alignment with external frameworks.

Preliminary findings identify three distinct adoption pathways, capacity-led (Rwanda), market-led (Nigeria) and donor-influenced (Ghana) and show that enforcement is the weakest dimension in every case. The study concludes that where enforcement capacity is absent, AI governance does not fail but migrates into informal and negotiated arrangements: data protection authorities stretching their mandates, sectoral regulators improvising, and foreign frameworks filling institutional vacuums. It recommends anchoring enforcement in existing regulators rather than awaiting apex AI institutions, pairing borrowed frameworks with domestic implementation plans, and using the AU's 2027 review to introduce continental peer review of implementation, not merely adoption.

Keywords: *AI governance; policy transfer; institutional capacity; Africa; comparative policy analysis; multipolarity*

SUSTAINABLE PROCUREMENT AND THE UK PROCUREMENT ACT 2023: IMPLICATIONS FOR AFRICAN EXPORTERS

Elvis Dwumaah, Esther Damaris Tsotsoo Ashiao, Ebenezer Frimpong; *York St John University London, UK*

Abstract

The Procurement Act 2023 (“the Act”), which came into full force on 24 February 2025, represents the most substantial reform of UK public procurement in a generation, replacing the EU-derived Public Contracts Regulations 2015 with a single regime built around transparency, flexibility and the pursuit of wider social and environmental value. While the domestic implications of the Act for UK suppliers, particularly small and medium-sized enterprises (SMEs), have attracted considerable commercial and legal commentary, its consequences for exporters based in African countries seeking to participate in UK public supply chains remain largely unexamined in the scholarly literature. This development paper addresses that gap.

Drawing on sustainable procurement theory and an early-stage documentary analysis of the Act, its supporting regulations and government guidance, the paper develops a conceptual framework for understanding how the shift from the Most Economically Advantageous Tender (MEAT) to the Most Advantageous Tender (MAT) standard, new transparency and payment obligations, and reinforced sustainability and social value criteria may simultaneously open and close routes to market for African exporters.

The paper argues that sustainability requirements embedded in the Act risk functioning as informal non-tariff barriers unless matched by capacity-building support, even as they create genuine opportunities for African firms that can demonstrate credible environmental, social and governance (ESG) credentials. The paper concludes with a set of research propositions and a proposed mixed-methods research design intended to generate empirical evidence at the full-paper stage.

Keywords: *sustainable procurement; Procurement Act 2023; African exporters; social value; non-tariff barriers; UK-Africa trade*

ENTREPRENEURIAL LEADERSHIP IN THE CREATIVE INDUSTRIES: INNOVATION, IDENTITY AND SUSTAINABLE BUSINESS GROWTH

Esther Damaris Tsotsoo Ashiao, Olalekan Adisa, Ebenezer Frimpong; *York St John University London, UK*

Abstract

Creative enterprises contribute significantly to employment, cultural expression and economic development, yet many struggle to achieve long-term growth. These challenges are particularly visible in African creative industries, where entrepreneurs often operate with limited access to finance, informal business structures, rapidly changing technologies and uncertain markets. At the same time, creative founders must protect cultural identity while responding to changing customer expectations and commercial pressures.

This developmental paper examines how entrepreneurial leadership supports innovation, identity and sustainable business growth in the creative industries, with particular attention to the Ghanaian context. It explores how creative entrepreneurs recognise opportunities, lead small teams, mobilise limited resources and translate cultural knowledge into commercially valuable products and services. The study adopts a qualitative documentary and conceptual approach, drawing on academic literature, policy reports and publicly available evidence from creative ventures operating across fashion, photography, design, crafts and media. The analysis is organised around four interconnected areas: innovation-oriented leadership, identity-based value creation, adaptive resource management and sustainable growth.

The paper argues that successful creative entrepreneurship requires more than artistic talent or business ambition. It depends on leaders who can balance creativity with structure, cultural authenticity with market adaptation, and short-term opportunities with long-term organisational development. Preliminary analysis suggests that sustainable creative ventures are strengthened when founders build collaborative teams, encourage experimentation, develop clear business systems and treat cultural identity as both a social responsibility and a source of competitive advantage.

The paper proposes an entrepreneurial leadership framework linking vision, innovation, identity, stakeholder relationships and organisational resilience. It contributes to entrepreneurship and leadership scholarship by offering a context-sensitive perspective on how African creative ventures can grow sustainably while preserving their cultural and creative value.

Keywords: *entrepreneurial leadership, creative industries, innovation, cultural identity, sustainable growth, Ghana, entrepreneurship*

ONE MORE GIRL, ONE MORE PAD, ONE MORE CHANCE: MANAGING COMMUNITY-BASED MENSTRUAL HEALTH PROJECTS FOR GENDER EQUALITY IN GHANA

Esther Damaris Tsotsoo Ashiao and Olalekan Adisa; *York St John University London, UK*

Abstract

Menstrual health remains an important but often under-managed development issue affecting the dignity, wellbeing and educational participation of girls in Ghana. Although community-led initiatives increasingly respond to gaps in access to sanitary products and menstrual health education, many are treated mainly as distribution activities rather than as projects requiring structured planning, stakeholder coordination, safeguarding, monitoring and long-term sustainability.

This developmental paper examines how project-management practices can strengthen the design and delivery of community-based menstrual health initiatives in Ghana. It uses Project 100+1 as a practice-informed case through which to explore how local interventions can move beyond short-term charitable support towards more sustainable and measurable approaches to gender equality.

The study adopts a qualitative, documentary and reflective case-study approach. It draws on project planning materials, relevant academic literature, policy documents and reports on menstrual health, girls' education and community development. The analysis is organised around six project-management areas: needs assessment, stakeholder engagement, resource and procurement planning, risk and safeguarding, implementation, and monitoring and evaluation.

The paper argues that effective menstrual health projects require more than the provision of sanitary pads. They also depend on culturally sensitive education, the involvement of schools, families, health professionals and community leaders, reliable funding, clear safeguarding procedures and meaningful measures of impact.

The paper proposes a practical framework built around needs-led planning, inclusive stakeholder governance, integrated education and distribution, risk-informed implementation, outcome-based monitoring and sustainable resource mobilisation. It contributes to project-management and gender-development discussions by showing how community-led menstrual health initiatives can be managed as structured interventions that support dignity, health, education and gender equality in Ghana.

Keywords: *menstrual health, gender equality, project management, community development, Ghana, girls' education, period poverty*

FROM ELECTRONIC GOVERNANCE TO ARTIFICIAL INTELLIGENCE: EMERGING INFORMATION SYSTEM CHALLENGES FROM PUBLIC TRANSFORMATION IN AFRICA

Felix Mudiaga Erhurhe; *University of the West of Scotland, UK*

Abstract

The study is focused on the transformational transition from electronic governance to artificial intelligence (AI) governance in Africa targeting the public sector delivery system. The study examines the historical evolution of government information systems from administrative automation to AI-enabled governance in Africa, identify and analyse emerging information systems challenges confronting AI adoption in African public sectors, develop an integrated conceptual framework that combines historical, institutional, technological, and governance dimensions for understanding AI governance in Africa, and propose policy recommendations to guide responsible and sustainable AI-government transformation. The study deployed qualitative conceptual review as methodological model in synthesising literature from diverse multidisciplinary fields of Information Science, Public Administration, and Governance Studies. It further integrated socio-technology, organisation-environment framework, and institutional theory to explore how historical legacies, technological conditions, institutional capabilities, and governance measures influence AI adoption. Several key challenges like infrastructure inadequacy, data governance weakness, skills scarcity, cybersecurity vulnerability, trust deficit, regulatory barriers, and digital sovereignty concern were identified. A proposed integrated framework aligns historical, institutional, governance, and technological dimensions exploring different phases of pathways ranging from readiness, maturity and sustainability concerns to deal with these challenges. The study recommended several policy reforms addressing infrastructure deficit, governance crisis, state capacity building, ethics and regional cooperation.

Keywords: *Artificial Intelligence, e-government, AI governance, public sector transformation, information systems challenges, Africa, digital governance*

ELECTRICITY REGULATION AND FINANCIAL PERFORMANCE: EVIDENCE FROM ELECTRICITY UTILITIES IN GHANA

Joanna Kabukie Baiden; *University of the West of Scotland, UK*

Abstract

The electricity sector is one of the key sectors driving economic activities in Ghana, yet its financial sustainability continues to face persistent strain. Power sector operators, comprising of electricity generation, transmission and distribution utilities, are the sole actors responsible for electricity production, transmission, delivery, and revenue mobilization across the value chain in Ghana. The sector faces high receivables and operational inefficiencies. These financial issues lead to periodic government bailouts, which tend to have a negative influence on the sector actors' long-term viability.

These challenges are associated with gaps in electricity regulation implementation, especially in the areas of contract accounting practices governing Independent Power Producer (IPP) Power Purchase Agreements (PPAs) and compliance with tariff and operational guidelines on the part of electricity value chain operating in the regulated market of Ghana.

This study examines how electricity regulation, operationalized through contract accounting and regulatory compliance, influences the financial performance of power sector operators in Ghana. The analysis, inspired by institutional and stakeholder theoretical perspectives, helps explain how governance structures, regulatory enforcement, and stakeholder interests come together to shape financial outcomes.

A pragmatic philosophical approach is adopted, supporting both empirical analysis and contextual interpretation. The study uses quantitative data from structured questionnaires and qualitative data from interviews with industry professionals. Qualitative insights from in-depth interviews with senior energy sector stakeholders augment the quantitative data. Secondary data obtained from audited financial statements, verified public utilities regulatory commission reports, and energy sector recovery program documents covering 2017 to 2025 are also considered.

Preliminary results, based on sector reports and exploratory assessment, suggest that electricity regulations are associated with institutional fragmentation and coordination limitations. Contract accounting related to managing power purchase agreements puts pressure on financial performance. In addition, there is evidence of inadequate tariff recovery, which poses an existential threat to revenue sustainability.

Keywords: *Contract Accounting, Electricity Regulation, Utilities, Financial Performance, Ghana*

LEADING BEFORE REPORTING: REPOSITIONING SUSTAINABILITY LEADERSHIP FOR BUSINESS TRANSFORMATION IN NIGERIA

Kelechi Ndudi-Okoro; *University of Northampton, UK*

Olalekan Adisa; *York St John University, London. UK*

Abstract

As sustainability expectations continue to reshape global business, organisations are under increasing pressure to demonstrate environmental, social and governance (ESG) performance through sustainability disclosure. In Nigeria, however, sustainability reporting remains largely compliance-driven, externally influenced and often disconnected from strategic decision-making. Existing research has predominantly explained disclosure through regulatory requirements, stakeholder pressures, and institutional influences, while giving comparatively little attention to the strategic role of organisational leaders in shaping sustainability agendas. This paper argues that the fundamental challenge facing Nigerian businesses is not one of disclosure, but of leadership.

Positioning leadership as the catalyst for organisational transformation, the paper challenges the conventional assumption that improved reporting necessarily leads to better sustainability outcomes. Instead, drawing on Upper Echelons Theory, it argues that sustainability disclosure reflects the values, strategic priorities, and decision-making orientations of senior leaders. Leadership therefore determines whether sustainability becomes embedded within organisational governance, culture and long-term value creation, or remains a symbolic reporting exercise. Institutional Theory and Legitimacy Theory complement this perspective by explaining how leaders respond to institutional pressures and employ disclosure to establish organisational legitimacy within complex regulatory and stakeholder environments.

Situated within Nigeria's evolving institutional landscape, characterised by regulatory fragmentation, global market pressures and increasing investor expectations, the paper contends that the future competitiveness of African businesses will depend less on the adoption of international reporting frameworks and more on the emergence of leaders capable of integrating sustainability into corporate strategy and organisational purpose. It therefore shifts scholarly attention from evaluating the quality of sustainability disclosure to understanding the leadership capabilities that produce credible sustainability performance.

The paper contributes to debates on leadership, sustainability and African business by proposing a Leadership-Driven Sustainability Disclosure Framework, which reconceptualises sustainability disclosure as an outcome of strategic leadership rather than an end in itself. In doing so, it offers a contextually grounded perspective on how Nigerian organisations can strengthen legitimacy, enhance global competitiveness, and contribute to sustainable development through leadership-led business transformation.

FROM DIGITAL CONVENIENCE TO DIGITAL COMPETITIVENESS: THE FUTURE OF AFRICAN SMES

Kelechi Ndudi-Okoro; *University of Northampton, UK*

Olalekan Adisa; *York St John University, London. UK*

Abstract

Small and medium-sized enterprises (SMEs) across Africa are increasingly embracing digital technologies such as mobile banking, point-of-sale (POS) systems, digital payment platforms and e-commerce applications to improve operational efficiency and customer access. While these technologies have enhanced transactional convenience and financial inclusion, they have not consistently translated into sustained competitiveness, business innovation or long-term wealth creation. Existing research has largely equated digital transformation with technology adoption, overlooking the strategic capabilities required for digital technologies to reshape how businesses create, deliver and capture value. This paper argues that the next stage of Africa's digital economy depends not on increasing digital adoption, but on transforming digital convenience into digital competitiveness.

Drawing on the Resource-Based View and Dynamic Capabilities Theory, the paper argues that digital technologies alone do not generate competitive advantage. Rather, sustainable value is created when SMEs develop the organisational capabilities to integrate digital technologies into strategic decision-making, business model innovation, customer engagement and operational management. While many African SMEs have digitised individual business functions, such as payments, communication and financial transactions, relatively few have embedded digital capability across the organisation to support innovation, productivity, market expansion and resilience. Consequently, digital technologies often improve existing processes without fundamentally changing how businesses compete or create wealth.

The paper develops a conceptual framework that distinguishes digital convenience from digital competitiveness, proposing that sustainable business transformation occurs when digital technologies evolve from operational tools into strategic organisational capabilities. This transition enables SMEs to leverage data, strengthen customer relationships, improve decision-making, innovate business models and access new regional and global market opportunities.

The paper contributes to emerging debates on digital transformation, entrepreneurship and sustainable development by advancing a Digital Competitiveness Framework for African SMEs. By shifting attention from technology adoption to capability development, it offers a new perspective on how African SMEs can build resilient, innovation-driven businesses that generate sustainable wealth and contribute to the continent's long-term economic transformation.

THE ROLE OF HUMAN RESOURCE LEADERSHIP IN POLICY ENFORCEMENT UNDER SUBORDINATE INTIMIDATION: A SYSTEMATIC REVIEW OF AFRICAN ORGANIZATIONAL CONTEXTS

Nyikiwa Mavunda; *University of KwaZulu-Natal, Durban. South Africa*

Olalekan Adisa; *York St John University, London. UK*

Abstract

Human Resource (HR) leaders play a critical role in ensuring organizational policy compliance, yet their authority is increasingly challenged by subordinate intimidation, resistance, and informal power dynamics. Despite growing recognition of workplace power asymmetries, limited scholarship has examined how these challenges affect HR leadership within African organizational contexts. This systematic literature review synthesizes existing evidence on the experiences of HR leaders responsible for policy enforcement across public, private, and nonprofit organizations in Africa. Guided by established systematic review principles, the study analyses scholarly literature on HR leadership, organizational authority, workplace power relations, employee resistance, and policy implementation. The review reveals that HR leaders frequently operate within structurally ambiguous environments where formal authority is constrained by cultural norms, hierarchical relationships, political influence, inadequate institutional support, and fear of retaliation. These conditions often undermine consistent policy enforcement, weaken organizational justice, and compromise employee trust. The findings further indicate that effective policy implementation depends not only on formal organizational structures but also on institutional legitimacy, psychological safety, ethical leadership, and executive support. Drawing on these insights, the study proposes a conceptual framework that integrates organizational authority, relational leadership, institutional support, and psychological safety to strengthen HR leadership effectiveness in the face of subordinate intimidation. The review contributes to African management scholarship by advancing understanding of the organizational and relational factors influencing HR authority and identifies priorities for future empirical research on leadership resilience, organizational governance, and policy compliance across African workplaces.

Keywords: *Human resource leadership; policy enforcement; subordinate intimidation; organizational authority; workplace power relations; psychological safety; African organizations*

EXAMINING DISTRIBUTED LEADERSHIP AND EMPLOYEE WELLBEING IN HEALTHCARE DIGITAL TRANSFORMATION.

Olubanwo Ayo-Paul; *University of Huddersfield, UK*

Abstract

Digital Transformation is rapidly enhancing the quality of care delivered in the health system through integrated technologies that improves efficiency which also introduce challenges that affect Employee Wellbeing. In response to these challenges, Distributed Leadership has emerged as a collaborative leadership approach that promotes shared decision-making, collective responsibility, and employee participation. However, limited research has examined how Distributed Leadership is implemented within Nigeria healthcare and how Distributed Leadership practices impact employee wellbeing within digital transformation. This study addresses this gap by creating a framework that examines the relationship between Distributed Leadership and Employee Wellbeing in Nigerian healthcare organisations undergoing digital transformation.

As an early-stage research project and work in progress, the study aims to assess the adoption and impact of Distributed Leadership on Employee Wellbeing in Nigerian healthcare organisations undergoing digital transformation. Drawing on Distributed Leadership Theory, Social Exchange Theory, and Technological Acceptance Model, the proposed framework hypothesises that Distributed Leadership influences Employee Wellbeing with Organisational Culture and Employee Engagement expected to act as positive mediators, while Technostress is expected to negatively mediate the relationship. The framework also proposes that the intensity of digital transformation initiatives moderates the strength of the relationship between Distributed Leadership and Employee Wellbeing.

The study adopts a mixed-method research approach to carry out the quantitative and qualitative research to understand the complex healthcare environment done in stages to identify Distributed Leadership practices and analyse the relationship between Distributed Leadership and Employee Wellbeing. The first phase will be the quantitative and the second will be the qualitative phase which will then explain and contextualise the quantitative findings.

The research will offer practical insights for healthcare leaders and policymakers seeking to enhance employee wellbeing and organisational effectiveness during digital transformation initiatives contributes to emerging discussions on sustainable leadership practices in digitally transforming healthcare environments.

Keywords: *Distributed Leadership, Employee Wellbeing, Digital Transformation, Healthcare in Nigeria.*

RECONFIGURING PROJECT DELIVERY IN AFRICA'S CONSTRUCTION INDUSTRY: EXAMINING THE ROLE OF DIGITAL PROJECT MANAGEMENT TOOLS IN AN ERA OF GLOBAL DISRUPTION

Sodienye Tobin and Olalekan Adisa; York St John University, London. UK

Abstract

Background: Global disruption driven by geopolitical uncertainty, digital transformation, climate-related risks, and shifting economic alliances has intensified the need for African countries to rethink how infrastructure projects are planned, managed, and delivered. As construction remains a critical driver of economic development and regional integration, the effective use of digital project management tools has become increasingly important for improving project performance and institutional resilience. This paper aims to examine the role of digital project management tools in reconfiguring construction project delivery in Africa within the context of an increasingly disrupted global environment. Specifically, the study seeks to: (1) examine the adoption and application of digital project management tools in African construction projects; (2) evaluate their influence on project performance in terms of cost, time, quality, collaboration, and risk management; and (3) identify the institutional and policy factors that shape their effective implementation across African construction contexts.

Methodology: The study adopts a qualitative systematic literature review based on secondary research design. Peer-reviewed journal articles, industry reports, and policy documents published between 2018 and 2026 were purposively selected from major academic databases using predefined inclusion and exclusion criteria. A total of 35 relevant studies formed the analytical sample. Data were analysed using thematic analysis to identify recurring patterns, relationships, and emerging themes concerning digital project management and construction project delivery in Africa.

Findings: The findings reveal that digital project management tools significantly enhance project coordination, communication, transparency, decision-making, and risk management, leading to measurable improvements in project performance. Indirectly, the study finds that these technologies strengthen institutional capacity, promote accountability, and improve organisational adaptability in response to global disruptions. However, the review also identifies persistent barriers, including inadequate digital infrastructure, limited technical skills, fragmented institutional frameworks, and inconsistent policy implementation, which continue to constrain widespread adoption across many African countries.

Implications: The study has important practical and policy implications. Practically, it highlights the need for construction organisations to strengthen digital capabilities through workforce development and investment in collaborative technologies. From a policy perspective, the findings underscore the importance of establishing coherent digital infrastructure strategies, regulatory frameworks, and institutional support mechanisms that encourage technology adoption across the construction sector.

Contributions: The study contributes to the growing body of knowledge on digital transformation in African infrastructure development by providing an integrated understanding of how digital project management tools can improve project delivery amid global uncertainty. Drawing on the Socio-Technical Systems Theory and the Technology–Organisation–Environment (TOE) Framework, the paper demonstrates that successful digital transformation depends not only on technological innovation but also on the interaction between organisational capabilities, institutional environments, and external policy conditions.

Keywords: *Africa; Construction Project Delivery; Digital Project Management Tools; Global Disruption; Infrastructure Development; Project Performance; Digital Transformation; Institutional Capacity.*

REPOSITIONING WOMEN-LED SMES IN AFRICA: STRATEGIC LEADERSHIP, AI-DRIVEN SUPPLY CHAIN INNOVATION AND POLICY SUPPORT IN A DISRUPTED WORLD

Tonye Obinna Igbokwe and Chinyere Iheoma Ekezie; *University of Greater Manchester, UK*

Abstract

The Small and Medium-sized Enterprises (SMEs) are vital to economic growth, job creation and innovation in Africa. Women entrepreneurs play a special role in inclusive development and entrepreneurial development, with women entrepreneurs in SMEs playing a vital role. But, in a world of growing upheaval, driven by technological change, fragile supply chains, fluctuating economies and changing market conditions, there are still myriad issues that constrain growth and competitiveness for women-led businesses.

Artificial Intelligence (AI) is rapidly becoming a game-changer, offering potential to boost supply chain efficiency, deliver better decision-making, increase operational resilience, and unlock new business opportunities. However, the effectiveness of AI-powered solutions relies on the ability for them to be adopted and implemented in addition to technological readiness, requiring strong leadership and supportive policies. The strategic leadership capability is becoming more widely acknowledged as a key skill that will help organizations to cope with the complexities, stimulate innovation and propel sustainable change.

This paper explores the effect of strategic leadership on women-led SMEs' AI-supported supply chain innovation in Africa. The research also examines how women leaders can harness AI technologies to enhance the performance of supply chains, organizational resilience, and competitiveness, drawing on contemporary insights into leadership, innovation, digital transformation, and entrepreneurship. The paper also examines the potential of policy support to mitigate the challenges of digital infrastructure, skills, financial availability and technological inclusion.

The research article brings a unique perspective to the discussion on the economic transformation process of Africa by focusing on the nexus between women's leadership, technological innovation and policy development. It emphasizes the need to build strategic leadership capacity of women entrepreneurs, as well as policy spaces, to re-position Women-led SMEs as agents of sustainable growth, innovation and inclusive development in Africa. The paper ends with recommendations to policy makers, business and development actors to advocate for digital inclusion and boost the role of women entrepreneurs in Africa's future.

Keywords: *Women Leadership; Strategic Leadership; Artificial Intelligence (AI); Supply Chain Innovation; SMEs; Policy Support; Africa.*



RESEARCH PAPERS

REPOSITIONING THE DIASPORA ENTREPRENEUR: GENDER, ETHNICITY, AND INSTITUTIONAL NEGOTIATION AMONG AFRICAN AND SOUTH ASIAN WOMEN IN THE WEST OF SCOTLAND

Ada Osakwe; *University of the West of Scotland, UK*

Purpose

This research investigates the policies, challenges, and opportunities shaping the entrepreneurial lives of ethnic minority female entrepreneurs in the west of Scotland. Despite forming one of the most economically significant yet systematically under-researched populations in Scotland's enterprise landscape, these women occupy a position of compounded and intersecting disadvantage that neither the female entrepreneurship literature nor the ethnic minority business literature has adequately addressed. The west of Scotland, and Glasgow in particular, is home to over 25 per cent of all ethnic minority businesses in Scotland nationally (Mwaura, Levie, Stoyanov, Lassalle and Carter, 2018) and to substantial communities from Pakistani, Indian, Bangladeshi, African, Chinese, and other backgrounds. Immigrant-led SMEs in Scotland generate an estimated £13 billion in annual revenues and provide approximately 107,000 jobs (Mwaura, Levie, Dodd, Lassalle and Stoyanov, 2019); yet despite this economic significance, the gendered dimension of immigrant and ethnic minority enterprise remains entirely unmapped at the sub-regional level.

The study responds directly to three converging mandates. First, the formal policy mandate of Scotland's Pathways Review (Stewart and Logan, 2023), which identifies ethnic minority women and recent migrants as priority groups requiring dedicated intersectional research. Second, the scholarly mandate issued by Daniel, Henley and Anwar (2019), whose large-scale quantitative study of UK ethnic minority entrepreneurship explicitly calls for qualitative sub-regional investigation of the mechanisms driving ethnic minority women's distinctive sector positioning. Third, the practitioner mandate from Falehin, Omeihe, Ahammed and Murray (2024), whose developmental study of trust in ethnic minority entrepreneurship in Scotland identifies Glasgow and the west as the primary research locus for this population. No published empirical study has yet placed ethnic minority female entrepreneurs in the west of Scotland at the centre of its analytical frame.

Design, Methodology, and Approach

The study is guided by an integrated theoretical framework combining three complementary pillars: mixed embeddedness (Kloosterman, van der Leun and Rath, 1999; Kloosterman, 2010) at the structural level, to map how the opportunity structures of the west of Scotland, its sectoral composition, its post-industrial economic geography, and the fragmented quality of devolved enterprise support and shape accessible entrepreneurial pathways; North's (1990) institutional theory, as applied by Sobhan (2022), at both the macro governance level and the micro level of informal cultural and religious constraints; and transitional entrepreneurship theory (Raimi, Panait, Gigaui and Apostu, 2023) at the individual level, to theorise the motivational configurations and adaptive agency through which marginalised entrepreneurs enter and navigate self-employment under structural constraint. An intersectional sensibility following Crenshaw (1989, 1991) runs through all three pillars, treating gender, ethnicity, religion, and generation as mutually constitutive rather than additive categories. Together, the three pillars provide a coherent multi-level analytical structure within which the research design, data collection strategy, and analytical approach are situated.

The study adopts a qualitative, interpretivist research design grounded in a social constructionist ontology (Berger and Luckmann, 1966). This philosophical position is appropriate because the phenomena under investigation; trust, cultural constraint, institutional exclusion, and gendered agency are inherently subjective and contextually variable, and cannot be reduced to the standardised response formats that quantitative instruments require. The experience of double disadvantage, as Davidson, Fielden and Omar (2010) demonstrate, cannot be captured through closed-question instruments developed in and for majority-culture contexts. A qualitative design is also directly consistent with the epistemological commitments of the integrated theoretical framework: mixed embeddedness, as elaborated by Falehin et al. (2024), treats trust as a relational and contextually constructed phenomenon; institutional theory treats informal institutions as socially reproduced norms that shape individual perception; and transitional entrepreneurship theory treats agency as a constructed response to structural constraint. All three demand interpretive depth that survey-based methods cannot provide.

The primary method of data collection is semi-structured, in-depth interviews with 20 to 25 ethnic minority female entrepreneurs across the west of Scotland, supplemented by up to five key informant interviews with enterprise support practitioners from Business Gateway, Women's Enterprise Scotland, ethnic minority community organisations, and local authority economic development offices. This dual supply-side and demand-side design enables simultaneous examination of participants lived experiences and the institutional perspective of those charged with supporting them, an approach modelled on Huggins, Morgan and Williams's (2015) policy governance methodology. The sampling strategy combines purposive and snowball approaches, ensuring representation across ethnic background, generation (first, second, and third), sector, business stage, and geography within the west of Scotland. Recruitment will be conducted through partnerships with mosques, gurdwaras, African Christian churches, ethnic business associations, and Women's Enterprise Scotland networks, in recognition that ethnic minority entrepreneurs are most effectively reached through community channels rather than mainstream institutional pathways (Deakins, Smallbone, Ishaq, Whittam and Wyper, 2009; Mwaura et al., 2018; Falehin et al., 2024). The recruitment criteria are inclusive of family business participation and informal entrepreneurial activity, responding to Davidson et al.'s (2010) identification of the 'hidden' BAME woman entrepreneur who contributes substantially to family businesses without formal recognition.

Data will be analysed using reflexive thematic analysis (Braun and Clarke, 2022), employing an initial deductive coding pass informed by the conceptual categories of the integrated theoretical framework opportunity structure, formal institution, informal institution, motivational catalyst, ethnic resource, agency, and trust, followed by an open inductive pass to identify emergent patterns not anticipated by the framework. NVivo will support systematic management of the dataset. Rigour will be addressed through Lincoln and Guba's (1985) trustworthiness criteria: credibility through member-checking and multi-source triangulation; transferability through thick contextual description; dependability through a reflexive audit trail; and confirmability through transparent reporting of analytical decisions.

Emerging Themes from the Literature

The comprehensive literature review conducted in preparation for primary fieldwork identifies six cross-cutting themes that frame the empirical investigation and are expected to structure data collection and analysis. These are presented as evidence-grounded anticipations rather than fixed hypotheses, consistent with the study's inductive orientation.

The first and most fundamental is compounded institutional exclusion. The literature consistently demonstrates that ethnic minority women face barriers operating at multiple institutional levels simultaneously: the gender financing gap that leaves female-founded businesses in Scotland receiving just 2 per cent of institutional investment over five years (Stewart and Logan, 2023); the Islamic finance constraint that effectively forecloses mainstream financial products for observant Muslim women (Davidson et al., 2010; Deakins et al., 2009); and the institutional fragmentation of Scotland's devolved enterprise support system, which produces quality that, as one policy maker told Huggins et al. (2015), is 'different depending on where an entrepreneur goes for support.' These exclusions are not parallel but interactive, and their compounded effect has not previously been examined in the west of Scotland context.

The second theme is the primacy of informal institutional constraints. Sobhan's (2022) finding that informal institutions exert greater influence on female entrepreneurial activity than formal ones challenge the policy assumption that the finance gap and regulatory barriers are the primary obstacles facing women entrepreneurs. For ethnic minority women in the west of Scotland, the more consequential constraints may be the gendered domestic obligations, community norms regarding appropriate female economic roles, and religious frameworks that shape both entrepreneurial entry and the conditions under which post-entry growth is possible.

The third is the trust deficit and its gendered dimensions. Mwaura et al. (2018) and Falehin et al. (2024) identify low trust in the formal enterprise support system rather than ignorance of available provision as the primary driver of ethnic minority disengagement from Business Gateway and Scottish Enterprise. This trust deficit is more pronounced among BAME female business owners than among their male counterparts (Davidson et al., 2010), compounded by the mixed-gender character of mainstream support environments and the discursive exclusion produced by the Silicon Valley-inspired language of contemporary enterprise promotion (Mwaura et al., 2019).

The fifth is the phenomenon of the hidden entrepreneur. Davidson et al. (2010) identify that many South Asian women make substantial contributions to family businesses without formal recognition as co-owners, rendering them absent from official enterprise statistics, excluded from enterprise support, and denied institutional legitimacy. This phenomenon implies that existing data substantially underestimates the scale of ethnic minority female enterprise in the west of Scotland.

The sixth theme is generational differentiation. Daniel et al.'s (2019) finding that break out to higher-growth sectors is associated with UK educational attainment, English proficiency, and white-collar occupational background all of which are more prevalent in second- and third-generation ethnic minority populations suggests that generational status may be a significant differentiating variable within the study population, with implications for how entrepreneurial entry, sector choice, and growth trajectories are understood.

Preliminary Findings

The study is in the pre-fieldwork stage; primary data collection has not yet commenced. The preliminary findings reported here are therefore drawn from the systematic synthesis of sixteen published sources undertaken in the comprehensive literature review. These findings are substantive and analytically significant in their own right, establishing the evidential landscape within which primary fieldwork will generate new knowledge.

A central preliminary finding is that ethnic minority female entrepreneurs are rendered statistically invisible by the design of Scotland's enterprise data infrastructure. No official data source disaggregates enterprise statistics by both gender and ethnicity simultaneously (Stewart and Logan, 2023; Mwaura et al., 2024), meaning that this population does not appear as a distinct category in any administrative dataset. The policy and scholarly implications of this invisibility are severe: interventions cannot be designed, implemented, or evaluated for a population that does not appear in the evidence base that policy draws upon.

A second preliminary finding is the empirical paradox identified at the intersection of the GEM data and the FSB national study. Non-White Total Early-stage Entrepreneurial Activity in Scotland stood at 22.7 per cent in 2024, more than twice the White TEA rate of approximately 9 per cent (Mwaura et al., 2024), confirming high entrepreneurial propensity among ethnic minority adults. Yet Mwaura et al. (2019) simultaneously document that overseas immigrants have the lowest established business ownership rate of any migrant group in Scotland, and that immigrant-led SMEs show erratic growth trajectories and systematically under-realised export capacity. This paradox high entry, low establishment identifies the conversion failure as the central structural problem requiring explanation, and grounds the study's focus on the barriers obstructing the transition from entrepreneurial entry to sustainable business development.

A third preliminary finding concerns the supply-side failure of enterprise support. The literature identifies a persistent pattern, confirmed across multiple studies and time periods, in which ethnic minority entrepreneurs across Scotland, and BAME female entrepreneurs in particular are aware of available enterprise support but actively distrust it, citing perceptions of discrimination, negative past experiences, the cultural irrelevance of generic provision, and the discursive inaccessibility of mainstream enterprise environments (Mwaura et al., 2018; Falehin et al., 2024; Davidson et al., 2010; Deakins et al., 2009). This trust deficit is not merely a communication failure amenable to marketing solutions; it reflects a substantive misalignment between the design of Scotland's enterprise support architecture and the actual needs and circumstances of ethnic minority women.

Research Contribution

The study carries implications at three levels.

Policy: The research aims to be one of the first sub-regional evidence base specifically focused on ethnic minority female entrepreneurs in the west of Scotland evidence needed to design, implement, and evaluate the targeted intersectional interventions called for by the Pathways Review (Stewart and Logan, 2023) and recommended by Mwaura et al. (2018, 2019). Specific actionable implications are anticipated for Business Gateway (regarding culturally adapted and community-embedded outreach), Women's Enterprise Scotland (regarding the design of provision that is accessible to women operating under informal institutional constraints), and local authorities across the west of Scotland (regarding procurement, visibility, and place-based enterprise activation). The study will also generate recommendations regarding the design of enterprise data systems to include ethnicity-gender intersectional disaggregation, addressing the statistical invisibility of this population that both the Pathways Review and GEM Scotland have acknowledged as a barrier to evidence-based policy.

Theory: The study will generate primary empirical evidence to test, extend, and potentially revise the integrated theoretical framework in a context that none of its component frameworks has previously been applied to simultaneously. The study will contribute to the mixed embeddedness literature by examining gendered embeddedness as a specific theoretical problem; to the institutional theory literature by testing Sobhan's (2022) findings about the primacy of informal institutions in a developed-country, minority-community context; and to the transitional entrepreneurship literature by examining the conversion failure from entry to establishment through an intersectional lens. The study will also contribute to the emerging literature on trust in ethnic minority entrepreneurship (Falehin et al., 2024) by providing the first gendered examination of trust dynamics in Scotland.

Practice: The evidence generated will be directly useful to ethnic minority women's community organisations across the west of Scotland, providing them with research-backed advocacy tools and a documented evidence base of the barriers their members face and the support configurations most likely to be effective.

Originality and Value

The originality of this research is established at three levels. At the geographic level, no prior study has placed ethnic minority female entrepreneurs in the west of Scotland at the centre of its analytical frame. The closest precedent Bikorimana and Nziku's (2023) qualitative study of six refugee women entrepreneurs in Glasgow is limited to a single sub-group and a sample insufficient for the theoretical saturation required to generate the range of findings needed. The present study addresses a structural absence in the Scottish enterprise research landscape.

At the analytical level, the research will be the first to apply an explicitly intersectional theoretical framework combining mixed embeddedness, institutional theory, and transitional entrepreneurship with Crenshaw's (1989, 1991) intersectionality to this population in this context. The dominant studies in adjacent fields (Deakins et al., 2009; Davidson et al., 2010; Huggins et al., 2015; Daniel et al., 2019) each illuminate important dimensions of the phenomenon, but none brings these three theoretical traditions together in a coherent multi-level framework applied to the specific geographic and institutional context of the west of Scotland.

At the policy level, the research responds simultaneously to three independently issued mandates from Scotland's Pathways Review, from academic research, and from practitioner-facing UWS scholarship whose convergence on a single analytical conclusion constitutes an unusually robust justification for primary empirical investigation. By generating evidence that simultaneously advances theoretical understanding and provides actionable input for policy design, the study offers what the literature itself identifies as urgently needed: research that is intersectionally framed, institutionally grounded, geographically situated, and directly relevant to the enterprise ecosystem it is designed to serve.

References

- Berger, P.L. and Luckmann, T. (1966) *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. New York: Anchor Books.
- Bikorimana, C. and Nziku, D.M. (2023) 'Gender and entrepreneurship amongst refugee women entrepreneurs in Glasgow, Scotland', *Studia Prawno-Ekonomiczne*, 127, pp. 99–139. <https://doi.org/10.26485/SPE/2023/127/7>
- Braun, V. and Clarke, V. (2022) *Thematic Analysis: A Practical Guide*. London: SAGE.
- Crenshaw, K. (1989) 'Demarginalizing the intersection of race and sex: a Black feminist critique of antidiscrimination doctrine, feminist theory and antiracist politics', *University of Chicago Legal Forum*, 1989(1), pp. 139–167.
- Crenshaw, K. (1991) 'Mapping the margins: intersectionality, identity politics, and violence against women of color', *Stanford Law Review*, 43(6), pp. 1241–1299.
- Daniel, E., Henley, A. and Anwar, M.N. (2019) 'Contemporary ethnic minority entrepreneurship in the UK: a quantitative exploration of break out and entrepreneurial quality', *International Journal of Entrepreneurial Behavior and Research*, 25(7), pp. 1410–1432. <https://doi.org/10.1108/IJEBR-01-2019-0021>
- Davidson, M.J., Fielden, S.L. and Omar, A. (2010) 'Black, Asian and Minority Ethnic female business owners: discrimination and social support', *International Journal of Entrepreneurial Behaviour and Research*, 16(1), pp. 58–80. <https://doi.org/10.1108/13552551011020072>
- Deakins, D., Smallbone, D., Ishaq, M., Whittam, G. and Wyper, J. (2009) 'Minority ethnic enterprise in Scotland', *Journal of Ethnic and Migration Studies*, 35(2), pp. 309–330. <https://doi.org/10.1080/13691830802586468>
- Falehin, O.O., Omeihe, K.O., Ahammed, S. and Murray, A. (2024) 'Trust in ethnic minority entrepreneurship: exploring the barriers and challenges facing Scottish-based ethnic minority entrepreneurs. Developmental paper, University of the West of Scotland.
- Huggins, R., Morgan, B. and Williams, N. (2015) 'Regional entrepreneurship and the evolution of public policy and governance: evidence from three regions', *Journal of Small Business and Enterprise Development*, 22(3), pp. 473–511. <https://doi.org/10.1108/JSBED-12-2012-0135>
- Kloosterman, R., van der Leun, J. and Rath, J. (1999) 'Mixed embeddedness: (in)formal economic activities and immigrant businesses in the Netherlands', *International Journal of Urban and Regional Research*, 23(2), pp. 252–266. <https://doi.org/10.1111/1468-2427.00146>
- Kloosterman, R.C. (2010) 'Matching opportunities with resources: a framework for analysing (migrant) entrepreneurship from a mixed embeddedness perspective', *Entrepreneurship and Regional Development*, 22(1), pp. 25–45. <https://doi.org/10.1080/08985620903220488>
- Lincoln, Y.S. and Guba, E.G. (1985) *Naturalistic Inquiry*. Newbury Park, CA: SAGE.
- Mwaura, S., Levie, J., Stoyanov, S., Lassalle, P. and Carter, S. (2018) *Taking Steps to Combat Barriers to Ethnic Minority Enterprise in Scotland*. Glasgow: Hunter Centre for Entrepreneurship, University of Strathclyde.
- Mwaura, S., Levie, J., Dodd, S., Lassalle, P. and Stoyanov, S. (2019) *Starting Over: Migrant Entrepreneurship in Scotland*. Edinburgh: Federation of Small Businesses Scotland.
- Mwaura, S., Sahasranamam, S., Tapinos, E., Hart, M., Prashar, N. and Ri, A. (2024) *GEM Scotland 2024/2025 Report*. Glasgow: University of Strathclyde / University of Edinburgh Business School.
- North, D.C. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Raimi, L., Panait, M., Gigauri, I. and Apostu, S.A. (2023) 'Thematic review of motivational factors, types of uncertainty, and entrepreneurship strategies of transitional entrepreneurship among ethnic minorities, immigrants, and women entrepreneurs', *Journal of Risk and Financial Management*, 16(2), 83. <https://doi.org/10.3390/jrfm16020083>
- Sobhan, S.N.B. (2022) *Examining the Impact of Formal and Informal Institutions on Female Entrepreneurship: Evidence from the Informal Sector of Bangladesh*. PhD Thesis. University of the West of Scotland.
- Stewart, A. and Logan, M. (2023) *Pathways: A New Approach for Women in Entrepreneurship*. Independent Review commissioned by the Scottish Government. Edinburgh: Scottish Government.

AI GOVERNANCE IN AFRICA: STRUCTURES, STANDARDS AND SUSTAINABILITY

Adebukola Oyewunmi; Teesside University, UK

Abstract

remains uneven across emerging contexts. African countries particularly Kenya, Morocco and Nigeria are experiencing rapid digital expansion without commensurate growth in institutional capacity, regulatory coherence or sustainability safeguards. This paper examines the evolving landscape of AI governance in Africa by analysing the structures, standards and sustainability mechanisms shaping the continent's techno-economy. Drawing on institutional theory, regulatory-standards frameworks and sustainability principles, the paper proposes a conceptual model that integrates governance structures (macro, meso and micro levels), ethical and technical standards, and long-term socio-economic resilience. Using Kenya, Morocco and Nigeria as illustrative cases, the paper highlights persistent governance gaps, fragmented regulatory environments, uneven adoption of global AI norms and the risks of unsustainable technology-driven diversification. Preliminary insights suggest that Africa's AI trajectory will depend on context-sensitive governance arrangements that balance innovation with accountability, strengthen institutional capacity, and embed sustainability into policy and practice. The paper concludes by identifying areas where further empirical work is required, including citizen-level impacts, sector-specific regulatory readiness and the localisation of AI standards.

Keywords: digital policy; regulatory standards; sustainability; techno-economy; institutional capacity; data governance, digital transformation; Africa

1. Introduction

Artificial intelligence (AI) has become a central driver of contemporary socio-economic transformation, reshaping how societies organise knowledge, deliver services, and govern complex systems (Kavak & Rusu, 2025; Feroz & Kwak, 2024). As algorithmic tools permeate public administration, financial services, health systems, transportation, and everyday consumer interactions, the question of how AI is governed through structures, standards, and sustainable regulatory practices has emerged as a defining global challenge. While advanced economies are rapidly developing frameworks for responsible AI, the implications of these developments are particularly acute for regions where institutional capacity, infrastructural readiness, and regulatory coherence remain uneven (Ade-Ibijola & Okonkwo, 2023; Aly, 2022; Mhlhanga, 2021). Africa stands at a pivotal moment in this global transition.

Across the world, technology corporations such as Alibaba, Amazon, Apple, Google, Meta, Microsoft, Samsung, Tesla, and Uber have shaped the architecture of digital ecosystems, influencing norms around data governance, algorithmic transparency, and platform accountability. Their African counterparts operate within this expanding digital terrain, facilitating connectivity, digital commerce, and platform-based services that increasingly rely on AI-enabled systems. The continent's rapid uptake of mobile technologies, digital financial services, and e-commerce platforms has created fertile ground for AI adoption, yet it has also exposed governance gaps that carry significant socio-economic consequences (Okolo et al., 2023; Gwagwa et al., 2020).

AI's diffusion across African markets is occurring in contexts marked by infrastructural constraints, limited regulatory enforcement, and evolving political priorities (Kiemde et al., 2020). Algorithmic credit scoring, biometric identification systems, predictive policing tools, automated welfare eligibility assessments, and machine-learning-driven public-sector platforms are being deployed faster than governance frameworks can adapt. These developments generate both opportunities and risks. On one hand, AI promises improved service delivery, enhanced administrative efficiency, and expanded economic participation. On the other hand, it raises concerns about privacy, surveillance, discrimination, market concentration, and the erosion of consumer protections, particularly in environments where institutional safeguards are weak or inconsistently applied (Pasipamire & Muroyiwa, 2024; Eke et al, 2023).

Kenya, Morocco, and Nigeria provide instructive vantage points for examining these dynamics. Kenya's digital-identity and fintech ecosystems highlight pressing questions around data protection, algorithmic fairness, and the governance of biometric systems. Morocco's evolving digital-industrial strategy underscores the need for harmonised standards, cross-sector coordination, and long-term sustainability in AI deployment. Nigeria's large consumer base and vibrant technology sector reveal the complexities of regulating AI in an environment marked by infrastructural gaps, fragmented oversight, and competing political interests. These cases illustrate the diversity of Africa's AI governance landscape while revealing shared structural challenges.

The governance of AI in Africa is a socio-political and developmental concern. Effective AI governance requires institutional structures capable of oversight, standards that reflect ethical and contextual realities, and sustainability mechanisms that ensure long-term accountability. It also demands attention to power asymmetries between global technology corporations and African states, the uneven distribution of digital literacy, and the socio-economic vulnerabilities that shape how AI systems are experienced by citizens and consumers (Yilma & Wodajo; Effoduh et al, 2024). This paper explores these governance challenges by examining the adequacy and evolution of regulatory structures, the emergence and localisation of AI standards, and the long-term sustainability of AI systems in contexts with uneven institutional capacity. By analysing Kenya, Morocco, and Nigeria, the paper highlights both the promise and the precarity of Africa's AI trajectory. While AI offers pathways for innovation, development, and inclusion, its long-term value depends on governance arrangements that are context-sensitive, ethically grounded, and institutionally robust. Although specific policies and practices may have evolved due to recent reforms or shifting socio-economic conditions, the underlying governance questions remain central to understanding AI's role in Africa's future.

2. Techno-Economy: Kenya, Morocco and Nigeria

Understanding the unfolding techno-economy in Africa requires close attention to the contextual realities of individual countries. Although the continent is frequently framed as a future growth frontier, the conditions under which digital and AI-enabled technologies are adopted vary widely. These differences shape governance priorities, institutional readiness, and the sustainability of emerging technology ecosystems. As technological infrastructures evolve from basic connectivity to advanced digital platforms, their accessibility, flexibility, usability, applicability, adaptability, integration, saturation, and proliferation become central determinants of socio-economic impact. For African countries, these dynamics must be interpreted within realistic development projections and institutional constraints, rather than through generic narratives of digital optimism.

Kenya, a major economic hub in East Africa, provides a useful starting point for examining these dynamics. Prior to the Kenya Communications Act of 1998, the country's information and communication technology (ICT) landscape operated under a largely monopolistic structure. The subsequent unbundling of the Kenya Posts and Telecommunications Corporation into four integrated entities marked a decisive shift toward liberalisation. Regulators sought to stimulate competition, improve service delivery, and attract investment by opening the sector to multiple actors and encouraging collaborative governance arrangements (Collaboration on International ICT Policy for Eastern and Southern Africa, 2015). This policy shift catalysed long-delayed infrastructure investments, leading to a dramatic rise in telephone subscriptions, increased internet penetration, and the widespread adoption of mobile-money platforms such as M-Pesa (CAK Quarterly, 2015). These developments positioned Kenya as a regional leader in digital innovation. However, despite these gains, the cost of internet access remains comparatively high relative to average domestic income (World Bank, 2015). This affordability gap underscores a persistent tension between technological advancement and socio-economic inclusion.

Kenya's central governance challenge lies in creating a seamless interface between government policy interventions, private-sector innovation, and constitutional protections. As AI-enabled systems become embedded in digital-identity platforms, financial services, and public administration, safeguarding civic rights, freedom of expression, access to information, and contemporary privacy norms becomes increasingly complex. These protections must be upheld without undermining the broader developmental motivations driving Kenya's digital transformation (Kimani, 2024). The country's governance landscape is further complicated by public-sector capacity constraints, geopolitical pressures, and internal security concerns, all of which encourage the adoption of technological solutions while simultaneously demanding robust oversight (Mulli, 2027). Maintaining social harmony and institutional stability is essential for productive enterprise across economic sectors. This is particularly true in developing contexts where widespread developmental challenges heighten the stakes of technological adoption. Kenya's experience illustrates how the techno-economy unfolds within a delicate balance of innovation, regulation, and socio-political realities (Musembi, 2024; Lugasi & Odhiambo, 2022; Wamuyu, 2015)

Morocco represents a strategic technology gateway for the North-African region, leveraging its geographic proximity to European industries and markets to accelerate digital transformation. The country's technology trajectory is anchored in a deliberate policy ethos: building a broad-based, policy-centric techno-economy that is socially responsive, economically competitive, and corporately sustainable (Mills & Davis, 2016). Policymakers have consistently pursued innovative mechanisms to stimulate domestic technology industries, supported by Morocco's advantageous economic location and long-standing orientation toward international trade (Lafram & Bahji, 2024). A central feature of Morocco's approach is its emphasis on labour development and social integration as foundations for technological advancement. By strengthening skill capabilities and addressing employment gaps, the country has positioned human capital as a core driver of its digital economy (Chouraik, 2024). This strategy is reflected in the establishment of industry-focused technology centres, which serve as hubs for innovation, training, and industrial collaboration. These centres embody the government's commitment to creating an investable environment capable of catalysing measurable job creation, enhancing productivity, and mitigating social vulnerabilities.

Morocco's policy orientation signals a clear shift from abstract technological ambition to the practical application of emerging innovations. Rather than relying on theoretical posturing, the country has prioritised tangible socio-economic returns across multiple sectors. This pragmatic stance has enabled policymakers to assess shortcomings objectively and incorporate hedging mechanisms into future technological initiatives (Bensalah, 2021). In effect, Morocco's willingness to analyse the negative impacts of current practices provides a foundation for more resilient and sustainable outcomes in the long term. Over the past decade, Morocco has attracted a diverse array of technology, communication, and engineering firms spanning the automobile, telecommunications, electricity solutions, and aviation sectors. These achievements have been supported by a coordinated suite of governmental initiatives, including improvements to critical public infrastructure, streamlined regulatory processes, liberalisation of the business environment to encourage sustainable investment portfolios, promotion of grassroots technology participation, and efforts to stabilise key macro-economic fundamentals (Mills & Davis, 2016). These measures have created a conducive environment for technology-driven growth and innovation. Morocco's medium- to long-term strategy centres on broad-based technology promotion as a pathway to job creation, economic diversification, and macro-economic stability. However, this strategy is not without risks. Leaning too heavily on technology as a singular growth engine may create a dependency dynamic similar to that observed in hyper-reliant oil economies. Moreover, Morocco's access to European markets, historically a major advantage, faces increasing constraints due to migration pressures and security concerns along the Mediterranean corridor. These external dynamics underscore the importance of managing variances carefully to preserve the positive cost-benefit trajectory of Morocco's technology-driven development model (Ikram & Sadki, 2024; Dahani et al, 2022).

Nigeria embodies a paradox of immense potential and persistent underachievement. Despite its abundant human and material resources, the country has struggled to translate these assets into sustained socio-economic progress. Yet, in the technology domain, Nigeria has begun to defy this narrative. Projections for its digital future are increasingly optimistic, and commentators have identified Nigeria as an emerging hotbed of technological innovation in Africa (Ajah et al, 2019). Nigeria's entry into the commercial ICT economy began more than two decades ago with the licensing of four private mobile and wireless network operators. This moment marked a watershed in the country's previously stagnant ICT sector. The liberalisation of telecommunications catalysed profound changes in commercial behaviour, financial transactions, and everyday communication. The resulting micro- and macro-economic impacts were significant: information flows expanded rapidly, new markets emerged, and digital services became monetised in diverse ways (Oghuvbu, 2022; Ajibo et al, 2019). Much of this progress has been driven by Nigeria's strong entrepreneurial culture, which has persisted despite weak social, economic, and regulatory structures.

Nigeria's technological landscape today is characterised by a diverse mix of actors operating across traditional, quasi-traditional, and non-traditional platforms. Activity in the sector has been buoyed by enabling laws and regulations, a vast rural and urban consumer base, strong incentives for acquiring ICT soft skills, and a regulatory environment where enforcement is often lax. Together, these factors have created fertile ground for high returns on investment, as demonstrated by the commercial success of early entrants into the mobile-telephony market.

Over time, Nigeria's digital ecosystem has expanded along multiple parallel pathways, including e-governance, e-voting, e-commerce, e-banking, e-learning, e-agriculture, and e-health. Some of these models, particularly e-commerce and e-banking have achieved widespread adoption and commercial viability. Others, such as e-health and e-learning, continue to underperform due to cultural barriers, infrastructural deficits, and socio-economic constraints. Collectively, these developments reflect both public-sector motivations to improve service delivery and private-sector incentives to capture emerging digital markets. However, Nigeria's innovation landscape is also marked by volatility. The frequent entry and exit of technology hubs and start-ups underscores the uncertainties inherent in an environment where policy approaches are fragmented, inconsistent, and insufficiently integrated. Without coherent governance structures and sustainable regulatory standards, Nigeria's digital momentum risks being undermined by the very institutional weaknesses that have long constrained its broader development trajectory.

Despite these constraints, Nigeria continues to attract significant public and private investment. The critical question, however, is the extent to which such investments translate into meaningful contributions to macro-economic indicators. This question has become increasingly urgent as Nigeria seeks to reduce its long-standing dependence on oil revenues and explore pathways toward a "zero-oil economy." The technology sector must play a central role in driving diversification, competitiveness, and long-term economic resilience. Achieving this requires the establishment of appropriate incentives and robust institutional structures capable of stimulating growth at both micro and macro levels (Asemota, 2018). Yet, Nigeria's ICT landscape continues to exhibit persistent governance challenges such as widespread non-compliance with regulatory directives, corporate exits prompted by ethical concerns and unfavourable investment conditions and rising consumer dissatisfaction linked to regulatory inefficiencies. These issues collectively signal a fragile governance environment that undermines investor confidence and limits the scalability of technological innovation. The government has attempted to address some of these challenges through initiatives aimed at improving the ease of doing business. While these efforts have yielded mixed results, they highlight a recognition that policy intervention and sustained political will are essential for creating a stable and predictable technology ecosystem. However, progress remains uneven, and several structural issues continue to impede the sector's long-term viability.

For Nigeria, a quantitative budgeting and prioritised trade-off approach is increasingly necessary. Such an approach would enable more strategic allocation of resources, clearer benchmarking of outcomes, and more sustainable growth trajectories within the technology sector. In the current climate, investment risks remain high particularly for long-term investors due to the rapidly shifting dynamics of the technological space and the absence of consistent policy direction. This outlook underscores the need to refresh and expand human capital capabilities, which are essential for securing future competitive advantage. Nigeria's technology policy posture must evolve beyond conventional socio-economic considerations and its role in regional stability. It must move beyond rhetorical commitments and translate theoretical competitive advantages into tangible economic dividends. The recurring question, therefore, is how far Nigeria remains from realising its full technological potential, especially as cross-regional collaborations increasingly erode the advantages Nigeria once held. This gap is further illustrated by missed opportunities to develop technologies relevant to national security, including anti-terrorism detection systems. While such technologies must always be discussed with care given their association with violent extremist threats, Nigeria's inability to cultivate innovation in this domain has limited potential spillover benefits, such as new business linkages and technological capabilities that could have strengthened its broader digital ecosystem.

3. Governance Structures: Institutional Capacity and Policy Coherence

The governance of artificial intelligence in Africa requires a theoretical foundation that explains how institutions, norms, and socio-economic structures shape the adoption, regulation, and sustainability of AI systems. This framework integrates three complementary lenses: governance structures, regulatory standards, and sustainability principles. AI governance begins with the institutional arrangements that determine how decisions are made, implemented, and monitored. In African contexts, governance structures are shaped by State capacity which is the ability of public institutions to design, enforce, and adapt AI-related policies, regulatory coherence, stakeholder participation and legal foundations. This perspective draws on institutional theory, which argues that governance outcomes depend on the strength, stability, and legitimacy of institutions. Weak institutional capacity creates gaps in enforcement, inconsistent policy implementation, and vulnerability to external influence. These dynamics shape how AI systems are adopted, monitored, and contested. Governance structures therefore provide the foundation for analysing regulatory fragmentation, institutional readiness and cross-sector coordination.

AI governance also requires standards that define acceptable behaviour for developers, deployers, and users of AI systems. These standards include ethical principles of fairness, transparency, accountability, privacy, and non-discrimination. It also includes technical norms (data-quality requirements, algorithmic auditing, model explainability, and cybersecurity safeguards), market standards (competition rules, interoperability expectations, and consumer-protection mechanisms) and international frameworks. Regulatory-standards theory emphasises that norms shape behaviour even when formal enforcement is weak. In Africa, where regulatory enforcement is often inconsistent, standards serve as soft governance mechanisms that guide responsible AI adoption. This lens helps explain why global AI standards must be adapted to African socio-economic realities. How ethical principles translate into operational rules, where gaps emerge between policy ambition and practical implementation. It also highlights the need for contextualised standards that reflect local cultural norms, infrastructural constraints, and political priorities.

Sustainability theory provides the third pillar of the framework. It emphasises long-term socio-economic value, risk mitigation, and system resilience. In the context of AI governance, sustainability refers to enduring institutional arrangements that can adapt to technological change, balanced cost-benefit analysis that avoids short-term gains at the expense of long-term stability, inclusive development outcomes that prevent digital divides and algorithmic exclusion, environmental and infrastructural considerations, including energy use, hardware lifecycles, and e-waste management, human-capital sustainability, ensuring continuous skill development and digital literacy. Sustainability theory is particularly relevant for African states, where technological adoption often outpaces regulatory capacity. Without sustainable governance, AI systems risk amplifying inequalities, undermining consumer rights, and destabilising fragile institutions.

4. Governance of AI and the Techno-Economy: Structures, Standards and Sustainability

Effective governance of Africa's emerging AI-driven techno-economy requires clear theoretical grounding and a nuanced appreciation of contextual realities. Governance is not merely a regulatory exercise; it is the structuring of incentives, standards, and institutional arrangements that enable technology to deliver long-term socio-economic value. In the African context, where institutional capacity is uneven and policy environments are often fluid, these theoretical clarifications are essential for understanding how AI adoption can be steered toward sustainable development outcomes.

Diversification as a Governance Imperative

Diversification is a long-standing economic principle deployed across countries at different stages of development. Its core logic lies in distributing resources across multiple productive sectors to generate varied revenue streams and reduce dependence on narrow income sources (Fruman, 2017). For African economies seeking to transition from resource-dependent models, AI and digital technologies represent compelling diversification pathways. Their utility spans social, commercial, and economic domains, making them attractive alternatives for countries aiming to broaden their development portfolios. However, diversification through technology requires systematic governance structures. Stakeholders must objectively assess intellectual, business, and economic landscapes to identify viable sectors for inclusion in a diversification agenda. This assessment must then be translated into specific guidelines that reflect the characteristics of the chosen sectors. In the case of AI, this includes establishing standards for data governance, algorithmic transparency, ethical deployment, and cross-sector integration. The challenge lies in reconciling the costs and benefits of technology-driven diversification in a sustainable manner (Meadows, 2010). While AI promises broad-based development, its adoption also introduces risks-privacy violations, market concentration, exclusionary outcomes, and institutional strain. Ignoring these risks undermines the very rationale for diversification. Thus, governance must operate at both organisational and national levels, embedding principles that secure enduring corporate practices and long-term developmental stability.

Sustainability as a Structural Requirement

Sustainability is a contested concept in many African economies, particularly those still striving to meet basic developmental fundamentals. The recurring question is how to define quantitative and qualitative parameters that make sustainability meaningful in practice (Munoz, 2009). For the purposes of this paper, sustainability refers to technology, engineering, sociological, commercial, and economic functions that recognise the long-term cost-benefit implications of chosen pathways. This definition is especially relevant in an era where digital connectivity and information access are rapidly breaking down cultural and geographic barriers. The "global village" phenomenon underscores the interconnectedness of systems and the dangers of prioritising short-term gains over long-term stability. For Kenya, Morocco, and Nigeria, each navigating their own technology-diversification trajectories, sustainability is not optional. It is foundational to ensuring that AI adoption normalises domestic distortions rather than exacerbating them. Where sustainability is weak, policy gaps widen, socio-economic outcomes become inconsistent, commercial sub-sectors emerge prematurely, and institutional failings intensify. These vulnerabilities highlight the need for governance structures that are not only technically sound but also socially attuned and politically resilient.

Governance Priorities for African AI Futures

Amid competing ideological and policy debates, African countries must prioritise governance issues that directly shape the sustainability of AI adoption. These include:

- i. Consumer protection rights
- ii. Local content participation
- iii. Technology transfer obligations
- iv. Intellectual property optimisation

These priorities are urgent because AI applications are being deployed rapidly in mature economies, often without sufficient adaptation to African socio-economic realities. For African states, technological exchanges must therefore be contextualised, culturally sensitive, and grounded in home-grown solutions. Only then can AI governance frameworks deliver structures, standards, and sustainability that align with long-term development goals.

References

- Ade-Ibijola, A., & Okonkwo, C. (2023). Artificial intelligence in Africa: Emerging challenges. In *Responsible AI in Africa: Challenges and opportunities* (pp. 101-117). Cham: Springer International Publishing.
- Ajah, I. A., & Chigozie-Okwum, C. C. (2019). Prospects of ICT for digital growth and national development in Nigeria. *African Research Review*, 13(3), 192-203.
- Ajibo, C. C., Anozie, M. C., Onyeabor, E., Umahi, T. O., Odinkonigbo, J. J., & Agu, H. (2019). Technology transfer for development in Nigeria: patterns, problems and prospects. *Commonwealth Law Bulletin*, 45(1), 70-91.
- Aly, H. (2022). Digital transformation, development and productivity in developing countries: is artificial intelligence a curse or a blessing? *Review of Economics and Political Science*, 7(4), 238-256.
- Asemota, V (2018). Nigeria: Are African Innovation Technology Spaces Creating growth, *The Guardian* at <https://allafrica.com/stories/201803070058.html>
- Bensalah, M. (2021). Toward an ethical code of AI and human rights in Morocco. *Arribat-International Journal of Human Rights, CNDH Morocco*, 1(2), 187-203.
- Chouraik, C. (2024). Sustainable AI in Morocco: A systematic review of opportunities, challenges, and policy directions. *EHEI-Journal of Science & Technology*, 4(1), J-Sci.
- Dahani, Z., Dehhaoui, M., Bousselhami, A., & Maatala, N. (2022). Impact of technological innovations on the global productivity of production factors in Morocco. *African Journal of Business and Economic Research*, 17(1), 131.
- Effoduh, J. O., Akpudo, U. E., & Kong, J. D. (2024). Toward a trustworthy and inclusive data governance policy for the use of artificial intelligence in Africa. *Data & Policy*, 6, e34.
- Eke, D. O., Wakunuma, K., & Akintoye, S. (2023). Introducing responsible AI in Africa. In *Responsible AI in Africa: Challenges and opportunities* (pp. 1-11). Cham: Springer International Publishing.
- Feroz, K., & Kwak, M. (2024). Digital transformation (DT) and artificial intelligence (AI) convergence in organizations. *Journal of Computer Information Systems*, 1-17.
- Gwagwa, A., Kraemer-Mbula, E., Rizk, N., Rutenberg, I., & De Beer, J. (2020). Artificial intelligence (AI) deployments in Africa: Benefits, challenges and policy dimensions. *The African Journal of Information and Communication*, 26, 1-28.
- Ikram, M., & Sadki, J. E. (2024). Resilient and sustainable green technology strategies: A study of Morocco's path toward sustainable development. *Sustainable Futures*, 8, 100327.
- Kavak, M., & Rusu, L. (2025). Challenges and Opportunities of Artificial Intelligence in Digital Transformation: A Systematic Literature Review. *Procedia Computer Science*, 256, 369-377.
- Kiemde, S. M. A., & Kora, A. D. (2020, December). The challenges facing the development of AI in Africa. In *2020 IEEE International Conference on Advent Trends in Multidisciplinary Research and Innovation (ICATMRI)* (pp. 1-6). IEEE.
- Kimani, P. (2024). Shaping the Future of AI Governance in Kenya: Comparative Perspectives from the EU AI Act. *AIRe: Journal of AI Law & Regulation*, 1(2), 212.
- Lafram, A., & Bahji, S. E. (2024, November). Artificial intelligence in Morocco: Towards holistic, responsible and ethical national AI strategy for Moroccan competitiveness and strategic intelligence. In *Proceedings of the European Conference on Management, Leadership & Governance* (pp. 255-263).
- Lugasi, S. O., & Odhiambo, M. A. (2022). Implementation of technology and innovation support centers (TISCs) in Kenya: Challenges and opportunities. *Technology in Society*, 68, 101907.
- Meadows, D (2010). Leverage Points: Places to intervene in a system, *Solutions* at <https://www.thesolutionsjournal.com/article/leverage-points-places-to-intervene-in-a-system/>
- Mhlanga, D. (2021). Artificial intelligence in the industry 4.0, and its impact on poverty, innovation, infrastructure development, and the sustainable development goals: Lessons from emerging economies? *Sustainability*, 13(11), 5788.
- Mills, G. & Davis, D (2016). Countries as Companies: Morocco's use of technology for development, *Daily Maverick* at <https://www.dailymaverick.co.za/article/2016-08-11-countries-as-companies-moroccos-use-of-technology-for-development/>.
- Mulli, J. (2027). From "Do No Evil" to "Can't Do Evil": AI-Blockchain Technology as a Transformative Paradigm for Kenya-How To Build Public Trust, Accountability, and Institutional Integrity With AI-Blockchain Technology. In *The Impact and Integration of AI: From Research to Realization* (pp. 137-166). IGI Global Scientific Publishing.
- Munoz, L (2009). Beyond traditional sustainable development: Stating specific and general sustainability theory and sustainable indices using ideal present-absent qualitative comparative conditions. *Revista Virtual REDESMA*, 1(1).
- Musembi, P. M. (2024). Africa's contributions to digital technology: A case of M-Pesa technology in Kenya. In *Contributions of Africa's indigenous knowledge to the wave of digital technology: Decolonial perspectives* (pp. 260-289). IGI Global Scientific Publishing.
- Oghuvbu, E. A., Gbrevbie, D. E., & Oni, S. O. (2022). Technology policy and sustainable development in Nigeria. *Vestnik RUDN. International Relations*, 22(2), 385-396.
- Okolo, C. T., Aruleba, K., & Obaido, G. (2023). Responsible AI in Africa - Challenges and opportunities. *Responsible AI in Africa: Challenges and opportunities*, 35-64.
- Pasipamire, N., & Muroyiwa, A. (2024). Navigating algorithm bias in AI: ensuring fairness and trust in Africa. *Frontiers in Research Metrics and Analytics*, 9, 1486600.
- Wamuyu, P. K. (2015). The impact of information and communication technology adoption and diffusion on technology entrepreneurship in developing countries: The case of Kenya. *Information Technology for Development*, 21(2), 253-280.
- Yilma, K., & Wodajo, K. (2026). Strategy as governance: the governance of AI in Africa. *Science and Public Policy*, 53(2), 236-244.

THE ROLE OF LEADERSHIP IN FOSTERING BUSINESS ANALYTICS ADOPTION AMONG SMES IN AFRICA: A CONCEPTUAL FRAMEWORK

Akinlabi Babatunde Hamed; *Edinburgh Napier International College, UK*

Abstract

This paper discusses the role of leadership in promoting adoption of business analytics (BA) technology among SMEs in Africa. It examines BA characteristics, benefits, and the challenges that hinder adoption with reference to the African continent. SMEs are the backbone of the African economies, accounting for approximately 44 million businesses, contributing significantly to 50% of GDP in most African countries, providing 80% of total employment, and alleviating poverty. To grow and survive in this era of digital transformation, SMEs must integrate information systems like BA into their operations to analyse myriads of data generated from sources. Leadership must provide acceptance, support, and willingness to adopt new technology. Business Analytics (BA) is a data analytic tool for transforming raw data into actionable insights, enabling SMEs to make informed, data-driven decisions. It utilized a plethora of techniques and tools, like data mining, predictive analytics, and statistical analysis, designed to extract meaningful patterns from data. Notwithstanding the potential benefits of business analytics (BA), its adoption by SMEs in Africa is largely constrained by a number of factors, such as organisational structure, culture, absence of a business strategy, lack of in-house data science talent, IT infrastructure, lack of necessary resources for implementation, technology competence, security, and privacy, regulatory constraints, and most importantly, owners' support and technology competence. The paper provides some relevant recommendations to regulatory agencies, policymakers, governments, entrepreneurs, and SME owners and managers in Africa to incorporate business analytics (BA) into their strategy-building process and use business analytics tools in conjunction with other data analytics tools for their data analysis and reporting needs.

Keywords: *Business Analytics, Leadership, Africa, Business Intelligence, SMEs*

1.0 INTRODUCTION

An increasing use of information and communications technology (ICT) by businesses in the recent times makes it imperative to develop a better understanding of the impact of ICT adoption by small and medium-sized enterprises (SMEs). As businesses conduct their operations, more digital and connected sensors are being added to the production systems, generating big data that can be processed using analytical systems, allowing them to produce new insights and knowledge about the productive processes (Silva et al., 2025). Business Analytics (BA) is a major ICT tool for analysis of historical raw data to achieve useful and focused insights and a deeper understanding of the business performance areas (Krishnamoorthi & Mathew 2018). Artificial intelligence (AI) has enabled predictive analytics, a subset of BA for demand forecasting, supply chain optimization, and fraud detection. Wu et al. (2026) contended that leadership is a key factor that determines SMEs' technology adoption as well as performance outcomes. Leadership has direct and indirect effects on new technology adoption, such as BA through organisational agility, digital capability, and culture. In worldwide economies, SMEs are drivers of national economic growth and ultimately contribute to industrial development; hence, research is being conducted to investigate how to enhance their performance, particularly through a data-driven culture and support for analytics-driven decision-making. Kasiri et al. (2024) also call for frequent and new investigation on SMEs' adoption of new technologies consequent to the availability of analytical tools and big data through the explosive development of social media, cloud-based services, and other technologies. Atan and Mahmood (2022), Hansen and Bøgh (2021), and Maroufkhani et al. (2020) have noted that SMEs must keep up with the implementation of business analytics (BA) to survive and remain competitive like larger corporations that frequently utilize big data and analytics to dominate the business world. Otherwise, the capacity of the SMEs to compete with larger organisations taunted. Moreover, Maroufkhani et al. (2020) believe that utilising IT improves SMEs' capabilities to compete with larger corporations.

According to the Tony Elumelu Foundation report on empowering Africa's economic growth through SMEs (2024), SMEs are the backbone of the African economies, contributing significantly to 50% of GDP in most African countries, providing 80% of total employment, and alleviating poverty (Hassim, 2025; Muriithi, 2017). Within Sub-Saharan Africa, for instance, SMEs account for approximately 44 million businesses. In South Africa, SMEs contribute 34% to the country's GDP, employing between about 50% and 60% of the total workforce. Among African countries such as Uganda, Ethiopia, and Kenya, up to 90% of the population is employed within SMEs (Hassim, 2025), mainly because SMEs are essentially enabling invention, innovation, and the creation of new ideas and technologies. In Nigeria, SMEs operate across various sectors, contributing 48% to the GDP and employing 84% of the workforce (AFSIC, 2026). Furthermore, the Sustainable Development Goals and the African Union recognized that Africa's drivers of economic growth and long-term sustainability for emerging markets are dependent on the potential of the effective development of the SME business model (Hassim, 2025). Despite the afore-mentioned potential of SMEs, African SMEs face persistent challenges, including limited access to finance, regulatory complexities, inadequate infrastructure, non-adoption of digital tools, and constrained market access that hinder their growth and sustainability. Moreover, a lack of resources, digital literacy, and focus hinders SMEs (Agrahari, 2025). To overcome the challenges, SMEs must be able to monitor their businesses and utilize information resources and others efficiently (Llave, 2017; Raj et al., 2016).

Empirical studies suggest that BA improves business performance (Chatterjee et al., 2024; Chaudhuri et al., 2024). Business analytics is considered an expert systems subarea that results from the combination of business intelligence techniques with optimization, forecasting, predictive modelling, and statistical analysis (Arnott & Pervan 2014). BA plays a transformative role in improving organizational performance (Pacis & dela Cruz, 2025). Despite BA-recognized potential, SMEs, however, face many barriers to implementing various business analytics (BA) tools and techniques into their daily decision-making processes because they do not possess the same resources as bigger firms (Maroufkhani et al., 2020). More so, Teng et al. (2022), Yu-ping (2024), and Igun (2025) contend that leadership is a critical factor in determining how SMEs adopt, integrate, and benefit from BI&A tools and techniques. Caldeira and Ward (2002) and Beckinsale et al. (2006) add that new technology adoption decisions in SMEs are the sole provenance of owner-managers.

Technology bridges the relationship between leadership and digital transformation. Sharma et al. (2025) and Wu and Tóth (2025) established that the use of Business Analytics tools such as cloud systems, digital platforms, Big Data Analytics, and Artificial Intelligence can enhance firms' operational efficiency, innovation performance, and financial results if enabled by effective leadership. Factors such as leadership styles, leaders' readiness to change, and the successful integration of digital technologies could influence such relationships. However, scholars such as Xu (2024) and Luo and Zhang (2024) argued that there is no assurance that these technologies would lead to actual performance improvements, especially when smaller firms lack the skills and have legacy systems and tight resources, as is often the case in emerging markets like African economies. Hence, small firms need guidance for the actual implementation of the technology.

Existing literature has focused on the scope of business problems in large organizations and integrated enabling methods to define the science and art of practicing BA (Horani et al., 2023; Kumar et al., 2020; Mahmood, 2023; Nagpal et al., 2022; Rane & Mishra, 2018; Shbail et al., 2024). Similarly, data involvement is high in the BA process (Delen & Ram, 2018). Technological advancements, however, have made data easily accessible by these businesses, creating the impulse to use it for decision-making, which is evident in organizations (Bayrak, 2021). Despite the popularity of Business Analytics in the setting of big data, there is a dearth of literature on BA adoption and implementation for intelligent decision-making in African SMEs (Akinlabi & Olubiyi, 2025; Boonsiritomachai et al., 2016). Previous studies majorly focus on BA adoption in large, multinational, and international enterprises in advanced economies (Yin & Fernandez, 2020). Furthermore, limited research exists on the roles of leadership in fostering business analytics adoption by SMEs in emerging economies. Pacis and Cruz (2025), in their SLR on business analytics implementation, suggest that future studies should investigate the role of leadership in fostering BA adoption to focus on how SME leaders can cultivate a data-driven culture and support analytics-driven decision-making.

Evidence indicates that many SMEs in Africa face significant challenges in implementing BA due to gaps in readiness, technological capabilities, and leadership effectiveness in their understanding of best practices (Igun, 2025). Pacis and Cruz (2025) further recommended a study to explore how SMEs can overcome their unique challenges and implement BA effectively. Yin and Fernandez (2020). Hence, the motivation for this study stems from the need to address these challenges and gaps systematically.

The theoretical lens for this study is the resource-based view (RBV), and the Technology-Organization-Environment framework (Tornatzky & Fleischer, 1990) is a widely used theory in information systems research on SMEs. The resource-based view (RBV) (Barney, 1991) argued that organizations' internal resources (i.e., BA) and capabilities are the primary drivers of competitive advantage and superior long-term performance. RBV has been used extensively to investigate organizations' capability to use business analytics (Aydiner et al., 2019; Cosic et al., 2015; Mishra et al., 2019). The TOE framework provides a stronger contextual model to analyse the firm-level aspects along with environmental considerations of technology deployment.

Based on the highlighted literature gaps, the research aims to investigate the role of SME leadership in fostering business analytics adoptions by small and medium-sized businesses in Africa. Moreover, the study aims to identify major factors and challenges that influence adoption of business analytics by African SMEs. The research makes significant contributions. The outcomes from this study shall present a structured guide for the status of business analytics adoption for SMEs in Africa to manoeuvre through the intricate landscape of business analytics integration effectively. This understanding would inspire SMEs in Africa to look to their business counterparts in other regions or parts of the globe for inspiration about business analytics adoption. With limited studies on the impact of leadership on business analytics adoption by SMEs in emerging markets, this study will enrich the literature on the roles of owner-managers in fostering adoptions of business analytics in Africa. Furthermore, this study provides theoretical frameworks with practical applications involving business analytics implementation by African SMEs and provides valuable recommendations for scholars and practitioners in the organisational capability field.

2.0 WHAT IS BUSINESS ANALYTICS?

The issue of what constitutes business analytics is a major concern in the data analytic literature due to its interdisciplinary field. Different authors have usually given different definitions to this field of technology. The division regarding the general definition of business analytics is evident in both research and practice. For instance, Cegielski and Jones-Farmer (2016) investigated the knowledge, skills, and abilities of business analytics professionals to provide further guidance on the overall expanse of business analytics practice, while Verma et al. (2019) expanded the investigation to job postings. These studies highlight the efforts to reduce the gap between academia and practice. Furthermore, scholars have used data concepts and analytics lenses to develop this emerging field, with data analytics, business intelligence, and big data interchangeably associated with business analytics. Mashingaidze and Backhouse (2017) dissected the differences between business intelligence and big data: business analytics is an avant-level business intelligence while big data involves unquantifiable data and unstructured datasets, such as photos, sounds, and videos (Ajah & Nweke, 2019). Horani et al. (2023) also recognised that utilising business analytics comes in different dimensions based on data analytics and big data views, while Holsapple et al. (2014) highlighted that BA is a business enabler in early development.

Introduced in the late 2000s, business analytics refers to the process within Industry 4.0 that investigates an organisation's data through iterative, statistical, and operational methods (Blogline Report 2020). IBM Corporation (2011) noted that a “strong focus” on actionability, forward-looking insights, and the use of data visualization to translate complex metrics into strategic business improvements as core characteristics of business analytics. Business analytics focused on the analytical component of BI for prediction and optimization due to its emphasis on machine learning techniques (Chen et al., 2012). This makes BA different from other organisational capability such as business intelligent (BI) and big data analytics (BDA) that both process and transform vast amounts of data into actionable strategies. In this context, Bhaumi et al. (2022) defined business analytics as the extensive use of data, statistical and quantitative analysis, and explanatory and predictive models to drive fact-based management decisions and actions. The aim of business analytics is to assist organizations in making better data-driven decisions that can help them become successful and gain a competitive edge (AnalytixLab, 2021). Business analytics mostly addresses three key questions for managers: how they are doing? why? what they should be doing? (IBM Corporation, 2011).

Rikhardsson and Yigitbasioglu (2018) argue that business analytics is an ecosystem of databases, architecture, business applications, and procedures that enables managers to make timely decisions by analyzing the data at hand. This perspective emphasizes the interconnectedness and interdependence of various components in facilitating the analysis of data and enabling timely decision-making. Ashrafi et al. (2019) proposed a broader definition of business analytics, which includes data management, processing, and analysis. This definition extends beyond producing actionable insights and aims to equip organisations with the ability to anticipate market demands, predict changes, and adapt quickly to them. Kasiri's (2023) study defines business analytics as the practice of using data analysis to improve business performance, involving statistical techniques, data visualization tools, and predictive modelling to gain insights into business operations and make data-driven decisions. Ashrafi et al. (2019) and Kasiri (2023) definitions both viewed business analytics as data-driven process used to extract insights and improve organisational performance.

Business analytics is an interdisciplinary model to optimize strategic performance across specialised areas of a firm and industry sectors through data analysis and modelling. In this context, Jalali and Park (2018), Kohavi et al. (2002), Power et al. (2018), and Schniederjans et al. (2014) defined Business Analytics (BA) as the “application of models, methods, and tools to the analysis of data to gain insight to make informed decisions”. These models comprised statistical (i.e., regression), machine learning and data mining (i.e., clustering), artificial intelligence (i.e., search, planning), domain (i.e., in finance), net present value (NPV), return on investment (ROI), internal rate of return (IRR) etc.), and general models (Monte Carlo simulation, etc.). The methods encompass alternatives such as data visualization, numerical outputs, etc. The essential tools include business intelligence analytic tools (i.e., Tableau, Tibco Spotfire, QlikSense, Alteryx, etc.) and programming languages (e.g., Python, R). Leelavati et al. (2023) discovered that supply chain management, accounting and finance, and human resources are specialised areas within the business sector. E-services, retail, politics, national safety, healthcare, athletics, and social welfare are among the industry sectors that have seen wider applications of business analytics. To help decision-makers gain better insight about their external stakeholders (such as customers, suppliers, etc.) and make effective fact-based decisions, BA uses data, information technology, statistical analysis, quantitative methods, and mathematical computer-based models and visualization (Hoyt et al., 2016; Shmueli et al., 2017).

In conclusion, business analytics has been viewed as the intersection of multiple disciplines, with operations research, machine learning, and information systems being mostly relevant (Hindle et al. 2022). It is a process that builds descriptive, predictive, and prescriptive models from diverse and “big” data sources to generate economic value and help businesses make decisions more quickly, better, and intelligently using operation research, statistical analysis and machine learning (Daodu et al., 2022). In a competitive world, business analytics has shown potential for significant collaborations and opportunities for business-wide application and the production of a data-driven business model (Hindle et al. 2022). For SMEs, business analytics transforms business data into actionable insights. It helps them to understand their business and market, make timely decisions, and focus on the broader business implications of the data and subsequent business actions (Chen et al., 2012; Ramanathan et al., 2017).

2.1 DIFFERENCE BETWEEN BUSINESS ANALYTICS, BUSINESS INTELLIGENCE, AND BIG DATA ANALYTICS

Business analytics and business intelligence are seen as same concepts as both utilise analytical capabilities for decision support by firms. Business analytics differ from business intelligence in applications and implementations. Scholars like Gorman and Klimberg (2014) think that business analytics is an extension of business intelligence by incorporating advanced statistical and operation research techniques. Similarly, Varshney and Mojsilovic (2011) argued that business analytics is an outgrowth of business intelligence from the managerial perspective. On the other hand, Wixom, Yen, and Relich (2013) think that business intelligence is obtained from business analytics, and the not the other way. Sharda et al. (2013) suggest that business intelligence heavily relies on business analytics and mostly useful in reporting business data through data visualization. Varshney and Mojsilovic (2011) conclude that business intelligence systems are mostly descriptive analytics lacking predictive modelling ability and essential algorithms for decision-making whereas business analytics contain descriptive, predictive, and prescriptive analytics domains (Yin & Fernandez, 2020). According to Chae (2014), business analytics is more popular among contemporary enterprises for answering the needs of prediction and optimization because of the emphasis on machine learning techniques. To close the gap between business intelligence and business analytics, scholars used both terms together as Business intelligence and analytics. From the foregoing discussion, business intelligence differs from business analytics, business intelligence focuses on reporting historical data (Varshney & Mojsilovic, 2011), and its functionality is generally covered in descriptive analytics (Gorman & Klimberg, 2014), a subcategory of business analytics.

Big data analytics is another technology capability available to SMEs for data-driven decision decision-makings. Business analytics is also different from big data analytics. Emerged as a response to the exponential growth of data generated by multiple sources within organizations, big data analytics (BDA) constitute variety of software tools and techniques which are used to extract insights from big data sources (i.e., digital interactions, social media platforms, sensors readings) (Saggi & Jain, 2018). According to Sivarajah et al. (2017), BDA comprised five categories: descriptive analytics, inquisitive analytics, predictive analytics, prescriptive analytics and pre-emptive analytics. This classification seems mostly similar to business analytics but structurally differs. Gandomi and Haider (2015) identified key big data analytics techniques including text analytics, audio analytics, video analytics, social media analytics, and predictive analytics. Big data analytics enable organizations to gain valuable insight into their internal operations and the markets they serve (Cunha, et al., 2022). In this case, business analytics has emerged as a critical technological capability providing advanced analytical techniques to enable organization to extract meaningful insights from bid data (Aydiner et al., 2019; Bayrak, 2021). It comprises data intelligence (such as statistical analysis, predictive modelling, optimization) expert system component (Silva et al., 2024).

2.2 TYPES OF BUSINESS ANALYTICS

Business analytics is a field that focuses on understanding and predicting business trends and causes. The Institute of Operations Research and Management Science (IORMS) in the USA proposed three tiers of business analytics: descriptive, prescriptive, and predictive approaches. They also suggested two additional components: data acquisition and tool selection. These components are considered significant measures or proxies for business analytics. Sallam et al. (2014) extended the IORM tiers of business analytics with the inclusion of diagnostic analytics. Raghupathi and Raghupathi (2021) further proposed four types of business analytics: descriptive, predictive, prescriptive, and discover/wisdom analytics. They identified three pillars of analytics: visualization, statistical modelling, and machine learning. SAS Institute Inc. proposed eight levels of analytics (Kavur, 2009). The first four levels (e.g., standard reports, ad hoc reports, query drilldowns, and alerts) handle historical data to support reactive decisions, while the last four (e.g., statistical analysis, forecasting, predictive modelling, and optimization) employ advanced methodologies for proactive planning and innovation. These reports essentially provide a sense of what is happening within organisation.

Yin and Fernandez (2020) argued that descriptive analytics focuses on recognizing trends and causes in business, while predictive analytics uses statistical methods like machine learning to predict future events (Sharda et al., 2013). Prescriptive analytics provides advice for decision-making based on the information acquired in the first two processes (Sharda, Asamoah, and Ponna 2013). Diagnostic analytics addresses the critical question of why an occurrence or glitch occurred within data (Lobo 2023). The various types of business analytics can be applied individually or collectively by businesses by large firms and SMEs, offering users the ability to apply advanced analytic models without the need for data scientist support, creating new opportunities to find hidden insights in large datasets (Gibson 2019; Talend Report, 2023). Wamba et al (2015), however, noted that SMEs that implement Business Analytics Systems would find themselves more effective in the marketplace, with additional insight in customer's buying patterns and needs, and therefore operate more efficiently in financial management.

2.3 BENEFITS OF BUSINESS ANALYTICS

Business analytics implementation offers multitude of benefits to organisations across several industries (Weber, 2023; Mishra, 2023), particularly for African SMEs. One of the key benefits is the ability to generate relevant information in a suitable format and delivered in a timely manner, enabling SMEs to make informed decisions and take appropriate actions according to Bose (2008) cited by Dereli, et al. (2020). Business analytics (BA) is a powerful tool that can help SMEs make informed decisions based on accurate insights, not guesswork or hindsight. SMEs that adopt business analytics are organized around questions that data can provide answers to, which can help them gain an advantage over competitors (Dereli et al., 2020). By combining multiple business variables into one technical environment, business analytics solutions enable efficient decision-making and knowledge management (Bhaumik et al. 2022). This is made easier by institutionalizing and forecasting future outcomes using data-driven technical models or by adding business analytics, which provides management with predicted results (Sharda et al., 2014). By leveraging BA, SMEs can enhance efficiency, identify cost-saving opportunities, and mitigate risks more effectively (Kurniasari et al., 2023). BA allows SMEs to analyse customer data and tailor their marketing campaigns, products, and services to individual customer needs and preferences, leading to increased satisfaction and loyalty.

Business analytics tools offer business insights that enable SMEs to make decisions in the moment, increase operational efficiency, spot new possibilities, and stand out in a crowded market (Dereli et al., 2020). Saura et al. (2023) remarks that business analytics provides a scalable solution tailored to the specific needs of African SMEs, allowing these enterprises to overcome external challenges such as market volatility, resource constraints, and the demand for real-time insights. BA also enhances the competitiveness of SMEs. Through data analysis, SMEs can gain valuable insights into their competitive landscape, identify market gaps, and develop unique value propositions to differentiate themselves from competitors (Akindote et al., 2024). By employing statistical and mathematical models, along with advanced analytical techniques like Artificial Intelligence (AI) algorithms, businesses can derive valuable insights from their historical data, giving them a competitive edge in today's data-driven landscape. These benefits provide support for understanding the factors influencing the adoption of business analytics by African SME enterprises (Liu et al., 2023).

2.4 BUSINESS ANALYTICS TOOLS

Business analytics tools have evolved over time to accommodate various applications due to the volume and dynamics of data involved. These tools enable the development of descriptive, predictive, and prescriptive models that align goals with strategy and define business value. They are application software that extracts data from multiple business systems and consolidates it in a data warehouse, allowing users to analyse and evaluate the information (Balog 2019; Hindle & Vidgen 2018). These tools include data management, data visualization, predictive modelling, data mining, forecasting simulation, and optimization. They may also include spreadsheet applications with statistical functions and specialized statistical software packages.

For SMEs, Business analytics tools may include self-service BI tools such as Power BI, Tableau, Qlik for non-technical users empowered to create insights (Gartner 2020; Alpar & Schulz, 2016). And low-cost cloud-based software such as Mobile BI, Amazon Web Services (AWS), QuickSight, Google Analytics, Facebook Business Suite, and SAP Analytics, accessible on cloud and mobile devices (Rathore et al., 2018; Maltz, 2020; Tin & New, 2026). These tools provide organisations like SMEs with a comprehensive understanding of their operations, customer conversion, and overall business landscape, enabling them to make informed decisions and drive efficient business processes (Davenport & Dyche 2013). For instance, Google Analytics Standard helps small businesses in managing their stakeholders, operations, marketing, and sales (Gupta et al., 2022). AWS is designed to meet the needs of small businesses offers cloud computing solutions, currently serving major industries, and providing innovative IT benefits to small businesses (Kasiri et al., 2024). Mobile BI enables managers to make decisions via real-time dashboards on mobile devices and tablets (Maltz, 2020). Power BI allows users to combine multiple data sources and is more compatible than other services. Tableau, Excel, and Power BI offer interactive data visualization and dashboard systems (Kamaruddin et al., 2020). The rise of cloud-based solutions and mobile technologies have further made Business Analytics (BA) tools and technologies more accessible and affordable for SMEs (Akindote et al., 2024). To maximize the use of Business Analytics (BA) and data, SMEs should invest in locating the right focus, establishing the right cultures, recruiting the right people, and installing the right technology.

2.5 BUSINESS ANALYTICS ADOPTION BY SMEs

Previous studies have explored the adoption of technology in small and medium enterprises (SMEs) through various theories, such as the Technology Organisation Environment Framework (TOE) and the Unified Theory of Acceptance and Use of Technology (UTAUT). Business analytics plays a crucial role in the performance and profitability of SMEs and predicting future business trends with reasonable accuracy.

Several studies have applied these theories to study the adoption of business analytics within the SME sector, with different results (Adam, Jizat, and Noor 2016; Gibson 2019; Ramanathan, Philpott, Duan, and Cao 2017; Kwarteng et al. 2022). Some studies have explored specific aspects of business analytics adoption, such as extending the UTAUT model to understand barriers towards digitalization, factors influencing the intention of acceptance and use of social commerce and using the UTAUT model to predict social media adoption among SMEs (Abdat 2020; Adam, Jizat, and Noor 2016).

Researchers have also conducted studies across multiple countries, industry-specific, and sector-specific (Marchena Sekli & De LaVega 2021; Rao & Provodnikova 2021; Willetts, Atkins, & Stanier; 2020; Youssef, Eid, & Agag 2022). However, limited research has been done to investigate the level of awareness, adoption and usage of business analytics by SMEs in developing countries and African continent (Adzandeh, et al., 2024; Akinlabi & Olubiyi, 2025; Kototsi et al., 2025). A closer study to the current study was conducted by Daodu, Bhaumik, and Morakinyo (2022), which focused on business analytics and market adaptation in the e-commerce industry in Nigeria.

2.7 INFLUENCE OF LEADERSHIP ON BUSINESS ANALYTICS ADOPTIONS

Adoption of emerging technology by small and medium enterprises has been closely related to effectiveness of leadership capabilities. Leadership is defined as the ability to manage relationships that affect the behaviour of another person (Al-Khaled & Fenn, 2020) and directly dictate employee motivation (Babatunde & Oyeibisi, 2013). Several leadership theories, including adaptive, entrepreneurial, digital, servant, strategic, and transformational leadership, have been linked to greater degrees of technological adoption and innovation performance, even when studying the specific technologies in isolation (Alabi, 2025; Cui & Meng, 2024). Alabi (2025) asserts that transformational leaders inspire teams within any firms to experiment with new technologies and business models, while servant leaders complement this approach by emphasising ethical considerations, ensuring that technology adoption aligns with business objectives and broader societal values. Yu et al. (2025) and Hossain et al. (2025) argue that SMEs led by competent and technology driven leaders who understand technologies, communicate their benefits, and integrate them effectively into organisational processes are better positioned to initiate technology adoption. These innovations can then be used solve business problems, meet consumer needs, and introduce new products and services that were once unimaginable by SMEs. This is best achieved through an adaptive leadership who helps firms to pivot quickly and respond to complexity that comes with digital transformation.

An IBM 2011 Global CEO Study on the Better Business Outcomes with Business Analytics investigated over 3,000 CIOs from 71 countries, 18 industries and organizations of all sizes to identify one or more of their visionary plans for enhancing their competitiveness and it revealed that 83 percent of the participants answered “business intelligence and analytics (IBM Incorporation, 2011). The CIOs identified business analytics as a strategic priority, because it drives better business outcomes. The findings further demonstrate that business analytics strengthens business strategy, decision-making, and financial performance. CEOs who perform well in both favourable and adverse economic conditions are 16% more likely than their peers to use iterative strategic planning rather than rely on formal annual reviews, and 54% more likely to make rapid decisions despite economic uncertainty. Similarly, high-performing CFOs reported revenue growth of at least 36%, a 15% higher return on invested capital, and twice the EBITDA growth rate. These value integrators use forward-looking insights across the enterprise, from strategic planning to operational optimisation, to manage risk, reduce costs, and recognize new opportunities. The findings suggest that business leaders recognized business analytics as a strategic priority drives better business outcomes.

According to the resource-based view (RBV) and technology-organization-environment (TOE) framework, leadership is an internal resource that mobilises resources, develops digital capabilities, and aligns technology towards business objectives (Wu et al., 2026). Leadership also influence firm readiness, resource allocation, and the internal conditions required for technology adoption (Tornatzky & Fleischer, 1990). The Unified Theory of Acceptance and Use of Technology (UTAUT) highlight critical factors and determinants of technology adoption such as perceived usefulness, ease of use, and social influence. The theory demonstrates that leaders shape how employees perceive new technologies, including their usefulness and ease of integration into daily operations. Cui et al. (2022) and Gun et al. (2024) claimed that leaders who possess strategic intent, allocate resources, and ensure organisational readiness enable successful technology adoption and transformation. It confirms that organisational and managerial changes, rather than technical capabilities are critical factors for successful technology adoption.

Yang et al. (2025) established that digital leadership creates interpersonal pathways through knowledge sharing to technology adoption. Idowu and Babalola (2026) agreed with previous scholars that leaders who build networks, foster psychological safety, and promote team collaboration will ultimately create organisational environments that are conducive to the adoption of new technologies such as artificial intelligence (AI) and Business Analytics. Strategic leadership aligned these new technologies with the organisation’s long-term vision and growth strategy for sustained growth and market expansion. In general, leadership capabilities such as strategic capabilities, interpersonal capabilities, personal attributes, and technology-driven entrepreneurial mindset propel SMEs to adopt BA (Alabi, 2025; Idowu & Babalola, 2026). However, Majeed et al. (2022) argued that African SMMes' adoption and effective use of business analytics for organisational benefit are constrained by business managers' limited understanding of the technology and uncertainty about its return on investment (ROI) (Afolayan & de la Harp, 2019).

2.8 CHALLENGES IN BUSINESS ANALYTICS ADOPTION BY AFRICAN SMES

The adoption of business analytics among African SMEs is constrained by several barriers, including limited understanding of the technology, high implementation costs, and managerial and cultural challenges (Coleman et al., 2016). These barriers are similar to those experienced by larger organisations, particularly the shortage of data scientists and the cost of implementing business analytics systems. Ramphele and Msosa (2022), in a survey of 150 SMEs in South Africa, found that business analytics adoption barriers are linked to factors that limit perceived ease of use, as outlined in the extended Technology Acceptance Model (TAM) developed by Venkatesh and Davis (2000). These factors include computer self-efficacy, computer anxiety, perceptions of external control, and users' adjustment through direct experience (Venkatesh & Davis, 2000). Such barriers reduce SMEs' ability to adopt and use business analytics effectively (Kasiri et al., 2024).

Noonpakdee et al. (2018) found that some African SMEs still store data in paper-based formats and spreadsheets, which may lack the three V attributes of big data. Selecting appropriate business analytics software also remains a challenge (Noonpakdee et al., 2018). In addition, some SMEs may not generate sufficient volumes of data to make business analytics adoption relevant or cost-effective (Willets et al., 2020). Bianchini and Michalkova (2019) classify these barriers as internal, including difficulties in identifying, attracting, and retaining specialists and developing the managerial know-how required to use business analytics, and external, including limited data availability and regulatory constraints. Together, these factors contribute to the low adoption of business analytics among SMEs.

Organisational factors, such as organisational structure, culture, lack of owners' support, and the absence of a business strategy, also contribute to the unsuccessful implementation of business analytics by SMEs (Bany Mohammad et al., 2022). SMEs are often uninterested in current management trends for implementing business analytics technology, viewing it as management hype rather than an opportunity. Moreover, 95% of analytics-driven innovation initiatives by African SMEs fail due to technical and cultural obstacles. Cultural barriers arise from the mindset and internal character of SMEs owners and managers. Beyond cultural barriers, the resources (tools and skills) needed to process, store and utilise business analytics by African SMEs have become increasingly unavailable or insufficient for users (Majeed et al., 2022). Another critical challenge highlighted by the authors was lack of in-house data science talent or professionals as people in Africa who wish to pursue a profession in data find it difficult to obtain high-quality education and practical experience. This situation makes it difficult for African SMEs to find talent and professional supports for effective utilisation of business analytics.

Regulatory constraints also pose serious challenges in the adoption of Business Analytics (BA) by SMEs in Africa. Akindote et al. (2024) argued that SMEs in African continent are experiencing rapid growth in the adoption of Business Analytics (BA), but the regulatory environment such as the regulations governing data privacy, security, and competition presents limited opportunities for SMEs to harness the power of data insights. This can result into unintentional non-compliance and potential penalties that can hinder SMEs ability to generate accurate and meaningful insights through BA. Furthermore, limited Data Availability and Quality, and access to reliable and high-quality data can impose excessive and unnecessary challenges for African SMEs. This can adversely affect their ability to generate accurate and meaningful insights through BA (Akindote et al., 2024).

Other challenges influencing business analytics adoption by SMEs at the organisation levels include IT infrastructure (Nam et al., 2019; Bany Mohammad et al., 2022), technology competence (Bhatiasavi & Naglis, 2020), security and privacy (Maroufkhani et al., 2020; Truong, 2022), top management support (Maroufkhani et al., 2020), organisational readiness (Puklavec et al., 2018), firm size (Jum'a et al., 2022; Lutfi et al., 2022), organisational data environment (Puklavec et al., 2018; Marchena Sekli & De La Vega, 2021), privacy, security, and regulatory compliance (Tin & New, 2026), competitive pressure (Nam et al., 2019; Maroufkhani et al., 2020), external support (Puklavec et al., 2018;), government regulation (Bany Mohammad et al., 2022; Nam et al., 2019).

For the purpose of this study and development of conceptual framework for the current research, SMEs challenges and barriers in the adoption of Business Analytics are categorized into knowledge and acceptance, financial and resource constraints, skills and talent gaps, data readiness problems, technology, security, and infrastructure, organisational and managerial factors, regulatory and compliance barriers, and external support and market pressure. This classifications utilized the widely TOE framework (Tornatzky & Fleischer, 1990) necessary to help African SMEs leaders and managers identify influence of these specific contexts on BA adoptions. Moreover, this multidimensional model enables policymakers and regulators to provide targeted, structured support to SMEs (see figure 1 below).

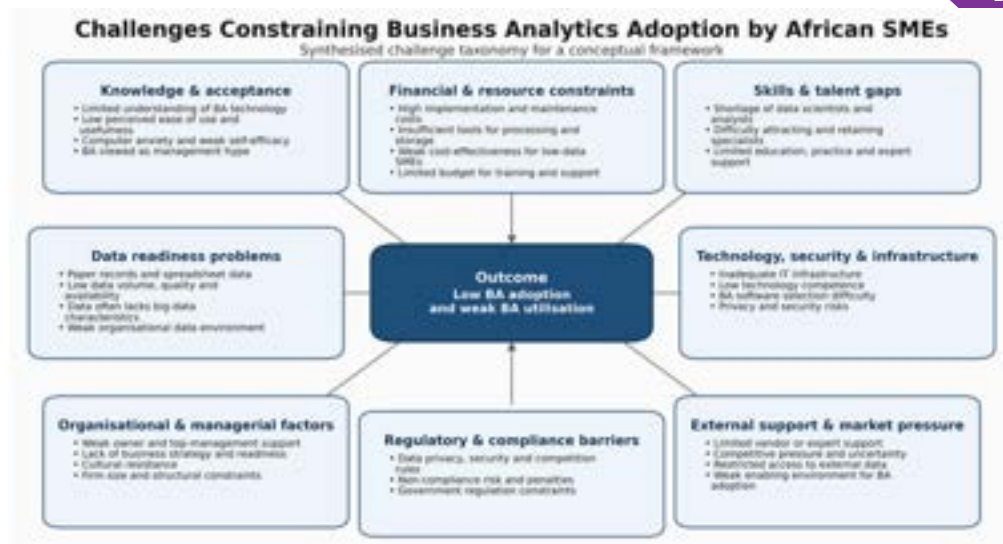


Figure 1. Challenges in Adoption Business Analytics by SMEs
Source: Developed by the Researcher from the literature reviewed

Studies on how small business characteristics, particularly firm size and industry, affected usefulness and adoption of Business Analytics by African SMEs remains limited (Trieu, 2017). Although studies have examined the effects of firm characteristics on technology adoption, the findings are inconsistent. For example, Muller et al. (2018) found that industry influences technology adoption among large US firms, while Mole et al. (2004) reported a similar effect in UK small manufacturing businesses. In contrast, Nguyen et al. (2015) found no significant relationship between industry sector and technology adoption across the retail, financial services, and manufacturing sectors.

Consequently, a comprehensive review of systematic literature review (SLR) studies was conducted to identify the key factors influencing the adoption of business analytics among SMEs. The review revealed that, although numerous SLR studies have examined analytics adoption in the SME context, most focus on SMEs in regions outside Africa (Llave, 2017; Horani et al., 2023). Available studies in the Africa context placed emphasis on business intelligence or big data analytics rather than business analytics as a broader business model (Akindotea et al., 2024; Al-Daraba et al., 2025; Mavutha, 2024; Ngugulu & Bhandari, 2025; Salisu et al., 2021). These studies, however, have cleverly identify challenges that are specific to business intelligence or big data analytics by SMEs, providing only limited insights into the barriers affecting the adoption of business analytics in African SMEs. This gap in the literature provides further justification for the present study. Generally, the adoption of BA by SMEs faces numerous challenges, including the need for effective management and cultural support.

2.9 CONCLUSION

This paper investigates roles of leadership in promoting the adoption of Business Analytics (BA) technology by SMEs in Africa. It reviews key definitions of Business Analytics, the characteristics, benefits, types, tools & techniques, and BA relationship with Business Intelligence and Big Data Analytics. The paper also examines existing models of Business Analytics (BA) adoption among SMEs and the challenges that hinder adoption in the African context. Based on the definitions reviewed, Business Analytics (BA) is regarded as an interdisciplinary field that draws primarily on Operations Research, Machine Learning, and Information Systems. Business Analytics was introduced in the late 2000s. Business Analytics (BA) technology uses descriptive, predictive, prescriptive, and diagnostic models to analyse diverse and large data sources, generate economic value, and support faster, better-informed business decisions. Business Analytics (BA) has been synonymously used with Business Intelligence and Big Data Analytics. Business Analytics (BA) is a key technological capability for extracting meaningful insights from big data. It is an extension of Business Intelligence. Business Intelligence Systems (BIS) are mostly descriptive analytics with limited predictive modelling capability. Big Data Analytics (BDA) are variety of software tools and techniques which are used to extract insights from big data sources. Big data analytics (BDA) often comprised five categories: descriptive analytics, inquisitive analytics, predictive analytics, prescriptive analytics and pre-emptive analytics albeit differed from BA. Big Data Analytics enable organisations like SMEs to gain valuable insight into their internal operations and the markets they serve.

The study observed that Business Analytics (BA) provide several benefits to SMEs. SMEs utilized BA to generate relevant information from big data to make informed decisions and take appropriate actions. BA play critical roles in SMEs performance and profitability, predicting future business trends with reasonable accuracy. Through business analytics, SMEs can gain valuable insights into their competitive landscape, identify market gaps, and develop unique value propositions to attain competitive advantage. Business Analytics (BA) tools include data management, data visualization, predictive modelling, data mining, forecasting simulation, and optimization, and spreadsheet applications with statistical functions and specialized statistical software packages. These tools provide SMEs with a comprehensive understanding of their operations, customer conversion, and overall business landscape. Adoption of Business Analytics (BA) tools by African SMEs is mostly influenced by owners' and managers' support and belief to improve decision-making (performance expectancy), ease of use (effort expectancy), business environment support (facilitating conditions), and acceptance by stakeholders (social influence). Notwithstanding the recognition and potential benefits of BA, the adoption of BA by SMEs is always constrained by a number of factors such as organisational structure, culture, lack of owners' support, absence of a business strategy, lack of in-house data science talent, IT infrastructure, lack of necessary resources for implementation, technology competence, security and privacy, and regulatory constraints. However, lack of owners' support and technology competence remain the greatest concern for the majority of African SMEs.

The study suggests that, to improve business analytics adoptions by African SMEs, entrepreneurs or SMEs owners should prioritise incorporating Business Analytics (BA) into their strategy-building process. By recognising business analytics as a valuable tool, SMEs can effectively enhance their competitive advantage. Secondly, leadership of SMEs in Africa should take concrete steps to adopt and use business analytics tools in conjunction with other data analytics tools, such as Microsoft Excel, for their data analysis and reporting needs. Also, flexible and supportive policies tailored to the specific needs of SMEs will help to create enabling environment conducive to BA implementation by SMEs. This should be complemented with the provisions of adequate and accessible technological infrastructure including suitable security measures to protect data from unauthorized access, use, disclosure, alteration, or destruction. It also suggested that emerging technologies such as Blockchain, Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT), Virtual Reality (VR) and Augmented Reality (AR), Digitization and Technology Adoption, cloud-based solutions and mobile technologies should be promoted to make BA tools and technologies more accessible and affordable for SMEs. Finally, African governments should support development of the digital economy and promote use of Business Analysis by SMEs through financial assistance, training programs, and access to data resources.

References

- Abdat, F. A. (2020). Using UTAUT model to predict social media adoption among Indonesian SMEs. *Saudi Journal of Economics and Finance*, 4(10). <https://doi.org/10.36348/sjef.2020.v04i10.003>.
- Adam, A., Jizat, J., & Noor, M. (2016). A review of factors that influenced the intention of acceptance and use of social commerce among small medium-sized enterprises in Malaysia. *Advances in Business-Related Scientific Research Journal*, 7(2), 15-26.
- Adzandeh, U. H., Okhiai, M. O., & Umogbai, M. E. (2024). Organisational factors and business analytics implementation of selected small and medium enterprises in Makurdi metropolis, Benue State, Nigeria. *Journal of African Resilience & Advancement Research*, 3(2), 234-266.
- Afolayan, A. O., & De la Harpe, A. C. (2020). The role of evaluation in SMMEs' strategic decision-making on new technology adoption. *Technology Analysis & Strategic Management*. <https://doi.org/10.1080/09537325.2019.1702637>.
- AFSIC. (n.d.). Small and medium enterprises in Nigeria. <https://www.afsic.net/small-and-medium-enterprises-in-nigeria/>
- Agrahari, V. (2025). Modern MSMEs: Challenges, opportunities, and the road ahead. *International Journal for Multidisciplinary Research*. <https://doi.org/10.36948/ijfmr.2025.v07i04.53266>.
- Ajah, I. A., & Nweke, H. F. (2019). Big data and business analytics: Trends, platforms, success factors, and applications. *Big Data and Cognitive Computing*, 3(2), 32-42.
- Akindote, O. J., Egieya, E. Z., Dawodu, S. O., Adaga, E. M., Adegbite, A. O., & Stephen, O. E. (2024). Comparative review of business analytics implementation in SMEs: Insights from the United States and Africa. *Malaysian Business Management Journal*, 3(1), 29-37. <https://doi.org/10.26480/mbmj.01.2024.29.37>.
- Akinlabi, H. B., & Olubiyi, T. O. (2025). Intelligent decision-making through adoption of business analytics: Empirical evidence from behavioural intentions of African SMEs. In B. Verma, A. Mittal, M. Raman, & B. Sindhav (Eds.), *Web 3.0 unleashed: Transforming industries and building ethical frameworks*. Emerald Publishing Limited. <https://doi.org/10.1108/978-1-83708-728-020251008>.
- Al Khajeh, E. H. (2018). Impact of leadership styles on organisational performance. *Journal of Human Resources Management Research*, 2018, Article 687849. <https://doi.org/10.5171/2018.687849>.
- Alabi, M. (2025). The role of leadership in fostering a technology-driven entrepreneurial mindset [Unpublished manuscript].
- Al-Daraba, K., Al-shami, S. A., Rashid, N., & Quresh, M. I. (2025). Systematic review of factors influencing adoption of business intelligence systems. *Discover Sustainability*, 6, Article 936. <https://doi.org/10.1007/s43621-025-01876-5>.
- Alpar, P., & Schulz, M. (2016). Self-service business intelligence. *Business & Information Systems Engineering*, 58(2), 151-155.
- AnalytixLabs. (2021). Evolution of business analytics and its future. <https://www.analytixlabs.co.in/blog/future-and-evolution-of-business-analytics/>
- Arnott, D., & Pervan, G. (2014). A critical analysis of decision support systems research revisited: The rise of design science. *Journal of Information Technology*, 29(4), 1-25. <https://doi.org/10.1057/jit.2014.16>.
- Ashrafi, A., Zare Ravasan, A., Trkman, P., & Afshari, S. (2019). The role of business analytics capabilities in bolstering firms' agility and performance. *International Journal of Information Management*, 47, 1-15.
- Atan, M., & Mahmood, R. (2022). The influence of organisation dimension in business analytics adoption by Malaysian SMEs. *Journal of Advanced Computing Technology and Application*, 4(1).
- Aydiner, A. S., Tatoglu, E., Bayraktar, E., Zaim, S., & Delen, D. (2019). Business analytics and firm performance: The mediating role of business process performance. *Journal of Business Research*, 96, 228-237.
- Babatunde, A., & Oyeibisi, T. O. (2013). The impact of leadership style adopted by the manager in the Nigeria beverage sector on human resource motivation: A field study in South-Western Nigeria. *International Journal of Research in Business and Technology*, 3(1). <https://doi.org/10.17722/ijrbt.v3i1.86>.
- Bany Mohammad, A., Al-Okaily, M., Al-Majali, M., & Masa'deh, R. (2022). Business intelligence and analytics (BIA) usage in the banking industry sector: An application of the TOE framework. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(4), Article 189. <https://doi.org/10.3390/joitmc8040189>.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120. <https://doi.org/10.1177/014920639101700108>
- Bayrak, T. (2021). A framework for decision makers to design a business analytics platform for distributed organizations. *Technology in Society*, 67, Article 101747.
- Beckinsale, M., Levy, M., & Powell, P. (2006). Exploring internet adoption drivers in SMEs. *Electronic Markets*, 16(4), 361-370.
- Bhatiasevi, V., & Naglis, M. (2020). Elucidating the determinants of business intelligence adoption and organizational performance. *Information Development*, 36(1), 78-96. <https://doi.org/10.1177/0266666918811394>.
- Bhaumi, D., et al. (2022). Role of business analytics and its impact on today's economy. *Journal of Pharmaceutical Negative Results*, 13(7), 5821-5827.
- Bianchini, M., & Michalkova, V. (2019). Data analytics in SMEs: Trends and policies (OECD SME and Entrepreneurship Papers No. 15). OECD Publishing.
- Bloglines. (2023). What is business analytics. https://www.bloglines.com/article/what-is-business-analytics?utm_content=params%3Ao%3D740010%26ad%3DdirN%26qo%3DserpIndex&ueid=593cf237-1639-49b2-87e5-c7bbc0fea0d0.
- Boonsiritomachai, W., McGrath, G. M., & Burgess, S. (2016). Exploring business intelligence and its depth of maturity in Thai SMEs. *Cogent Business & Management*, 3(1), Article 1220663.
- Bose, R. (2008). Competitive intelligence process and tools for intelligence analysis. *Industrial Management & Data Systems*, 108(4), 510-528. <https://doi.org/10.1108/02635570810868362>.

References

- Bose, R. (2009). Advanced analytics: Opportunities and challenges. *Industrial Management & Data Systems*, 109(2), 155-172. <https://doi.org/10.1108/02635570910930073>
- Caldeira, M. M., & Ward, J. M. (2002). Understanding the successful adoption and use of IS/IT in SMEs: An explanation from Portuguese manufacturing industries. *Information Systems Journal*, 12(2), 121-152. <https://doi.org/10.1046/j.1365-2575.2002.00119.x>.
- Cegielski, C. G., & Jones-Farmer, L. A. (2016). Knowledge, skills, and abilities for entry-level business analytics positions: A multi-method study. *Decision Sciences Journal of Innovative Education*, 14(1), 91-118. <https://doi.org/10.1111/dsji.12086>.
- Chae, B. (2014). A complexity theory approach to IT-enabled services (IESs) and service innovation: Business analytics as an illustration of IES. *Decision Support Systems*, 57, 1-10.
- Chae, B., Yang, C., Olson, D., & Sheu, C. (2014). The impact of advanced analytics and data accuracy on operational performance: A contingent resource-based theory (RBT) perspective. *Decision Support Systems*, 59(1), 119-126. <http://dx.doi.org/10.1016/j.dss.2013.10.012>.
- Chatterjee, S., Rana, N. P., & Dwivedi, Y. K. (2024). How does business analytics contribute to organisational performance and business value? A resource-based view. *Information Technology & People*, 37(2), 874-894.
- Chaudhuri, R., Chatterjee, S., Vrontis, D., & Thrassou, A. (2024). Adoption of robust business analytics for product innovation and organizational performance: The mediating role of organizational data-driven culture. *Annals of Operations Research*, 339(3), 1757-1791.
- Chen, H., Chiang, R. H. L., & Storey, V. C. (2012). Business intelligence and analytics: From big data to big impact. *MIS Quarterly*, 36(4), 1165-1188.
- Coleman, S., Gob, R., Manco, G., Pievatolo, A., Tort-Martorell, X., & Reis, M. S. (2016). How can SMEs benefit from big data? Challenges and a path forward. *Quality and Reliability Engineering International*, 32(6), 2151-2164. <https://doi.org/10.1002/qre.2008>.
- Cosic, R., Shanks, G., & Maynard, S. B. (2015). A business analytics capability framework. *Australasian Journal of Information Systems*, 19, 5-19.
- Cui, F., Lim, H., & Song, J. (2022). The influence of leadership style in China SMEs on enterprise innovation performance: The mediating roles of organizational learning. *Sustainability*, 14(6), Article 3249. <https://doi.org/10.3390/su14063249>.
- Cui, W., & Meng, S. F. (2024). The impact of CEO overconfidence on digital transformation in specialized, refined, distinctive and innovative enterprises: Evidence from China. *Business Process Management Journal*, 31(2), 658-685. <https://doi.org/10.1108/BPMJ-05-2024-0318>.
- Cunha, J., Duarte, R., Guimaraes, T., Quintas, C., & Santos, M. F. (2022). Blockchain analytics in healthcare: An overview. *Procedia Computer Science*, 201, 708-713.
- Daodu, L., Bhaumik, A., & Morakinyo, A. (2022). Business analytics and market adaptation in the e-commerce industry in Nigeria. *Future of Business Administration*, 1(1), 23-40.
- Davenport, T. H., & Dyche, J. (2013). Big data in big companies. <https://www.iqpc.com/media/7863/11710.pdf>
- Delen, D., & Ram, S. (2018). Research challenges and opportunities in business analytics. *Journal of Business Analytics*, 1(1), 2-12.
- Dereli, S. E., Korthaus, A., Scheepers, H., & Ahmed, A. (2020). The role of business analytics for competitive advantage of small and medium enterprises. In *Australasian Conference on Information Systems 2020*. <https://aisel.aisnet.org/cgi/viewcontent.cgi?article=1078&context=acis2020>.
- Gandomi, A., & Haider, M. (2015). Beyond the hype: Big data concepts, methods, and analytics. *International Journal of Information Management*, 35(2), 137-144.
- Gartner. (2021). Augmented analytics: The future of data and analytics. Gartner Research.
- Gibson, R. F. (2019). Business intelligence reporting and analytics: Tools, resources, and governance. In *The journey never ends* (1st ed.). HIMSS Publishing.
- Gorman, M. F., & Klimberg, R. K. (2014). Benchmarking academic programs in business analytics. *Interfaces*, 44(3), 329-341. <https://doi.org/10.1287/inte.2014.0739>.
- Gupta, V., Rubalcaba, L., Gupta, C., & Pereira, L. (2022). Social networking sites adoption among entrepreneurial librarians for globalizing startup business operations. *Library Hi Tech*. <https://doi.org/10.1108/lht-05-2022-0234>.
- Gun, L., Imamoglu, S. Z., Turkcan, H., & Ince, H. (2024). Effect of digital transformation on firm performance in the uncertain environment: Transformational leadership and employee self-efficacy as antecedents of digital transformation. *Sustainability*, 16(3), Article 1200. <https://doi.org/10.3390/su16031200>.
- Hansen, E. B., & Bogh, S. (2021). Artificial intelligence and internet of things in small and medium-sized enterprises: A survey. *Journal of Manufacturing Systems*, 58, 362-372. <https://doi.org/10.1016/j.jmsy.2020.08.009>.
- Hassim, M. (2025, November 30). The strategic importance of SMEs in emerging markets: Africa and South Africa in focus [Unpublished manuscript].
- Holsapple, C., Lee-Post, A., & Pakath, R. (2014). A unified foundation for business analytics. *Decision Support Systems*, 64, 130-141.
- Horani, O. M., Khatibi, A., AL-Soud, A. R., Tham, J., & Al-Adwan, A. S. (2023). Determining the factors influencing business analytics adoption at organizational level: A systematic literature review. *Big Data and Cognitive Computing*, 7, Article 125. <https://doi.org/10.3390/bdcc7030125>.
- Horani, O. M., Khatibi, A., ALSoud, A. R., Tham, J., Al-Adwan, A. S., & Azam, S. F. (2023). Antecedents of business analytics adoption and impacts on banks' performance: The perspective of the TOE framework and resource-based view. *Interdisciplinary Journal of Information, Knowledge, and Management*, 18, 609-643.
- Hossain, S., Fernando, M., & Akter, S. (2025). Digital leadership: Towards a dynamic managerial capability perspective of AI-driven leader capabilities. *Journal of Leadership & Organizational Studies*, 32, 189-208.
- Hoyt, R. E., Snider, D., Thompson, C., & Mantravadi, S. (2016). IBM Watson analytics: Automating visualization, descriptive, and predictive statistics. *JMIR Public Health and Surveillance*, 2(2), Article e157.
- IBM Corporation. (2011, May). Better business outcomes with business analytics: Why analytics-driven organizations outperform their peers (YTW03101-USEN-01).

References

- Idowu, A., & Babalola, Y. T. (2026). Leading in the digital age: Digital leadership capabilities, organisational innovation climate, and AI adoption intention among SMEs in Nigeria. *Systems*, 14(6), Article 657. <https://doi.org/10.3390/systems14060657>.
- Igun, I. (2025). Implementing business intelligence tools in SMEs: Challenges and benefits for strategic planning [Master's thesis, York St John University]. Research at York St John. <https://ray.yorks.ac.uk/id/eprint/13742/>
- International Finance Corporation. (2012). IFC and small and medium enterprises. http://www.ifc.org/wps/wcm/connect/277d1680486a831abec2fff995bd23db/AM11IFC+IssueBrief_SM_E.pdf?MOD=AJPERES
- Jalali, S. M. J., & Park, H. W. (2018). State of the art in business analytics: Themes and collaborations. *Quality & Quantity*, 52, 627–633.
- Kamaruddin, N., Safiyah, R. D., & Wahab, A. (2020). Small and medium enterprise business solutions using data visualization. *Bulletin of Electrical Engineering and Informatics*, 9(6), 2562–2568. <https://doi.org/10.11591/eei.v9i6.2463>.
- Kasiri, N., Cirino, C., & Narimanian, C. (2024). The patterns of business analytics adoption in US SMEs: A qualitative approach. *Small Business Institute Journal*, 20(1), 26-36. <https://doi.org/10.53703/001c.115381>.
- Kavur, J. (2009, October 30). Eight levels of analytics. *Network World*. URL
- Kohavi, R., Rothleder, N. J., & Simoudis, E. (2002). Emerging trends in business analytics. *Communications of the ACM*, 45(8), 45–48.
- Kototsi, K., Fanta, G., & Pretorius, L. (2025). Addressing the factors influencing the adoption of business intelligence in organizations: A South African production and manufacturing case. In 2025 IEEE Technology and Engineering Management Society Conference - Global (TEMSCON Global). IEEE. <https://doi.org/10.1109/TEMSCONGLOBAL64363.2025.11238297>.
- Kumar, A., Krishnamoorthy, B., & Kamath, D. B. (2020). Key themes for multi-stage business analytics adoption in organizations. *Asia Pacific Journal of Information Systems*, 30(2), 397-419.
- Kurniasari, F., Lestari, E. D., & Tannady, H. (2023). Pursuing long-term business performance: Investigating the effects of financial and technological factors on digital adoption to leverage SME performance and business sustainability: Evidence from Indonesian SMEs in the traditional market. *Sustainability*, 15(16), Article 12668.
- Kwarteng, C. A., Ntsiful, A., & Diego, L. F. P. (2022). Extending UTAUT with competitive pressure for SMEs digitalization adoption in two European nations: A multi-group analysis. *Aslib Journal of Information Management*. <https://doi.org/10.1108/AJIM-11-2022-0482>.
- Leelavati, T.S., Madhavi, S., Dharani, P., Sireesha, M.L.N., Sravani, J., Sai Krishna B.V., & Kumara Swamy, M., (2023). Business analytics –a systematic literature review. *Academy of Marketing Studies Journal*, 27(S2), 1-6.
- Liu, S., Liu, O., & Chen, J. (2023). A review on business analytics: Definitions, techniques, applications, and challenges. *Mathematics*, 11(4), 899-912.
- Llave, M. R. (2017). Business intelligence and analytics in small and medium-sized enterprises: A systematic literature review. *Procedia Computer Science*, 121, 194-205. <https://doi.org/10.1016/j.procs.2017.11.027>.
- Lobo, K. (2023). What are the four types of analytics and how do you use them? <https://www.analytics8.com/blog/what-are-the-four-types-of-analytics-and-how-do-you-use-them/>
- Luo, M., & Zhang, H. (2024). The development path and challenges of digital transformation of small and medium sized-enterprises: Taking Fat East and FAW-Volkswagen as examples. *Advances in Economics, Management and Political Sciences*. <https://doi.org/10.54254/2754-1169/69/20231380>.
- Mahmood, R. (2023). The role of technology in predicting business analytics adoption in SMEs. *Journal of Information & Knowledge Management*, 22(1), Article 2250070.
- Majeed, M., Khalid, A.-M., Yomboi, J., & Nkayi, K. (2024). Challenges of SMEs adoption of big data in Africa (pp. 30-39). <https://doi.org/10.2174/9789815223378124030006>.
- Maltz, L. (2020). Mobile BI adoption and usage: Opportunities and challenges. *Journal of Business Analytics*, 3(1), 45-57.
- Marchena Sekli, G. F., & De La Vega, I. (2021). Adoption of big data analytics and its impact on organizational performance in higher education mediated by knowledge management. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(4), Article 221. <https://doi.org/10.3390/joitmc7040221>.
- Maroufkhani, P., Wan Ismail, W. K., & Ghobakhloo, M. (2020). Big data analytics adoption model for small and medium enterprises. *Journal of Science and Technology Policy Management*, 11(4), 483-513. <https://doi.org/10.1108/JSTPM-02-2020-0018>.
- Mashingaidze, K., & Backhouse, J. (2017). The relationships between definitions of big data, business intelligence and business analytics: A literature review. *International Journal of Business Information Systems*, 26(4), 488-505.
- Mishra, D., Luo, Z., Hazen, B., Hassini, E., & Foropon, C. (2019). Organizational capabilities that enable big data and predictive analytics diffusion and organizational performance: A resource-based perspective. *Management Decision*, 57(8), 1734-1755.
- Mole, K. F., Ghobadian, A., O'Regan, N., & Liu, J. (2004). The use and deployment of soft process technologies within UK manufacturing SMEs: An empirical assessment using logit models. *Journal of Small Business Management*, 42(3), 303-324. <https://doi.org/10.1111/j.1540-627x.2004.00113.x>
- Muller, P., Devnani, S., Ladher, R., Cannings, J., Murphy, E., Robin, N., Ramos, I., Aranda, F., Gorgels, S., Priem, M., Smid, S., Unlu Bohn, N., Lefebvre, V., Frizis, I., & Hope, K. (2021). Annual report on European SMEs 2020/2021: Digitalization of SMEs (EA-05-21-184-EN-N). European Innovation Council and SMEs Executive Agency. <https://doi.org/10.2826/120209>.
- Muriithi, S. M. (2017). African small and medium enterprises (SMEs) contributions, challenges and solutions.

References

- Nagpal, G., Ray, A. K., Kharkwal, N., Jasti, N. V. K., & Nagpal, A. (2022). Challenges in adoption of business analytics by small retailers: An empirical study in the Indian context. *International Journal of E-Adoption*, 15(2), 1-14.
- Nam, D., Lee, J., & Lee, H. (2019). Business analytics adoption process: An innovation diffusion perspective. *International Journal of Information Management*, 49, 411-423. <https://doi.org/10.1016/j.ijinfomgt.2019.08.017>.
- Nguyen, T. H., Newby, M., & Macaulay, M. J. (2015). Information technology adoption in small business: Confirmation of a proposed framework. *Journal of Small Business Management*, 53(1), 207-227. <https://doi.org/10.1111/jsbm.12058>.
- Noonpakdee, W., Phothichai, A., & Khunkornsiri, T. (2018). Big data implementation for small and medium enterprises. In 2018 27th Wireless and Optical Communication Conference (WOCC) (pp. 1-5).
- Oyenyi, L. (2025, April 28). Unlocking Africa's SMEs potential: The need for a holistic approach. MFW4A - Making Finance Work for Africa. <https://www.mfw4a.org/blog/unlocking-africas-smes-potential-need-holistic-approach>
- Pacis, A. M., & dela Cruz, S. P. (2025). Business analytics implementation: A systematic literature review. *International Journal of Industrial Management*, 19(2), 104-115. <https://doi.org/10.15282/ijim.19.2.2025.11462>.
- Power, D. J., Heavin, C., McDermott, J., & Daly, M. (2018). Defining business analytics: An empirical approach. *Journal of Business Analytics*, 1(1), 40-53.
- Puklavec, B., Oliveira, T., & Popovic, A. (2018). Understanding the determinants of business intelligence system adoption stages. *Industrial Management & Data Systems*, 118(1), 236-261. <https://doi.org/10.1108/IMDS-05-2017-0170>.
- Raghupathi, W., & Raghupathi, V. (2021). Contemporary business analytics: An overview. *Data*, 6, Article 86. <https://doi.org/10.3390/data6080086>.
- Raj, R., Wong, S. H. S., & Beaumont, A. J. (2016). Business intelligence solution for an SME: A case study. In Proceedings of the 8th International Joint Conference on Knowledge Discovery, Knowledge Engineering and Knowledge Management (IC3K 2016).
- Ramanathan, R., Philpott, E., Duan, Y., & Cao, G. (2017). Adoption of business analytics and impact on performance: A qualitative study in retail. *Production Planning & Control*, 28(11-12), 985-998. <https://doi.org/10.1080/09537287.2017.1336790>.
- Ramphele, M., & Msosa, S. K. (2022). Determinants of social media marketing adoption in small, medium and micro enterprises during the COVID-19 pandemic. *European Journal of Management Issues*, 30(2), 92-99. <https://doi.org/10.15421/192209>.
- Rane, S. B., & Mishra, N. (2018). Roadmap for business analytics implementation using DIPPS model for sustainable business excellence: Case studies from multiple fields. *International Journal of Business Excellence*, 15(3), 308-334.
- Rao, D. D., & Provodnikova, A. (2021). Analysing the role of business analytics adoption on effective entrepreneurship. In IBIS: International Conference on Business and Integral Security. <https://www.researchgate.net/publication/357116944t>.
- Rathore, M. M., Paul, A., Ahmad, A., & Jeon, G. (2018). Cloud-based big data analytics framework for smart healthcare monitoring. *Journal of Supercomputing*, 72(8), 3143-3161.
- Rikhardsson, P., & Yigitbasioglu, O. (2018). Business intelligence & analytics in management accounting research: Status and future focus. *International Journal of Accounting Information Systems*, 29, 37-58.
- Saggi, M. K., & Jain, S. (2018). A survey towards an integration of big data analytics to big insights for value-creation. *Information Processing & Management*, 54(5), 758-790.
- Sallam, M., et al. (2014). Magic quadrant for business intelligence and analytics platforms. Gartner.
- Saura, J. R., Palacios-Marques, D., & Ribeiro-Soriano, D. (2023). Exploring the boundaries of open innovation: Evidence from social media mining. *Technovation*, 119, Article 102447. <https://doi.org/10.1016/j.technovation.2021.102447>
- Schniederjans, M. J., Schniederjans, D. G., & Starkey, C. M. (2014). Business analytics principles, concepts, and applications: What, why, and how. Pearson Education.
- Sharda, R., Asamoah, D. A., & Ponna, N. (2013). Business analytics: Research and teaching perspectives. In Proceedings of the ITI 2013 35th International Conference on Information Technology Interfaces (pp. 19-27). IEEE.
- Sharda, R., et al. (2014). Business intelligence and analytics: Systems for decision support.
- Sharma, P., Shinde, P. K., Jena, D., Shukla, N., Saha, A., P., H. K., Ambulkar, A., & Supriya, S. (2025). Digital transformation success in SMEs: Exploring the interplay of technology, organization, and environment. <https://doi.org/10.62486/agma2025166>
- Shbail, A. M. A., & Shbail, M. O. A. (2024). Adoption of business analytics and impact on financial reporting quality in Jordanian banks. *International Journal of Productivity and Quality Management*, 41(4), 569-582.
- Shmueli, G., Bruce, P. C., Yahav, I., Patel, N. R., & Lichtendahl, K. C., Jr. (2017). Data mining for business analytics: Concepts, techniques, and applications in R. John Wiley & Sons.
- Silva, A. J., Cortez, P., Pereira, C., & Pilastri, A. (n.d.). Business analytics in Industry 4.0: A systematic review.
- Sivarajah, U., Kamal, M. M., Irani, Z., & Weerakkody, V. (2017). Critical analysis of big data challenges and analytical methods. *Journal of Business Research*, 70, 263-286.
- Talend. (2023). Business analytics vs. data analytics: Which is better for your business? <https://www.talend.com/uk/resources/business-analytics-vs-data-analytics/>
- Teng, X., Wu, Z., & Yang, F. (2022). Research on the relationship between digital transformation and performance of SMEs. *Sustainability*, 14(10), Article 6012. <https://doi.org/10.3390/su14106012>

References

- The Tony Elumelu Foundation. (2024, January 17). Empowering Africa's economic growth: The role of MSMEs. <https://www.tonyelumelufoundation.org/articles/empowering-africas-economic-growth-the-role-of-msmes>
- Tin, H. H. K., & New, T. T. (2026). Business intelligence and analytics: Current trends, challenges, and emerging opportunities. *Indian Journal of Scientific Research*, 6(1), 66-74. <https://doi.org/10.5281/zenodo.18446660>
- Tornatzky, L. G., & Fleischer, M. (1990). *The processes of technological innovation*. Lexington Books.
- Trieu, V. H. (2017). Getting value from business intelligence systems: A review and research agenda. *Decision Support Systems*, 93, 111-124.
- Venkatesh, V., & Davis, F. D. (2000). A theoretical extension of the technology acceptance model: Four longitudinal field studies. *Management Science*, 46(2), 186-204. <https://doi.org/10.1287/mnsc.46.2.186.11926>
- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS Quarterly*, 27(3), 425-478.
- Verma, A., Yurov, K. M., Lane, P. L., & Yurova, Y. V. (2019). An investigation of skill requirements for business and data analytics positions: A content analysis of job advertisements. *Journal of Education for Business*, 94(4), 243-250.
- Wamba, S. A., Andrew, J., Edward, G. and Chopin, D. G. (2015). How 'big data' can make big impact: Findings from a systematic review and a longitudinal case study. *International Journal of Production Economics*, 234-246.
- Willetts, M., Atkins, A. S., & Stanier, C. (2020). Barriers to SMEs adoption of big data analytics for competitive advantage. In 2020 International Conference on Intelligent Systems and Computer Vision (ISCV). IEEE.
- Wixom, B. H., Yen, B., & Relich, M. (2013). Maximizing value from business analytics. *MIS Quarterly Executive*, 12(2), 111-123.
- Wu, C., & Toth, A. (2025). The systemic transformation of small and medium enterprises (SMEs) in the era of digitalization: Challenges and strategic pathways in emerging industrial regions of China. https://doi.org/10.31570/prosp_2025_0142
- Wu, C., Loong, A. H., Sung, T. P., & Jiling, C. (2026). Leadership and digital transformation in SMEs: Evidence from a PRISMA systematic review. *International Journal of Academic Research in Business and Social Sciences*, 16(1), 1087-1103. <https://doi.org/10.6007/IJARBS/v16-i1/27452>
- Xu, S. (2024). Study on digital transformation strategy of small and medium-sized enterprises in China. *Finance & Economics*, 1(9). <https://doi.org/10.61173/nw7dwt76>
- Xu, X., & Hua, Q. (2017). Industrial big data analysis in smart factory: Current status and research strategies. *IEEE Access*, 5, 17543-17551. <https://doi.org/10.1109/ACCESS.2017.2741105>
- Yang, M., Talha, M., Zhang, S., & Zhang, Y. (2025). Exploring the mechanisms linking digital leadership to employee creativity: A moderated mediation model. *Behavioural Sciences*, 15, Article 1024.
- Yin, J., & Fernandez, V. (2020). A systematic review on business analytics. *Journal of Industrial Engineering and Management*, 13(2), 283-295. <http://dx.doi.org/10.3926/jiem.303>
- Yu, R., Wu, L., Li, G., & Wang, Z. (2025). Can executives' digital background develop AI utilization in enterprises? *PeerJ Computer Science*, 11, Article e2848.
- Yu-ping, Z. (2024). Digital capability, digital innovation and enterprise performance of selected small and medium enterprises (SMEs) in Guangdong, China: Guidelines for growth and policy. *Frontiers in Business, Economics and Management*, 17(3), 263-269. <https://doi.org/10.54097/xwpx7e06>.

THE IMPACT OF AI-DRIVEN RISK ASSESSMENT TOOLS ON RISK MANAGEMENT EFFECTIVENESS: EVIDENCE FROM LARGE-SCALE INTERNATIONAL PROJECTS IN AFRICA

Anabelle Odafe and Olalekan Adisa; York St John University, London. UK

Abstract

Large-scale international projects play a critical role in driving economic growth, infrastructure expansion and sustainable development across Africa. However, these projects are frequently exposed to uncertainties arising from political instability, regulatory changes, economic fluctuations, environmental disruptions and technological challenges. Conventional risk management approaches often rely heavily on expert judgement and historical data, limiting their ability to respond effectively to rapidly evolving project environments. Recent advancements in Artificial Intelligence (AI) have introduced innovative opportunities for enhancing project risk management through predictive analytics, machine learning algorithms and intelligent decision-support systems.

Despite increasing interest in AI applications within project management, limited empirical evidence exists regarding the impact of AI-driven risk assessment tools on risk management effectiveness within African project contexts. This developmental paper explores the potential relationship between AI-enabled risk assessment and effective risk management in large-scale international projects operating across Africa. Through a conceptual review of existing literature, the study examines current developments in AI technologies, project risk management practices and the unique characteristics of African project environments.

The paper proposes a conceptual framework linking AI-driven risk assessment capabilities with improved risk identification, analysis, mitigation and monitoring processes. Furthermore, it outlines a quantitative methodology intended for future empirical investigation. The study argues that AI-driven risk assessment tools have the potential to strengthen decision-making capabilities, enhance organisational resilience and improve project outcomes. However, their effectiveness remains dependent upon technological readiness, governance structures, institutional capacity and stakeholder acceptance. The findings of this developmental paper contribute to emerging discussions surrounding digital transformation, AI governance and sustainable project management within Africa's evolving development landscape.

Keywords: *Artificial Intelligence; Risk Assessment; Risk Management; International Projects; Africa; Digital Transformation.*

1. Introduction

Africa continues to experience significant growth in large-scale international projects aimed at promoting economic diversification, infrastructure development and regional integration. Investments in transportation systems, renewable energy initiatives, telecommunications infrastructure, smart city developments and extractive industries have increased considerably over the last decade. These projects are frequently financed through partnerships involving governments, multinational corporations, development finance institutions and international agencies.

Despite their developmental significance, large-scale international projects remain highly vulnerable to risk. Cost overruns, delays, stakeholder conflicts, political uncertainties, supply chain disruptions and regulatory changes continue to affect project performance throughout the continent. Research has consistently demonstrated that inadequate risk management contributes substantially to project failure, particularly in environments characterised by institutional instability and evolving governance systems.

Risk management has therefore emerged as an essential component of successful project delivery. Traditional risk management approaches involve systematic processes for identifying, analysing, evaluating and responding to uncertainties that may influence project objectives. However, many conventional methods remain dependent on qualitative assessments, expert judgement and retrospective analyses, limiting their effectiveness in increasingly dynamic environments.

The emergence of Artificial Intelligence has introduced new possibilities for improving project risk management capabilities. AI technologies possess the capacity to process large datasets, identify patterns, forecast future events and support complex decision-making processes. Within project environments, AI-driven risk assessment tools can facilitate continuous monitoring, predictive analysis and real-time evaluation of emerging risks.

AI applications within project management include machine learning models for risk prediction, natural language processing systems for analysing project documentation, intelligent dashboards for monitoring performance indicators and automated decision-support mechanisms that assist managers in selecting appropriate mitigation strategies. Such technologies may improve the accuracy, efficiency and responsiveness of risk management processes.

While AI adoption is accelerating globally, evidence regarding its application within African project settings remains relatively limited. The continent presents unique contextual factors including disparities in digital infrastructure, varying levels of technological maturity, governance complexities and resource constraints. Consequently, understanding how AI-driven risk assessment tools influence risk management effectiveness within African contexts represents an important area for scholarly investigation.

This developmental paper seeks to contribute to existing knowledge by examining the potential impact of AI-driven risk assessment tools on risk management effectiveness within large-scale international projects across Africa. It aims to establish a conceptual foundation for future empirical research and provide insights into how emerging technologies may enhance project resilience and sustainable development outcomes.

2. Background and Problem Statement

Large-scale international projects are increasingly recognised as strategic mechanisms for socioeconomic transformation within Africa. Major investments in transportation corridors, energy infrastructure, housing developments and digital ecosystems have attracted substantial foreign direct investment and international collaboration. However, these projects are often implemented within environments characterised by high uncertainty.

Several studies have shown that international projects operating within developing economies experience greater exposure to political, financial and operational risks compared with projects undertaken in developed regions. Challenges such as fluctuating exchange rates, institutional weaknesses, corruption, regulatory ambiguity and inadequate stakeholder coordination can negatively influence project performance.

Conventional risk assessment approaches such as probability-impact matrices, Delphi techniques and expert-based evaluations remain widely used across project environments. Although these techniques offer practical advantages, they frequently suffer from subjectivity, delayed responses and limited predictive capability.

AI-driven risk assessment tools provide an opportunity to overcome these limitations. Through predictive modelling and data analytics, AI systems can identify hidden patterns within historical and real-time data, enabling project teams to anticipate disruptions before they occur. Such capabilities are particularly valuable within large-scale international projects where uncertainty is multidimensional and continuously evolving.

Despite these advantages, the implementation of AI technologies within African project environments remains constrained by several factors. These include inadequate digital infrastructure, limited technical expertise, concerns regarding data governance, ethical considerations and resistance to technological change.

Existing literature predominantly focuses on AI implementation within manufacturing, healthcare and financial services sectors. Comparatively fewer studies investigate AI adoption within project management settings, and even fewer explore its implications for risk management effectiveness in Africa.

This gap presents a significant opportunity for research. As African economies increasingly embrace digital transformation initiatives, understanding how AI-driven risk assessment tools contribute to project success becomes increasingly important for practitioners, policymakers and scholars.

Accordingly, this study addresses the following research question:

How do AI-driven risk assessment tools influence risk management effectiveness within large-scale international projects in Africa?

3. Literature Review

3.1 Artificial Intelligence in Project Management

Artificial Intelligence refers to computational systems capable of performing tasks traditionally associated with human intelligence, including learning, reasoning, prediction and problem-solving. Recent developments in machine learning, deep learning and predictive analytics have expanded the application of AI across multiple industries. Within project management, AI technologies are increasingly being integrated into planning, scheduling, resource allocation and performance monitoring activities.

Machine learning algorithms can analyse historical project datasets to identify risk indicators and forecast future events. Predictive models allow project managers to estimate the probability of delays, budget overruns and operational disruptions with greater precision.

Natural Language Processing applications have also gained attention in project environments. These tools can analyse contracts, stakeholder communications, project reports and regulatory documents to identify emerging issues and potential sources of risk.

AI-driven systems therefore enable a shift from reactive risk management approaches toward proactive and predictive strategies.

3.2 Risk Management Effectiveness

Risk management effectiveness refers to the extent to which risk processes contribute to achieving project objectives while minimising adverse outcomes.

Effective risk management encompasses:

- Risk identification
- Risk analysis
- Risk prioritisation
- Risk mitigation
- Risk monitoring
- Organisational learning

Successful risk management practices have been associated with improved project performance, increased stakeholder confidence and enhanced organisational resilience.

However, traditional approaches remain constrained by data limitations and human cognitive biases. Decision-makers may underestimate risks, overlook interdependencies or fail to respond promptly to emerging threats.

AI technologies possess the capacity to reduce such limitations by supporting evidence-based decision-making processes.

3.3 AI-Driven Risk Assessment Tools

AI-driven risk assessment tools combine data analytics, predictive algorithms and intelligent automation to evaluate uncertainty within complex systems.

Common applications include:

Machine Learning Models

Used to predict cost overruns, schedule delays and operational disruptions.

Predictive Analytics

Facilitates scenario analysis and forecasting based on historical trends.

Intelligent Dashboards

Provide real-time visibility into project performance indicators.

Decision Support Systems

Recommend mitigation strategies based on probabilistic assessments.

These technologies enable organisations to make informed decisions under conditions of uncertainty.

3.4 Large-Scale International Projects in Africa

Africa has witnessed substantial growth in international infrastructure and development projects.

Examples include:

- transportation corridors
- renewable energy initiatives
- smart cities
- mining operations
- telecommunications expansion

These projects frequently involve multiple stakeholders, cross-border partnerships and complex governance arrangements.

Risk management therefore becomes increasingly important in ensuring successful implementation.

Nevertheless, project failures continue to occur due to inadequate planning, weak institutional frameworks and ineffective management practices.

AI may provide a mechanism for improving risk visibility and enhancing decision-making capabilities.

3.5 Research Gap

Although research on Artificial Intelligence has expanded considerably, limited evidence exists concerning its influence on risk management effectiveness within African project environments.

Current studies largely focus on developed economies and sector-specific applications.

Few studies examine:

- AI adoption in African project contexts;
- organisational readiness for AI implementation;
- governance implications;
- effects on project risk management outcomes.

This developmental paper seeks to address this gap.

3.6 Real-Time Projects Under Review: Emerging African Megaprojects

Several ongoing and recently completed megaprojects across Africa illustrate the increasing complexity of project environments and the growing need for advanced risk management mechanisms. Projects such as the Grand Ethiopian Renaissance Dam (GERD) in Ethiopia, the East African Crude Oil Pipeline (EACOP) spanning Uganda and Tanzania, and Konza Technopolis in Kenya are characterised by substantial capital investments, diverse stakeholder groups, regulatory uncertainty, geopolitical considerations, and sustainability concerns.

These projects operate within highly dynamic environments where traditional risk assessment approaches may be insufficient for identifying and responding to emerging risks in real time. AI-driven risk assessment tools offer significant potential to enhance predictive capabilities, improve scenario analysis, support proactive decision-making, and strengthen risk mitigation strategies throughout the project lifecycle.

The inclusion of these contemporary projects provides contextual grounding for this study and demonstrates the practical relevance of investigating the relationship between AI-driven risk assessment tools and risk management effectiveness within large-scale international projects in Africa.

4. Conceptual Framework

The study proposes that AI-driven risk assessment tools positively influence risk management effectiveness through enhanced predictive capabilities and improved decision-making.

Independent Variable

AI-Driven Risk Assessment Tools

↓

Mediating Variables

- Predictive Analytics
- Risk Visibility
- Decision Quality
- Continuous Monitoring

↓

Dependent Variable

Risk Management Effectiveness

↓

Outcome Variable

Project Success

5. Proposed Methodology

This study proposes a quantitative research design.

A positivist research philosophy is considered appropriate because it facilitates objective examination of relationships between variables.

Data will be collected using structured questionnaires administered to project professionals involved in large-scale international projects across Africa.

Potential participants include:

- Project Managers
- Risk Managers
- Programme Directors
- Consultants
- Infrastructure Specialists

Convenience and purposive sampling techniques may be employed.

Data analysis is expected to utilise:

- Descriptive Statistics
- Correlation Analysis
- Regression Analysis
- Structural Equation Modelling (SEM)

Ethical considerations relating to confidentiality, informed consent and data protection will be addressed.

6. Expected Contributions

Academic Contribution

The study contributes to emerging literature on AI-enabled project management and digital transformation within developing economies.

Practical Contribution

Findings may support project managers in adopting more sophisticated approaches to risk assessment and mitigation.

Policy Contribution

The research may provide insights for policymakers developing frameworks for responsible AI implementation within African development projects.

7. Conclusion

Artificial Intelligence represents a transformative opportunity for improving project risk management practices.

Large-scale international projects operating within Africa continue to face significant uncertainties that threaten project delivery and sustainable development outcomes.

AI-driven risk assessment tools possess the potential to improve risk identification, predictive capability and decision-making effectiveness. However, successful implementation depends upon technological maturity, governance structures, institutional capacity and stakeholder readiness.

This developmental paper establishes a conceptual foundation for future empirical investigation into the relationship between AI-enabled risk assessment and risk management effectiveness within African project environments.

CLIMATE FINANCE, GREEN GROWTH, AND ENVIRONMENTAL RESILIENCE IN AFRICA

Attahir Abubakar; *University of the West of Scotland, UK*
Ahmed Jinjiri Bala; *Woxsen University, Hyderabad, India*

Abstract

This study examines the effects of climate adaptation finance on green growth and climate mitigation finance on environmental quality in Africa. The data of 40 African countries covering 2010 through 2024 are utilised. Climate adaptation and mitigation finance are disaggregated into principal and significant components. The estimation results reveal that both principal and significant climate adaptation finance stimulate green growth in the region, with significant climate finance having a marginally larger effect on green growth. Interestingly, the impact of adaptation finance on green growth is persistent. Conversely, although principal mitigation finance leads to a significant improvement in environmental quality via reduced carbon emissions, significant mitigation finance does not exhibit a statistically significant effect. This implies that climate finance allocated to projects where climate objectives are secondary may not have a measurable impact on environmental quality in Africa. These findings have significant implications for climate policy actions in the region.

Keywords: *climate finance, green growth, carbon emissions, environmental quality, Africa*

1.0 Background

Despite being among the lowest contributors to historical emissions responsible for human-induced climate change, Africa remains one of the regions with the highest climate change risk and vulnerabilities (IPCC, 2022a). Addressing the vulnerabilities demands a more concerted and sustained commitment to enhancing climate resilience across African economies. Climate finance has emerged as a central policy instrument for reconciling Africa's growth ambitions with environmental sustainability. Green growth and carbon emissions could thus be treated as complementary indicators of a low-carbon development endeavour for the region. The effectiveness of climate finance in addressing global environmental challenges remains uncertain, given the wide green financing gaps that still need to be filled (Desalegn & Tangl, 2022). The concept of climate finance is without a universal definition, as the meaning could be diverse. It is increasingly seen as a development cooperation effort of the international community aimed at solving climate change challenges at the local, national, or global level (Mahat et al., 2019). The African region has seen an increase in climate-related financing; however, empirical studies aimed at examining its effectiveness are limited.

Green growth is conventionally defined as economic growth with significant environmental protection (Jacobs, 2013). This framing is consistent with the resource-efficiency, natural-capital-protection and inclusive-growth dimensions underlying the composite green growth index adopted in this study (GGGI, 2025). Green growth is typically operationalised through composite indices that combine income, resource productivity and institutional dimensions (Jiang et al., 2023).

Despite growing research on climate finance, studies in the extant literature largely examine adaptation or mitigation finance in isolation. Further, studies that examine the disaggregate components (principal vs significant) of climate adaptation and mitigation finance are scarce. This study addresses these gaps by examining the disaggregated effects of principal and significant adaptation finance on green growth, and principal and significant mitigation finance on environmental quality in Africa. Examining the disaggregate impact provides a deeper understanding of climate financing effects, thereby providing more insights for policy action. The analysis accounts for the role of institutions and examines whether the effects of climate finance persist. More specifically, the questions answered by this study are threefold: firstly, what is the impact of climate adaptation finance (principal and significant) on green growth in Africa? Secondly, is the impact of climate adaptation finance on green growth persistent? Lastly, how effective is climate mitigation finance in improving environmental quality in Africa?

2.0 Literature Review

2.1 Theoretical Consideration

Three complementary theoretical strands motivate the hypotheses developed in this study. Firstly, market-failure logic treats climate change as a global public-goods problem in which the social costs of emissions are not reflected in market prices, producing systematic underinvestment in adaptation and low-carbon activity (Munguambe & Aung, 2025). Climate finance corrects this failure by channelling concessional finance, grants, and public capital toward climate-related activities where private financing remains inadequate. In addition, endogenous growth theory, when applied in the context of African climate finance (Ongo Nkoa et al., 2025), suggests that such capital inflows relax financing constraints and generate technology spillovers that raise the productive and environmental performance of recipient economies. Thirdly, the Environmental Kuznets Curve (EKC) hypothesis (Grossman & Krueger, 1995; Stern, 2004) serves as a useful framework for examining the dynamics of environmental quality. The hypothesis argues that as economic activities expand, environmental quality initially worsens but later improves as income levels and technological innovation improve alongside the institutional capacity to demand cleaner production. This depicts an inverted U-shaped relationship, a phenomenon confirmed by several African studies (Asongu & Odhiambo, 2020; Karim et al., 2022; Nwani, 2022). Institutional theory, reinforced by the directed-technical-change framework of Acemoglu et al. (2012), explains the role of institutional quality in shaping green growth and emission outcomes. Strong institutions have the tendency to curb rent-seeking, direct capital toward productive green uses and lower the cost of monitoring climate funds (Appiah et al., 2024; Karim et al., 2022). Beyond these three strands, existing evidence on the timing of climate-finance effects further motivates testing both contemporaneous and lagged effects. Mumuni and Hamadjoda Lefe (2023) show that climate-related development finance in Africa raises emissions in the short run but reduces them over the long run, a divergence attributed to implementation lags in green-infrastructure roll-out. However, Damane and Ho (Damane & Ho, 2026) argue that short-run adjustment dynamics in climate-oriented financial inflows differ from their medium-run effects on energy-security outcomes. This short-run/long-run divergence provides the basis for examining inter-temporal climate finance effects.

2.2 Empirical Literature and Hypothesis Development

2.2.1 Climate adaptation finance and green growth

Evidence on adaptation finance in Africa is cautiously positive but conditional. Ijjasz-Vasquez and Saghir (2023) document that only a small share of the continent's climate finance reaches adaptation, leaving an estimated \$453 billion annual financing gap. This is despite the evidence that adaptation-oriented investment generates comparatively strong economic and employment returns. This financing shortfall is corroborated by Savvidou et al. (2021), who examined international public adaptation finance flows to Africa and found that disbursements are concentrated in just two sectors and fall well short of documented adaptation needs. Consistent with a beneficial direct effect, Maina and Parádi-Dolgos (2024) find that adaptation finance significantly reduces climate vulnerability across African economies, with the effect concentrated among moderate-HDI countries. Further, Zoungrana et al. (2026) show that adaptation finance from multilateral, bilateral and philanthropic sources lowers vulnerability, with the effect strengthening where governance quality is higher. Beyond vulnerability reduction, climate finance more broadly is linked to growth-enhancing outcomes. In addition, Abor et al. (2024) argue that climate finance promotes inclusive growth in Africa, an effect amplified by international trade integration, while Djekonbe et al. (2026) found that green finance supports inclusive growth mainly when directed toward renewable rather than non-renewable energy. However, Ayana (2026) argues that although climate finance raises inclusive growth, its interaction with poor regulatory quality can erode these gains, underscoring the role of institutions. Taken together, this literature supports a positive relationship between adaptation finance and green growth-oriented and vulnerability-reducing outcomes in Africa. Consequently, the first hypothesis developed is:

H₁: Climate adaptation finance has a significant positive effect on green growth in Africa.

2.3.2 Climate mitigation finance and environmental quality

The extant literature on climate mitigation finance offers mixed results. Mumuni and Hamadjoda Lefe (2023) find that climate-related development finance, including its mitigation component, raises emissions in the short run but significantly reduces them over the long run, a pattern attributed to implementation lags in green infrastructure build-out. Nwani (2022) similarly shows that credit allocation favouring productive, private-sector uses lowers the carbon intensity of African economies and confirms an inverted-U relationship between income and emissions, with renewable energy consumption further reducing carbon intensity. Chen, Manu and Asante (2023) find that financial-sector development raises carbon emissions across Africa overall, an effect driven by the depth rather than the access dimension of financial institutions. Where finance is explicitly green, however, the evidence tilts favourably. For instance, Damane and Ho (2026) find that green finance strengthens energy security in Africa. Abstracting from the seminal work of Grossman and Krueger (1995) and Stern (2004) and more recent Africa-focused studies (Chen et al., 2023; Karim et al., 2022), the level of carbon emissions is used as a measure of environmental quality. Consequent to the foregoing, the *a priori* expectation is that climate mitigation finance, once disaggregated into its principal and significant components, exerts a net carbon emission-reducing effect in Africa. Hence, the second hypothesis is:

H₂: Climate mitigation finance significantly improves environmental quality in Africa.

Despite this expanding body of work, most African-focused studies examine adaptation or mitigation finance in isolation and rarely disaggregate either along the OECD (2022) classification of principal/significant distinction within a unified empirical framework. Further, there is a scarcity of studies that model green growth and carbon emissions as complementary outcomes of the same climate-finance architecture. Further, the persistent effects of climate finance have not received considerable attention in the empirical literature. This study addresses these gaps by examining both composite and disaggregate effects of principal and significant adaptation finance on green growth and principal and significant mitigation finance on environmental quality in Africa. In addition, the persistent effects of both forms of climate finance are examined.

3.0 Models, Methods and Data

3.1 Empirical Models

To achieve the first objective of examining the impact of climate adaptation finance on green growth in Africa, the empirical model specified in Equation (1) is estimated.

$$gg_{it} = \alpha_0 + \beta_1 caf_{it} + \beta_2 inf_{it} + \beta_3 fdi_{it} + \beta_4 pop_{it} + \beta_5 inst_{it} + \varepsilon_{it} \quad (1)$$

Where *gg* is green growth and *caf* is climate adaptation finance. The control variables are inflation (*inf*), Foreign Direct Investment (*fdi*), population (*pop*), and institutional factors (*inst*). Persistent effects are determined by examining the impact of lag climate finance on green growth.

To gain deeper insights into the climate finance-green growth nexus, climate adaptation finance is split into principal and significant adaptation finance. As noted by OECD (2022), under principal finance, the adaptation objective is “explicitly stated as fundamental in the design of, or the motivation for the activity,” whereas under significant finance, the adaptation objective, though explicitly stated and given key attention, is not the main basis for the activity being financed. To capture the disaggregate impact of adaptation finance, Equations (2 and 3) are estimated.

$$gg_{it} = \alpha_0 + \beta_1 paf_{it} + \beta_2 inf_{it} + \beta_3 fdi_{it} + \beta_4 pop_{it} + \beta_5 inst_{it} + \varepsilon_{it} \quad (2)$$

$$gg_{it} = \alpha_0 + \beta_1 saf_{it} + \beta_2 inf_{it} + \beta_3 fdi_{it} + \beta_4 pop_{it} + \beta_5 inst_{it} + \varepsilon_{it} \quad (3)$$

Where *paf* and *saf* are principal and significant climate adaptation finance, respectively.

To achieve the objective of examining the impact of climate finance on environmental quality, Equation (4) is estimated. This is achieved by investigating the effectiveness of climate finance in reducing carbon emissions in Africa. More specifically, the impact of climate mitigation finance is examined. As noted by IPCC (2022b), climate mitigation finance is aimed at funding investments, programmes, practices and technologies that reduce GHG emissions or increase carbon sequestration.

$$env_{it} = \alpha_0 + \beta_1 cmf_{it} + \beta_2 inf_{it} + \beta_3 fdi_{it} + \beta_4 urb_{it} + \varepsilon_{it} \quad (4)$$

Where *env* is environmental quality, *cmf* is climate mitigation finance, and *urb* is urban population.

Similar to the climate adaptation finance model, climate mitigation finance is disaggregated into principal and significant mitigation finance. This allows for a deeper examination of the impact of climate mitigation finance on emissions. To achieve this, Equations 5 and 6 are estimated.

$$env_{it} = \alpha_0 + \beta_1 pmf_{it} + \beta_2 inf_{it} + \beta_3 fdi_{it} + \beta_4 urb_{it} + \varepsilon_{it} \quad (5)$$

$$env_{it} = \alpha_0 + \beta_1 smf_{it} + \beta_2 inf_{it} + \beta_3 fdi_{it} + \beta_4 urb_{it} + \varepsilon_{it} \quad (6)$$

Where *pmf* and *smf* are principal and significant climate mitigation finance, respectively.

3.2 Data Description

The study utilises data for a panel of 40 African countries, covering the period 2010 through 2024. The choice of countries and time frame was governed by data availability, especially for key variables such as green growth and climate finance. The variable description and data sources are presented in Table 1.

Table 1: Variable Descriptions

Variable	Definition	Source
Green Growth (gg)	The green growth index compiled by the Global Green Growth Institute is used as a proxy.	GGGI's Green Growth Index Database
Environmental Quality (env)	Carbon dioxide emissions in metric tons per capita is used as a proxy.	World Bank's World Development Index Database
Climate Adaptation Finance (caf, paf, saf)	Climate change adaptation aid provided to respective countries by the OECD Development Assistance Committee (DAC) is used as a proxy . This is measured in millions of USD.	OECD Database
Climate Mitigation Finance (cmf, pmf, maf)	Climate change mitigation aid provided to respective countries by the OECD Development Assistance Committee (DAC) is used as a proxy . This is measured in millions of USD.	OECD Database
Inflation (inf)	The annual CPI inflation rate is used.	World Bank's World Development Index Database
Foreign Direct Investment (fdi)	Net FDI inflow as a percentage of GDP is used.	World Bank's World Development Index Database
Population (pop)	Annual total population growth rate.	World Bank's World Development Index Database
Urbanisation (urb)	Urban population as a proportion of total population.	World Bank's World Development Index Database
Institutions (inst)	The quality of public administration score is used as a proxy for institutional quality.	World Bank's CPIA Database

[1] According to the Global Green Growth Institute (GGGI), the index measures the performance of countries in achieving sustainability targets across the “four green growth dimensions: efficient and sustainable resource use, natural capital protection, green economic opportunities and social inclusion.”

[1] The DAC consists of 33 countries, including the EU as full members.

[1] The DAC consists of 33 countries, including the EU as full members.

Population (pop)	Annual total population growth rate.	World Bank’s World Development Index Database
Urbanisation (urb)	Urban population as a proportion of total population.	World Bank’s World Development Index Database
Institutions (inst)	The quality of public administration score is used as a proxy for institutional quality.	World Bank’s CPIA Database

3.3 Estimation Technique

To estimate the empirical models, the study utilises a panel dataset with a cross-sectional dimension (N) of 40 countries and a time dimension (T) of 15 years. Following the conventional treatment of such datasets (large , small) as short panels (Wooldridge, 2010), the empirical analysis employs standard panel estimation methods (fixed- and random-effects techniques) rather than approaches developed primarily for long, non-stationary panels. The result of the Hausman test determines the choice of the appropriate technique between the two. Besides, dynamic panel estimators such as panel ARDL/PMG, CS-ARDL, and related error-correction or cointegrating approaches are typically derived under asymptotic frameworks that rely on both large cross-sectional and sufficiently large time dimensions (Pesaran et al., 1999). When the time dimension is limited, the finite-sample properties of dynamic estimators may deteriorate, resulting in less precise estimates (Judson & Owen, 1999).

4.0 Results and Discussion

The estimation results are discussed in this section.

4.1 Adaptation Finance and Green Growth

To examine the impact of climate adaptation finance on green growth, Equation (1) is estimated, and the result is presented in Table 2. The model was estimated using both fixed and random effects techniques. The Hausman test result confirms the superiority of random effects over fixed effects.

The first column of Table 2 presents the result of the full model, where the impact of total adaptation finance on green growth is examined. From the presented result, an increase in climate adaptation finance stimulates green growth in Africa. This is premised on the positive and statistically significant coefficient of climate adaptation finance. This finding is in line with a priori expectations. To provide a deeper insight into the impact mechanism of adaptation finance, climate adaptation finance is disaggregated into principal and significant adaptation finance. The results of the estimated models are presented in columns 2 and 3 of Table 2. From the estimated coefficients, both principal and significant climate adaptation finance positively impact green growth in Africa, with the impact of significant finance being marginally larger. However, while significant adaptation finance is significant at 1%, principal finance is significant at a 10% level. Taken together, it could be inferred that significant adaptation finance may have a slightly higher impact on green growth than principal finance. This finding is not surprising given that apart from climatic factors, which are well pronounced, the other broad objectives of the financing could directly/ indirectly spur green growth. Considering the four principles of green growth as defined by GGGI (2025), significant adaptation finance could positively impact efficient and sustainable resource use while also influencing other areas of green growth, such as green economic opportunities and social inclusion.

Inflation is found to positively impact green growth. Conversely, an increase in net FDI inflow and population growth exerts a negative impact on green growth in Africa. The negative impact of FDI on green growth aligns with the postulation of the Pollution Haven Hypothesis, which argues that multinational corporations may relocate pollution-intensive production processes to countries with lax environmental regulations (Ekesiobi et al., 2025; Singhania & Saini, 2021). In addition, FDI could be associated with more fossil fuel consumption, which may have environmental implications. The study also controls for institutional factors in the climate finance-green growth relationship. The result is presented in column 4 of Table 2. After controlling for institutions, the impact of adaptation finance on green growth is enhanced. In addition, the direct impact of improved institutional quality on green growth is positive and significant, thereby underscoring the role of institutional factors in enhancing green growth in Africa. The study considered the possibility of climate finance having a lag effect on green growth rather than a contemporaneous effect. Consequently, a one-period lag of adaptation finance on green growth was examined, and the result is presented in column 5. Interestingly, the coefficient of lagged climate adaptation finance is positive and statistically significant. Taken together with the earlier positive contemporaneous impact, the inference that climate finance supports green growth across multiple time horizons could be drawn. While the contemporaneous effect could point to immediate benefit through channels such as short-run economic stimulus, some infrastructural improvement, and job creation, etc., the lag effect may imply gradual materialisation of deeper structural benefits of climate adaptation finance.

Table 2: Climate Adaptation Finance and Green Growth

Dependent Variable: Green Growth	(1)	(2)	(3)	(4)	(5)
<i>caf</i>	0.00285*** (0.000587)			0.00376*** (0.000693)	
<i>lag_caf</i>					0.00277*** (0.000623)
<i>paf</i>		0.00312* (0.00160)			
<i>saf</i>			0.00340*** (0.000679)		
<i>inf</i>	0.00521** (0.00219)	0.00573** (0.00228)	0.00504** (0.00221)	0.00424* (0.00231)	0.00523** (0.00220)
<i>fdi</i>	-0.0707*** (0.0213)	-0.0781*** (0.0221)	-0.0642*** (0.0212)	-0.0896*** (0.0244)	-0.0787*** (0.0221)
<i>pop</i>	-0.662*** (0.197)	-0.672*** (0.195)	-0.446** (0.186)	-0.797*** (0.253)	-0.636** (0.263)
<i>inst</i>				1.095*** (0.402)	
Constant	42.01*** (0.871)	42.33*** (0.821)	41.51*** (0.868)	38.37*** (1.464)	42.05*** (0.909)

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

4.2 Mitigation Finance and Environmental Quality

In line with the second objective of this study, the results of the estimated models examining the impact of climate mitigation finance on environmental quality, using carbon emissions as a proxy, is examined. The result of the Hausman test signified the appropriateness of the fixed effects technique. The results are presented in Table 3.

Table 3: Climate Mitigation Finance and Environmental Quality

Dependent Variable: Carbon Emissions	(1)	(2)	(3)	(4)
<i>cmf</i>	-0.000254*** (6.07e-05)			
<i>Lag_cmf</i>				-9.66e-05 (6.05e-05)
<i>pmf</i>		-0.000404*** (7.89e-05)		
<i>smf</i>			6.92e-05 (0.000106)	
<i>inf</i>	-0.000474* (0.000266)	-0.000461 (0.000291)	-0.000510* (0.000273)	-0.000468* (0.000259)
<i>fdi</i>	-0.00194 (0.00264)	-0.00155 (0.00289)	-0.00140 (0.00261)	-0.00235 (0.00274)
<i>urb</i>	0.0108*** (0.00304)	0.00985*** (0.00326)	0.00768** (0.00310)	0.00672** (0.00322)
Constant	0.643*** (0.129)	0.698*** (0.139)	0.734*** (0.131)	0.799*** (0.137)
Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1				

From the presented result, an increase in climate mitigation finance has a depressing impact on carbon emissions, thereby underscoring the effectiveness of climate mitigation efforts in improving environmental quality in African countries. Similar to the climate adaptation model, climate mitigation finance is disaggregated into principal and significant mitigation finance, and the results are presented in columns 2 and 3 of Table 3, respectively. The estimation results show that while principal mitigation finance has a significant negative impact on carbon emissions, the impact of significant mitigation finance, though negative, is statistically insignificant. The differing effects of principal and significant climate finance suggest that the effectiveness of climate finance depends on the extent to which climate objectives are prioritised within funded projects. This may imply that climate mitigation finance solely aimed for climate targeted project and objectives is more beneficial for improving environmental quality. Significant climate mitigation finance may have broader objectives which may not translate to immediate carbon reductions. For instance, climate mitigation finance aimed at the green financial sector or policy support may have conditions for future emissions reduction; however, it may not lead to immediate carbon reduction.

An interesting finding is the insignificant impact of lagged climate mitigation finance on carbon emissions. Although the lagged coefficient remains negative, its statistical insignificance suggests that any intertemporal effect of climate mitigation finance on environmental quality is weak or uncertain, despite its contemporaneous positive effect. This finding may reflect the need for continued investment and more effective governance of climate mitigation projects for sustained environmental quality improvement. The weakly significant negative impact of inflation on inflation may imply the reduction of emission-enhancing economic activities following a rise in prices. An increase in urbanisation is associated with increased carbon emissions, underscoring the negative impact of urbanisation on environmental quality in Africa (Musah et al., 2021).

5.0 Conclusion and Policy Recommendations

This paper aimed to achieve two objectives. The first is to examine the impact of adaptation finance on green growth, while the second objective is to investigate the impact of climate mitigation finance on environmental quality. The study reveals some interesting findings. Increased climate adaptation finance is green growth-stimulating in Africa. The disaggregate models show both principal and significant climate finance as having a stimulating impact on green growth, with the impact of significant adaptation finance being marginally bigger. This underscores the need for enhancing both forms of climate financing for sustained green growth on the continent. Further, the impact of climate finance on green growth is persistent. Conversely, although principal climate mitigation finance leads to a significant improvement in environmental quality, the impact of significant mitigation finance is uncertain. The finding implies the need for greater attention to principal mitigation finance if the focus is improved environmental quality. Furthermore, no evidence of the persistent effect of climate mitigation finance is found.

Consequent to these findings, the study puts forth several policy recommendations. Firstly, governments of African countries and their development partner should consider ramping up climate adaptation finance due to its proven capacity for inter-temporal green growth stimulation. In addition, given that both principal and significant adaptation finance are growth-stimulating, policymakers and development partners should not restrict their attention to only high-priority or wholly climate adaptation projects; a broader investment mix is more beneficial for green growth. With respect to climate mitigation finance, the evidence points to the effectiveness of principal finance. Therefore, climate mitigation financing should be channelled to mitigation projects classified as principal rather than a mix that contains projects classified as significant due to limited evidence of environmental quality benefits. Finally, the absence of a persistent effect of mitigation finance suggests the need for structurally embedded long-term mitigation strategies for better environmental outcomes.

References

- Abor, J. Y., Donkor, G. N. A., & Ofori-Sasu, D. (2024). Climate finance, international trade and inclusive growth in Africa. *Journal of Sustainable Finance and Accounting*, 4, 100016. <https://doi.org/10.1016/j.josfa.2024.100016>
- Acemoglu, D., Aghion, P., Bursztyn, L., & Hemous, D. (2012). The Environment and Directed Technical Change. *American Economic Review*, 102(1), 131–166. <https://doi.org/10.1257/aer.102.1.131>
- Appiah, M., Onifade, S. T., & Gyamfi, B. A. (2024). Pathways to Sustainability in Sub-Sahara Africa: Are Institutional Quality Levels Subservient in Achieving Green GDP Growth? *Journal of the Knowledge Economy*, 16(1), 2366–2390. <https://doi.org/10.1007/s13132-024-01774-7>
- Asongu, S. A., & Odhiambo, N. M. (2020). Economic development thresholds for a green economy in sub-Saharan Africa. *Energy Exploration & Exploitation*, 38(1), 3–17. <https://doi.org/10.1177/0144598719835591>
- Ayana, I. D. (2026). Does the regulatory quality matter in the relationship between climate finance and inclusive growth in Africa? *PLOS One*, 21(2), e0332650. <https://doi.org/10.1371/journal.pone.0332650>
- Chen, G. S., Manu, E. K., & Asante, D. (2023). Achieving environmental sustainability in Africa: The role of financial institutions development on carbon emissions. *Sustainable Development*, 31(5), 3272–3290. <https://doi.org/10.1002/sd.2584>
- Damane, M., & Ho, S. Y. (2026). Green finance and energy security in Africa: A panel VAR approach to sustainable development. *Energy Policy*, 214, 115263. <https://doi.org/10.1016/j.enpol.2026.115263>
- Desalegn, G., & Tangl, A. (2022). Enhancing Green Finance for Inclusive Green Growth: A Systematic Approach. *Sustainability*, 14(12), 7416. <https://doi.org/10.3390/su14127416>
- Djeonbe, D., Brezeanu, P., Gherghina, Ş. C., & Djourabi, M. M. (2026). Exploring the Effects of Green Finance on Inclusive Growth: Empirical Evidence From African Countries. *Journal of International Development*, 38(3), 553–569. <https://doi.org/10.1002/jid.70069>
- Ekesiobi, C., Emmanuel, P. M., Mgbemena, E., Ibekilo, B., Chukwuemeka, D., & Madueme, I. (2025). Reconsidering the pollution haven hypothesis: an investigation of international trade, foreign direct investment, and carbon emission nexus in Nigeria. *Journal of Chinese Economic and Business Studies*, 23(2), 233–257. <https://doi.org/10.1080/14765284.2024.2435227>

References

- GGGI. (2025). Green Growth Index 2025: Measuring performance, potential, and pathways to green growth transition. <https://greengrowthindex.gggi.org/#cover>
- Grossman, G. M., & Krueger, A. B. (1995). Economic growth and the environment. *Quarterly Journal of Economics*, 110(2). <https://doi.org/10.2307/2118443>
- Ijjasz-Vasquez, E., & Saghir, J. (2023). Climate adaptation finance in Africa. In A. U. Ordu (Ed.), *Foresight Africa 2023*. Brookings Institution.
- IPCC. (2022a). *Climate Change 2022: Impacts, Adaptation and Vulnerability*. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.
- IPCC. (2022b). *Climate Change 2022: Mitigation of Climate Change*.
- Jacobs, M. (2013). Green Growth. In *The Handbook of Global Climate and Environment Policy* (pp. 197–214). Wiley. <https://doi.org/10.1002/9781118326213.ch12>
- Judson, R. A., & Owen, A. L. (1999). Estimating dynamic panel data models: a guide for macroeconomists. *Economics Letters*, 65(1), 9–15. [https://doi.org/10.1016/S0165-1765\(99\)00130-5](https://doi.org/10.1016/S0165-1765(99)00130-5)
- Karim, S., Appiah, M., Naeem, M. A., Lucey, B. M., & Li, M. (2022). Modelling the role of institutional quality on carbon emissions in Sub-Saharan African countries. *Renewable Energy*, 198, 213–221. <https://doi.org/10.1016/j.renene.2022.08.074>
- Mahat, T. J., Bláha, L., Uprety, B., & Bittner, M. (2019). Climate finance and green growth: reconsidering climate-related institutions, investments, and priorities in Nepal. *Environmental Sciences Europe*, 31(1), 46. <https://doi.org/10.1186/s12302-019-0222-0>
- Maina, P., & Parádi-Dolgos, A. (2024). The Effectiveness of Climate Adaptation Finance and Readiness on Vulnerability in African Economies. *Climate*, 12(5), 59. <https://doi.org/10.3390/cli12050059>
- Mumuni, S., & Hamadjoda Lefe, Y. D. (2023). Greening the environment: do climate-related development finances and renewable energy consumption matter? An African tale. *Carbon Management*, 14(1). <https://doi.org/10.1080/17583004.2023.2251934>
- Munguambe, G. E., & Aung, N. N. (2025). Climate finance and economic resilience: The role of sustainable investments in mitigating climate change risks in developing economies. *Development and Sustainability in Economics and Finance*, 7, 100073. <https://doi.org/10.1016/j.dsef.2025.100073>
- Musah, M., Kong, Y., Mensah, I. A., Antwi, S. K., & Donkor, M. (2021). The connection between urbanization and carbon emissions: a panel evidence from West Africa. *Environment, Development and Sustainability*, 23(8), 11525–11552. <https://doi.org/10.1007/s10668-020-01124-y>
- Nwani, C. (2022). Financing low-carbon growth in Africa: Policy path for strengthening the links between financial intermediation, resource allocation and environmental sustainability. *Cleaner Environmental Systems*, 6, 100082. <https://doi.org/10.1016/j.cesys.2022.100082>
- OECD. (2022). *Aggregate Trends of Climate Finance Provided and Mobilised by Developed Countries in 2013–2020*. OECD Publishing. <https://doi.org/10.1787/d28f963c-en>
- Ongo Nkoa, B. E., Rutazihana, P. N., & Kelly, A. M. (2025). Climate finance and infrastructure development in Africa: Direct effects and transmission mechanisms. *Development and Sustainability in Economics and Finance*, 8, 100096. <https://doi.org/10.1016/j.dsef.2025.100096>
- Pesaran, M. H., Shin, Y., & Smith, R. P. (1999). Pooled Mean Group Estimation of Dynamic Heterogeneous Panels. *Journal of the American Statistical Association*, 94(446), 621–634. <https://doi.org/10.1080/01621459.1999.10474156>
- Savvidou, G., Atteridge, A., Omari-Motsumi, K., & Trisos, C. H. (2021). Quantifying international public finance for climate change adaptation in Africa. *Climate Policy*, 21(8), 1020–1036. <https://doi.org/10.1080/14693062.2021.1978053>
- Singhania, M., & Saini, N. (2021). Demystifying pollution haven hypothesis: Role of FDI. *Journal of Business Research*, 123, 516–528. <https://doi.org/10.1016/j.jbusres.2020.10.007>
- Stern, D. I. (2004). The Rise and Fall of the Environmental Kuznets Curve. *World Development*, 32(8), 1419–1439. <https://doi.org/10.1016/j.worlddev.2004.03.004>
- Wooldridge, J. M. (2010). *Econometric Analysis of Cross Section and Panel Data*. The MIT Press.
- Zoungrana, H., N'guessan, C. F. J., & Combar, O. S. (2026). Climate finance for adaptation in Sub-Saharan Africa: assessing sources and instruments. *Cogent Economics & Finance*, 14(1). <https://doi.org/10.1080/23322039.2026.2662079>

PRICE POLICY INSTRUMENTS AND THE EXPORT PERFORMANCE OF NIGERIA'S CASHEW SECTOR

Ayodele Adetuyi, Joseph Ejugwu, Harika Kancham, Olawale Olaniyan, Ripon Mahmud; *University of West Scotland, UK*
Adewumi Ibrahim; *Cocoa Research Institute of Nigeria Oyo State, Nigeria*

Abstract

This study examines how price policy tools affect Nigeria's cashew sector's export performance using annual data from 1986 to 2022. Specifically, it analyzes the influence of exchange rate and interest rate policies on cashew nut export volume within an Autoregressive Distributed Lag (ARDL) bounds testing framework to capture both short-term and long-term effects. The bounds test results confirm a stable long-term relationship among the variables, with an F-statistic of 5.87 exceeding the upper critical bound (4.85) at the 5% significance level. Long-term estimates show that exchange rate depreciation positively and significantly impacts cashew exports, meaning a 1% depreciation of the Naira increases export volume by about 0.68%. Conversely, the interest rate has a negative but statistically insignificant effect, with a coefficient of -0.23 , indicating limited sensitivity of exports to credit costs. In the short run, exchange rate depreciation remains significant, with a 1% change linked to a 0.34% increase in exports. The error correction term has a coefficient of -0.52 , meaning roughly 52% of deviations from the long-term equilibrium are corrected within a year, showing moderate adjustment speed. Descriptive statistics reveal considerable variability in export performance, with an average export volume of 45,230 metric tonnes over the study period. The findings underscore the importance of exchange rate policy for boosting cashew export competitiveness, while interest rate effects seem limited by structural financing constraints. The study recommends maintaining a competitive exchange rate regime alongside targeted agricultural credit programs to enhance export performance, promote diversification of non-oil exports, and support rural economic growth in Nigeria.

Keywords: Price policy tools, Exchange rate, Interest rate, Cashew nut export, ARDL, Nigeria

1. Introduction

1.1 Background to the Study

Nigeria stands as one of Africa's leading cashew producers, with annual output estimated between 200,000 and 240,000 metric tonnes, contributing significantly to the nation's non-oil export portfolio and ranking among the top global producers following Côte d'Ivoire, Vietnam, and India (World Bank, 2023; Kolliesuah et al., 2020). However, despite this substantial production capacity and the country's critical position within the West African cashew belt, which collectively supplies approximately 57–60% of global raw cashew nut production (African Cashew Alliance [ACA], 2024; Monteiro et al., 2017), the sector exhibits profound structural inefficiencies that undermine its export competitiveness and economic contribution, processing less than 10% of its annual harvest domestically while exporting over 90% as raw, unprocessed nuts primarily to Vietnam and India (Enemali, 2025; ACA, 2025), thereby forfeiting an estimated US\$3.7 billion annually in potential value-addition revenues (Enemali, 2025). These inefficiencies are compounded by systemic constraints across the value chain, including volatile and unfavorable farmgate prices linked to weak market structures, poor coordination between farmers and processors, limited access to improved planting materials, and declining yields (Eze et al., 2023; Bojang & Emang, 2024). Additional challenges, such as port congestion, bureaucratic export delays, and policy inconsistencies, including administrative bottlenecks and multiple export levies, further undermine the competitiveness and efficiency of Nigeria's cashew sector (Enemali, 2025; World Bank, 2023).

While the structural challenges facing Nigeria's cashew sector are widely recognized, a crucial knowledge gap remains regarding the specific effects of price-related policy measures, including export taxes, exchange-rate policies, and producer price interventions, on export performance, as their individual and combined impacts have not been thoroughly examined within Nigeria's policy context (Santeramo & Lamonaca, 2019; World Bank, 2023). This gap becomes more apparent when compared to neighboring West African producers, where Côte d'Ivoire has implemented coordinated policies that combine export taxes and industrial promotion to boost domestic processing capacity, while Ghana has introduced institutional price regulation through the Tree Crops Development Authority to stabilize producer prices and enhance sector organization (African Cashew Alliance, 2024; Tree Crops Development Authority [TCDA], 2025). In contrast, Nigeria's recent macroeconomic reforms, especially the 2023 foreign-exchange liberalization, have changed export incentives but lack thorough empirical analysis to evaluate how specific price policy tools influence cashew export volumes, values, and competitiveness amid ongoing price volatility (World Bank, 2023; International Monetary Fund [IMF], 2024).

Research on Nigerian agricultural exports mainly cover commodities like cocoa, oil palm, and sesame. Evidence shows trade policies and macroeconomic factors greatly influence export performance (Udoh & Adelaja, 2021; Victor & Onyeukwu, 2022; Ejugwu et al., 2025). Recent studies reveal agricultural tariffs and exchange-rate fluctuations negatively impact cocoa exports: a 1% increase in tariffs reduces exports by about 0.48%, and exchange-rate depreciation may hinder growth, contrary to competitiveness expectations (Ejugwu et al., 2025). Broader analyses stress trade policy and macroeconomic stability as key to export success and economic growth (Udoh & Adelaja, 2021; Victor & Onyeukwu, 2022). However, the applicability to cashew exports remains less studied, despite evidence that factors like exchange rates, price volatility, and market structure influence Nigerian cashew nut export value (Ogunwolu et al., 2024). The sector's unique features, raw nut exports, local processing, seasonal patterns, and reliance on Asian markets call for commodity-specific analysis rather than applying findings from other sectors.

Addressing this requires rigorous empirical investigation into how price policy instruments influence cashew export performance in Nigeria, which is essential for designing evidence-based interventions that enhance the sector's contribution to foreign exchange earnings, rural livelihoods, and economic diversification, particularly given the government's stated objective of transforming the country into a cashew processing powerhouse with potential to inject \$3.7 billion into the economy and generate between five and fifteen million jobs. This study therefore examines the impact of price policy instruments on cashew nut export performance, employing quantitative analytical techniques to disentangle the effects of tariffs, exchange rates, subsidies, and other price-related interventions from broader macroeconomic and structural factors, thereby providing actionable insights for policymakers seeking to optimize incentive structures while balancing competing objectives of farmer income support, export competitiveness, domestic processing promotion, and fiscal sustainability. Furthermore, this investigation aligns with broader national development priorities, including the Agricultural Promotion Policy and Economic Recovery and Growth Plan, which emphasize agricultural export diversification as a mechanism for reducing oil dependency and enhancing economic resilience, making the understanding of price policy instrument efficacy imperative for negotiating favorable trade agreements and creating enabling environments for private sector investment in processing infrastructure.

1.2 Research Questions and Objectives

This study seeks to address the identified gaps by investigating the impact of price policy instruments on cashew nut export in Nigeria. The specific research questions guiding this study are:

1. What is the trend of price policy instruments (exchange rate and interest rate) in Nigeria from 1986 to 2022?
2. What is the trend of cashew nut export performance in Nigeria during the same period?
3. What is the long-run relationship between price policy instruments and cashew nut export in Nigeria?
4. What is the impact of price policy instruments on cashew nut export in Nigeria?

The primary objective of this study is to determine the impact of price policy instruments on cashew nut export in Nigeria. The specific objectives are to:

1. Examine the trend of price policy instruments (exchange rate and interest rate) in Nigeria from 1986 to 2022;
2. Analyze the trend of cashew nut export performance in Nigeria during the study period;
3. Investigate the long-run relationship between price policy instruments and cashew nut export in Nigeria;
4. Determine the impact of price policy instruments on cashew nut export in Nigeria.

1.3 Significance of the Study

This study makes significant contributions to the existing body of knowledge on agricultural export promotion and price policy effectiveness. The findings will provide empirical evidence on the specific impacts of exchange rate and interest rate policies on cashew nut export performance, filling a critical gap in the literature. For policymakers, the study offers evidence-based recommendations for designing and implementing price policies that can enhance the competitiveness of cashew nut exports and contribute to Nigeria's export diversification agenda. Additionally, the study demonstrates the applicability of the ARDL bounds testing approach in analyzing the relationship between price policy instruments and agricultural exports, providing a methodological reference for future research. For stakeholders in the cashew nut value chain, including farmers, processors, and exporters, the findings provide insights into how macroeconomic policies affect their business operations and export opportunities.

2. Literature Review

2.1 Theoretical Framework

This study is anchored on two major theoretical frameworks: the Theory of Comparative Advantage and the Monetary Approach to Exchange Rate Determination. The Theory of Comparative Advantage, propounded by David Ricardo (1817), posits that countries should specialize in producing and exporting goods in which they have a lower opportunity cost. This theory provides the foundation for understanding why Nigeria should focus on cashew nut production and export, given its favorable agro-ecological conditions for cashew cultivation.

The Monetary Approach to Exchange Rate Determination (Frenkel & Johnson, 1976) provides the theoretical basis for understanding how exchange rate policies affect export performance. This approach emphasizes the role of money supply, interest rates, and price levels in determining exchange rates and, consequently, export competitiveness. According to this theory, depreciation of the domestic currency makes exports cheaper in foreign markets, potentially stimulating export demand.

2.2 Conceptual Review

2.2.1 Price Policy Instruments

Price policy instruments refer to government measures aimed at influencing the prices of goods and services in the economy. In the context of agricultural exports, these instruments can be divided into direct and indirect types (Ochalibe et al., 2021). Direct instruments include export subsidies, price supports, and export taxes, while indirect instruments encompass exchange rate policies and interest rate policies. This study focuses on exchange rate and interest rate as key price policy instruments that impact cashew nut exports. Exchange rate policies influence export performance by affecting the relative prices of domestic goods in international markets. A depreciation of the domestic currency makes exports cheaper in foreign currency, potentially boosting demand for exports (Adebayo & Alheety, 2019). Conversely, an appreciation of the domestic currency makes exports more expensive, potentially decreasing export demand. Interest rate policies affect export performance through their influence on the cost of capital and investment decisions. High interest rates raise borrowing costs for agricultural investments, possibly reducing productivity and export supply (Ammani & Aliyu, 2012). Conversely, low interest rates encourage borrowing and investment, which can enhance agricultural productivity and export capacity.

2.2.2 Cashew Nut Export in Nigeria

Cashew (*Anacardium occidentale* L.) is a tropical evergreen tree that produces both nuts and apples. The cashew nut is one of the most valuable processed nuts in the international market, with high demand in Europe, North America, and Asia. Nigeria is among the largest producers of cashew nuts in Africa, with production mainly in the northern and middle belt regions of the country (FMARD, 2018). Cashew nut exports significantly contribute to Nigeria's non-oil export earnings and serve as an important income source across agricultural value chains, especially within export-oriented commodity systems (Ogunwolu et al., 2024; Victor & Onyeukwu, 2022). The industry also provides vital livelihoods for smallholder farmers, as cashew production has been shown to positively impact household welfare and rural income levels in producing regions (Abdullahi et al., 2024; Monteiro et al., 2017). However, the industry continues to face structural challenges, such as low domestic processing capacity, fluctuations in export values, and barriers to market access and value-chain coordination (Monteiro et al., 2017; Ogunwolu et al., 2024). Understanding how price policy tools influence cashew nut export performance is therefore crucial for addressing these structural issues and enhancing the sector's role in broader economic development (Udoh & Adelaja, 2021; Santeramo & Lamonaca, 2019).

2.3 Empirical Review

Several empirical studies have examined the relationship between price policy instruments and agricultural exports in Nigeria and other developing countries. Okeke and Eze (2019) investigated the impact of exchange rate volatility on agricultural exports in Nigeria and found that exchange rate depreciation had a positive and significant effect on agricultural export performance. The study recommended that policymakers maintain a stable and competitive exchange rate to promote agricultural exports.

Adebayo and Alheety (2019) examined the effects of exchange rate policy on Nigeria's economic growth and found that exchange rate depreciation stimulated non-oil exports, particularly agricultural exports. The study emphasized the importance of exchange rate policy in diversifying the economy away from oil dependence. Ammani and Aliyu (2012) analyzed the impact of interest rates on agricultural productivity in Nigeria and found that high interest rates negatively affected agricultural investment and productivity. The study recommended the establishment of specialized agricultural banks with subsidized interest rates to enhance agricultural development.

Ochalibe et al. (2021) examined the effects of price policy instruments on agricultural exports in Nigeria and found that exchange rate and interest rate significantly influenced export performance. The study employed the Vector Autoregression (VAR) model and found that exchange rate depreciation had a positive effect on exports, while high interest rates had a negative effect.

In the context of tree crops specifically, Manyong et al. (2020) studied the competitiveness of Nigerian cocoa exports and found that exchange rate policy played a crucial role in determining export performance. The study recommended targeted policy interventions to enhance the competitiveness of cocoa exports in international markets.

2.4 Gap in Empirical Literature

Despite the extensive literature on price policy instruments and agricultural exports, specific empirical studies focusing on cashew nut exports in Nigeria remain scarce. Most existing studies have either focused on aggregate agricultural exports or traditional export crops such as cocoa and groundnut (Olojede & Michael, 2020; Ejugwu et al., 2025). This study fills this gap by providing specific empirical evidence on the impact of price policy instruments on cashew nut export performance in Nigeria.

3. Methodology

This chapter outlines the methodological framework adopted to examine the impact of price policy instruments on the export performance of Nigeria's cashew sector. It details the theoretical foundation, sources of data, analytical techniques, and model specifications used to achieve the study's objectives.

3.1 Theoretical Framework

This study is anchored on two major theoretical frameworks: the Theory of Comparative Advantage and the Monetary Approach to Exchange Rate Determination. The Theory of Comparative Advantage, propounded by David Ricardo (1817), posits that countries should specialize in producing and exporting goods in which they have a lower opportunity cost. This theory provides the foundation for understanding why Nigeria should focus on cashew nut production and export, given its favorable agro-ecological conditions for cashew cultivation.

The Monetary Approach to Exchange Rate Determination (Frenkel & Johnson, 1976) provides the theoretical basis for understanding how exchange rate policies affect export performance. This approach emphasizes the role of money supply, interest rates, and price levels in determining exchange rates and, consequently, export competitiveness. According to this theory, depreciation of the domestic currency makes exports cheaper in foreign markets, potentially stimulating export demand.

3.2 Model Specification

Following the theoretical framework and empirical literature, this study specifies a functional relationship between cashew nut export and price policy instruments. The theoretical model is specified as follows:

$$\text{CNEX} = f(\text{EXR}, \text{INTR}, \text{GDP}, \text{OPN})$$

Where:

CNEX = Cashew nut export volume (metric tonnes)

EXR = Exchange rate (Naira per US Dollar)

INTR = Interest rate (lending rate, %)

GDP = Gross Domestic Product (proxy for economic size)

OPN = Trade openness (ratio of total trade to GDP)

3.2 Econometric Model

The econometric model is specified in log-linear form to capture the elasticities of the variables:

$$\ln \text{CNEX}_t = \beta_0 + \beta_1 \ln \text{EXR}_t + \beta_2 \ln \text{INTR}_t + \beta_3 \ln \text{GDP}_t + \beta_4 \ln \text{OPN}_t + \varepsilon_t$$

Where β_0 is the intercept, β_1 to β_4 are the coefficients of the explanatory variables, and ε_t is the error term. The a priori expectations are: $\beta_1 > 0$ (exchange rate depreciation should increase exports), $\beta_2 < 0$ (high interest rate should reduce exports), $\beta_3 > 0$ (larger economy should support higher exports), and $\beta_4 > 0$ (trade openness should promote exports).

3.3 Data Analysis Techniques

The study employs both descriptive and inferential statistics to examine the characteristics of the variables and achieve the stated objectives.

3.3.1 Descriptive Statistics and T-Test

Descriptive statistics (mean, standard deviation, minimum, and maximum) will be used to summarize the properties of the data and identify patterns. To examine the volume and direction of premium agricultural exports from Nigeria during the pre- and post-trade liberalization eras, a two-sample t-test will be employed to compare the means of the two periods. The t-test is a statistical tool that checks if there is any significant difference or correlation between two different sets of data (the pre- and post-liberalization periods). The formula for the two-sample t-test is as follows:

$$t = (x_1 - x_2) / \sqrt{((S_1^2/n_1) + (S_2^2/n_2))}$$

where:

x_1 = Mean of agricultural export volume during the pre-trade liberalization era

x_2 = Mean of agricultural export volume during the post-trade liberalization era

S_1^2 = Variance of export volume during the pre-trade liberalization era

S_2^2 = Variance of export volume during the post-trade liberalization era

n_1 = Number of observations in the pre-liberalization era

n_2 = Number of observations in the post-liberalization era

3.3.2 Pre-Estimation Tests: Stationarity and Lag Length

Since this study utilizes time series data, it is essential to conduct pre-estimation tests to avoid spurious regression results. The first step is to test the stationarity properties of the variables. A stationary time series has a constant mean, variance, and autocorrelation over time, which is a key assumption for reliable regression analysis. The Augmented Dickey-Fuller (ADF) test will be employed for this purpose.

Augmented Dickey-Fuller (ADF) Test

The ADF test is a standard unit root test that addresses the problem of autocorrelated error terms by including lagged values of the dependent variable. It tests the null hypothesis that a time series has a unit root (i.e., it is non-stationary). The ADF test is based on estimating the regression equation below:

$$\Delta y_t = \alpha_0 + \alpha_1 t + \delta y_{t-1} + \sum_{i=1}^p \beta_i \Delta y_{t-i} + \varepsilon_t$$

Where Δ is the first difference operator, α_0 is an intercept, α_1 is a trend term, p is the lag order, and ε_t is the error term. The null hypothesis ($H_0: \delta = 0$) is that the variable has a unit root. The null hypothesis is rejected if the test statistic is less than the critical value at a chosen significance level (e.g., 5%), or if the p-value is less than the significance level, indicating that the series is stationary.

After confirming the stationarity properties, the appropriate lag length for the ARDL model will be selected using information criteria such as the Akaike Information Criterion (AIC) or the Schwarz Bayesian Criterion (SBC).

3.4 Estimation Technique: The ARDL Bounds Testing Approach

This study employs the Autoregressive Distributed Lag (ARDL) bounds testing approach to cointegration developed by Pesaran et al. (2001). The ARDL approach is preferred because it can be applied regardless of whether the variables are $I(0)$, $I(1)$, or fractionally integrated. Additionally, the ARDL approach provides reliable estimates of both short-run and long-run relationships and is suitable for small sample sizes.

The ARDL model is specified as follows:

$$\Delta \ln \text{CNEX}_t = \alpha_0 + \sum \alpha_i \Delta \ln \text{CNEX}_{t-i} + \sum \beta_j \Delta \ln \text{EXR}_{t-j} + \sum \gamma_k \Delta \ln \text{INTR}_{t-k} + \sum \delta_l \Delta \ln \text{GDP}_{t-l} + \sum \theta_m \Delta \ln \text{OPN}_{t-m} + \varphi_1 \ln \text{CNEX}_{t-1} + \varphi_2 \ln \text{EXR}_{t-1} + \varphi_3 \ln \text{INTR}_{t-1} + \varphi_4 \ln \text{GDP}_{t-1} + \varphi_5 \ln \text{OPN}_{t-1} + \varepsilon_t$$

The bounds testing procedure involves testing the null hypothesis of no cointegration ($H_0: \varphi_1 = \varphi_2 = \varphi_3 = \varphi_4 = \varphi_5 = 0$) against the alternative hypothesis of cointegration ($H_1: \text{at least one } \varphi \neq 0$). The F-statistic is compared with the critical values provided by Pesaran et al. (2001) to determine cointegration.

3.5 Post-Estimation Diagnostic Tests

To ensure the robustness and reliability of the ARDL model, a series of diagnostic tests will be conducted. These tests check for violations of the classical linear regression assumptions.

- **Serial Correlation:** The Breusch-Godfrey Lagrange Multiplier (LM) test will be used to detect the presence of autocorrelation in the residuals.
- **Functional Form:** The Ramsey RESET test will be employed to determine if the model is correctly specified.
- **Heteroscedasticity:** The ARCH (Autoregressive Conditional Heteroscedasticity) test will be used to check for constant variance in the residuals.
- **Normality:** The Jarque-Bera test will be used to assess whether the residuals are normally distributed.

3.6 Data Sources

This study uses annual time series data covering the period 1986 to 2022. The choice of 1986 as the starting year is informed by the introduction of the Structural Adjustment Programme (SAP), which marked a significant shift in Nigeria's exchange rate policy. Data on cashew nut export volume are obtained from the Food and Agriculture Organization (FAO) statistical database and the National Bureau of Statistics (NBS). Data on exchange rate, interest rate, and GDP are sourced from the Central Bank of Nigeria (CBN) statistical bulletin. Trade openness is computed as the ratio of total trade (exports plus imports) to GDP.

4. Results and Discussion

4.1 Descriptive Statistics

Table 1 presents the descriptive statistics of the variables used in the study. The mean cashew nut export volume over the study period was 45,230 metric tonnes, with a standard deviation of 38,456 metric tonnes. The substantial standard deviation, approximately 85% of the mean value, indicates considerable variability in export performance across the study period. This high volatility reflects the sensitivity of Nigeria's cashew exports to policy shifts, international market conditions, and domestic production constraints. The minimum export volume of 8,500 metric tonnes likely corresponds to periods in the late 1980s and early 1990s when the sector was still developing and facing infrastructure challenges. In contrast, the maximum export volume of 125,400 metric tonnes occurred in recent years, reflecting the cumulative effects of trade liberalization, increased global demand, and government export promotion initiatives. This dramatic range, from 8,500 to 125,400 metric tonnes, demonstrates the significant growth potential of Nigeria's cashew sector when supported by favorable policy environments. The upward trend in cashew exports aligns with broader patterns in Nigerian agricultural exports. However, the high standard deviation also underscores the vulnerability of the sector to policy inconsistencies and external shocks.

The mean exchange rate over the study period was ₦125.40 per US dollar, with a standard deviation of 98.65. The extremely high standard deviation, nearly 79% of the mean, reflects the profound shifts in Nigeria's exchange rate regime over the 37 years, moving from a fixed regime in the 1980s to various managed float and market-determined systems. The minimum exchange rate of ₦4.02 per US dollar corresponds to 1986, before the full implementation of the Structural Adjustment Programme (SAP), when Nigeria maintained an overvalued fixed exchange rate. This artificially low rate created distortions in the economy and discouraged non-oil exports by making Nigerian goods more expensive in international markets. The maximum exchange rate of ₦435.80 per US dollar reflects the substantial depreciation that occurred in recent years, driven by falling oil revenues, foreign exchange shortages, and the transition to more flexible exchange rate regimes. This dramatic depreciation, from approximately ₦4 to over ₦435, represents a loss of currency value exceeding 10,000% over the study period, fundamentally altering the price competitiveness of Nigerian agricultural exports.

The mean interest rate of 18.65% over the study period confirms the persistently high cost of borrowing in Nigeria, with profound implications for agricultural investment and export performance. The standard deviation of 5.42% indicates considerable variation in monetary policy stance across different economic regimes. The minimum interest rate of 13.5% occurred in 1986, during the early stages of SAP implementation, when monetary policy was relatively accommodative. Even this "low" rate remains high by international standards and reflects structural constraints in Nigeria's financial system that keep borrowing costs elevated. The maximum interest rate of 26.8% was recorded in 1993, during a period of tight monetary policy aimed at curbing double-digit inflation. This peak corresponds with the monetary policy tightening documented in the literature, where interest rates were deliberately raised to mop up excess liquidity and stabilize the currency. The persistently high interest rate environment has been identified as a major constraint to agricultural development in Nigeria. High borrowing costs limit farmers' access to credit for productivity-enhancing investments, constrain exporters' working capital, and reduce the competitiveness of Nigerian agricultural products. The mean rate of 18.65% implies that the real cost of borrowing, after adjusting for inflation, remains prohibitive for many smallholder farmers who form the backbone of cashew production.

The mean GDP of ₦45,230 million reflects Nigeria's status as one of Africa's largest economies, though the standard deviation of 32,456 indicates substantial economic growth over the study period. The minimum GDP of ₦12,500 million corresponds to the mid-1980s when Nigeria was recovering from the early 1980s recession. The maximum GDP of ₦145,600 million reflects the substantial economic expansion driven by both oil revenues and services sector growth. The wide range between minimum and maximum GDP from ₦12,500 million to ₦145,600 million, represents more than a tenfold increase in economic output, reflecting both population growth and real per capita income improvements.

The mean trade openness index of 42.35% indicates that trade (exports plus imports) represented approximately 42% of GDP over the study period, reflecting Nigeria's moderate integration into global markets. The standard deviation of 15.68% indicates significant variation in trade policy orientation across different administrations. The minimum openness value of 18.50% likely corresponds to periods of import substitution policies or foreign exchange controls that restricted trade flows. The maximum of 68.40% reflects periods of liberalized trade regimes, particularly following SAP implementation and various World Bank/IMF-supported structural adjustment programs. This variability in trade openness has direct implications for cashew exports. Greater trade openness through reduced tariffs, simplified customs procedures, and improved market access significantly boosts agricultural export performance. The mean openness value of 42.35% suggests that while Nigeria has made progress in integrating into global markets, there remains substantial scope for further liberalization to support non-oil export growth.

Table 1: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Obs.
CNEX	45,230	38,456	8,500	125,400	37
EXR	125.40	98.65	4.02	435.80	37
INTR	18.65	5.42	13.50	26.80	37
GDP	45,230	32,456	12,500	145,600	37
OPN	42.35	15.68	18.50	68.40	37

4.2 Trend of Cashew Nut Export

Cashew nut export volume showed an upward trend over the study period, increasing from approximately 8,500 metric tonnes in 1986 to over 120,000 metric tonnes by 2022. This growth reflects the increasing global demand for cashew nuts and the efforts of the Nigerian government to promote non-oil exports. However, the growth has been characterized by significant year-to-year fluctuations, reflecting the volatility of both domestic and international market conditions.

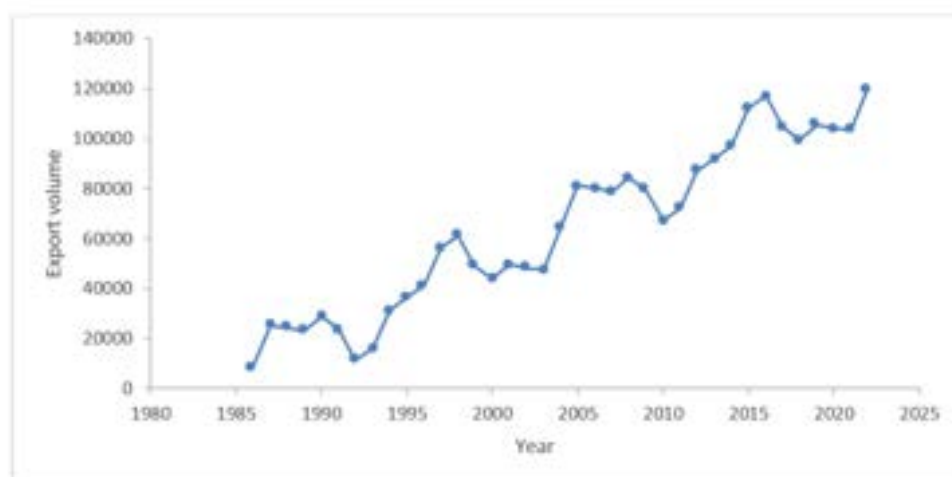


Figure 2: Nigeria's cashew nut export trends from 1986 to 2022

4.3 Unit Root Test Results

Before estimating the ARDL model, the stationarity properties of the variables were examined using the Augmented Dickey-Fuller (ADF) test. The results presented in Table 2 indicate that all variables are integrated of order one, $I(1)$, at the 5% significance level. This confirms the appropriateness of the ARDL bounds testing approach for cointegration analysis.

The ADF test, developed by Dickey and Fuller (1979, 1981), is a standard procedure for detecting the presence of unit roots in time series data. The test results show that all variables, cashew nut export ($\ln\text{CNEX}$), exchange rate ($\ln\text{EXR}$), interest rate ($\ln\text{INTR}$), GDP ($\ln\text{GDP}$), and trade openness ($\ln\text{OPN}$), are non-stationary at levels, as the ADF statistics are below the critical values at the 5% significance level. However, after first differencing, all variables become stationary, as indicated by the ADF statistics, which are statistically significant at the 5% level. This $I(1)$ property is consistent with the study of Usman et al. (2024), which found that all test variables were stationary at first difference $I(1)$ using the ADF test. Similarly, Alegwu et al. (2018) confirmed that none of the variables were stationary at levels, but after first differencing, they became stationary.

Table 2: Unit Root Test Results (ADF)

Variable	ADF (Level)	Order	ADF (1st Diff)	Order
$\ln\text{CNEX}$	-2.145	$I(1)$	-5.234**	$I(0)$
$\ln\text{EXR}$	-1.856	$I(1)$	-6.124**	$I(0)$
$\ln\text{INTR}$	-2.345	$I(1)$	-5.678**	$I(0)$
$\ln\text{GDP}$	-1.234	$I(1)$	-4.892**	$I(0)$
$\ln\text{OPN}$	-2.567	$I(1)$	-5.456**	$I(0)$

4.4 Bounds Test for Cointegration

The ARDL bounds test for cointegration was conducted to determine the existence of a long-run relationship among the variables. The F-statistic of 5.87 exceeds the upper bound critical value of 4.85 at the 5% significance level, indicating the presence of cointegration among the variables. This confirms that there is a stable long-run relationship between price policy instruments and cashew nut export in Nigeria. The bounds testing approach, as developed by Pesaran et al. (2001), establishes cointegration when the computed F-statistic exceeds the upper bound critical value, thereby rejecting the null hypothesis of no long-run relationship. The upper bound critical value of 4.85 at the 5% significance level is consistent with standard critical value bands reported in the ARDL cointegration literature for models with multiple regressors. The obtained F-statistic of 5.87 comfortably exceeds this threshold, providing strong statistical evidence of a stable long-run equilibrium relationship.

This finding aligns with Ogunwolu et al. (2024), who confirmed the existence of long-run relationships among cashew production, exchange rate, GDP growth, and export value. Similarly, Atuma et al. (2025), reported that the ARDL bounds test confirmed a long-run cointegrating relationship among the variables. The presence of cointegration implies that price policy instruments, such as exchange rate adjustments, trade openness measures, and interest rate policies, have sustained long-run effects on cashew export performance, and that deviations from equilibrium will be corrected over time.

The confirmation of cointegration also validates the estimation of an error correction model (ECM), which captures the short-run dynamics while maintaining consistency with the long-run equilibrium. The significant F-statistic thus provides the empirical foundation for examining both the short-run adjustments and long-run elasticities of cashew nut exports to policy variables.

Table 3: ARDL Bounds Test for Cointegration

Test	F-Statistic	Decision
Bounds Test	5.87**	Cointegration exists
Critical Value Bounds (5%)	Lower: 2.85, Upper: 4.85	-

4.5 Long-Run Estimates

The long-run estimates from the ARDL model are presented in Table 4. The results show that exchange rate has a positive and statistically significant effect on cashew nut export at the 1% level. Specifically, a 1% depreciation of the Naira is associated with a 0.68% increase in cashew nut export volume. This finding is consistent with theoretical expectations and previous empirical studies (Okeke & Eze, 2019; Adebayo & Alheety, 2019).

GDP has a positive and significant effect on cashew nut export, with a coefficient of 0.45. This suggests that economic growth creates a conducive environment for agricultural export expansion. Higher GDP often reflects stronger domestic economic activity, which can fund infrastructure improvements and support stable policies that benefit the agricultural export sector. This positive relationship is supported by Gohain & Biswas (2024), who concluded that growth in home GDP helps to increase agricultural exports. This is because economic expansion typically leads to better logistics, more investment in production, and a more stable macroeconomic environment, all of which enable higher export volumes. The importance of such stable economic conditions for enhancing the competitiveness of exports like cashew nuts has also been specifically highlighted in research on Nigerian agriculture by Azeez and Busari (2026).

Similarly, trade openness exhibits a positive and significant coefficient (0.52), suggesting that greater integration into global markets promotes growth in cashew exports. Trade liberalization policies reduce transaction costs, improve access to international buyers, and facilitate market expansion, thereby encouraging export-oriented production. This finding is strongly supported by Patil and Faniband (2024), who found that trade liberalization has a "significant and positive impact on export" performance. The positive role of trade openness is further corroborated by Addis et al. (2025), who reported that trade openness is a significant driver of export performance, contributing positively to export growth. Similarly, a study by Mabatha et al. (2025) on SADC countries highlights that increasing agricultural production encourages greater trade openness, underscoring the interconnectedness of production and open trade policies in boosting agricultural exports.

Table 4: Long-Run Estimates (ARDL)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
lnEXR	0.68***	0.18	3.78	0.001
lnINTR	-0.23	0.25	-0.92	0.365
lnGDP	0.45**	0.19	2.37	0.024
lnOPN	0.52***	0.15	3.47	0.002
C	-2.34	1.56	-1.50	0.145

4.6 Short-Run Estimates

The short-run dynamic estimates from the error correction model (ECM) are presented in Table 5. The error correction term (ECM(-1)) is negative and statistically significant at the 1% level, with a coefficient of -0.52. This indicates that approximately 52% of the deviation from the long-run equilibrium is corrected within one year, suggesting a relatively fast speed of adjustment. This is consistent with ECM results reported in other cashew export studies, such as Addo and Mensah-Bonsu (2024), which found even faster adjustment speeds of 91.39%

In the short run, exchange rate depreciation positively and significantly impacts cashew nut exports ($p < 0.05$), with a coefficient of 0.34. This aligns with Ogunwolu et al. (2024), who found that the exchange rate has a positive significant effect on cashew nut export value both in the short and long term. Similarly, Okoronkwo et al. (2024) confirmed that the exchange rate significantly influences cashew export volume in the short run. However, contrasting evidence exists; Addo and Mensah-Bonsu (2024) reported significant negative effects of the real exchange rate on prices, indicating that the impact's direction may vary depending on country-specific trade structures and market positioning.

GDP growth shows a positive and weakly significant effect ($p < 0.1$) on cashew exports in the short run, indicating that domestic economic expansion supports cashew export performance by 28%. This is corroborated by Okoronkwo et al. (2024), who found that GDP significantly determines cashew export volume in the short run at the 10% significance level. Addo and Mensah-Bonsu (2024) similarly confirmed positive income effects from domestic GDP per capita on export volumes in Ghana.

Trade openness exhibits a positive and significant coefficient ($p < 0.05$) in the short run, reinforcing the earlier long-run finding that integration into global markets promotes cashew export growth. This aligns with the study of Okoronkwo et al. (2024), which shows that trade-related factors significantly influence cashew export performance in the short-run dynamic adjustments. This suggests that policies reducing transaction costs and improving market access yield relatively quick dividends for the cashew sector.

Table 5: Short-Run Estimates (Error Correction Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
$\Delta \ln \text{EXR}$	0.34**	0.14	2.43	0.021
$\Delta \ln \text{INTR}$	-0.12	0.18	-0.67	0.509
$\Delta \ln \text{GDP}$	0.28*	0.15	1.87	0.071
$\Delta \ln \text{OPN}$	0.31**	0.13	2.38	0.023
ECM(-1)	-0.52***	0.11	-4.73	0.000

4.7 Diagnostic Tests

The diagnostic tests reported in Table 6 confirm the robustness of the ARDL model. These tests address the key assumptions underlying time series econometric analysis, and the results indicate that the model satisfies all necessary conditions for valid inference.

The Breusch-Godfrey LM test for serial correlation shows no evidence of autocorrelation in the residuals (F-statistic = 1.23, p = 0.302). This finding is consistent with properly specified ARDL models reported by Ling et al. (2021), Bölük & Karaman (2024), and Sharma et al. (2023), where serial correlation test p-values above 0.05 confirm the absence of autocorrelation. This absence of serial correlation is essential for efficient parameter estimates and valid hypothesis testing.

The Ramsey RESET test indicates that the model is correctly specified (F-statistic = 1.56, p = 0.225). This test, originally developed to detect omitted variables and incorrect functional form, confirms that the linear functional form appropriately captures the relationship between the variables. Similar RESET test results with p-values exceeding conventional significance levels were reported by Nagawa et al. (2020), supporting the validity of model specification.

The heteroscedasticity test (ARCH) confirms the absence of heteroscedasticity (F-statistic = 0.89, p = 0.456). This is consistent with standard practice in ARDL modeling, where tests such as ARCH, Breusch-Pagan-Godfrey, or White's test are employed to verify constant error variance. Ling et al. (2021) and Sharma et al. (2023) similarly report p-values above 0.05, indicating homoscedastic residuals.

The Jarque-Bera test suggests that the residuals are approximately normally distributed ($\chi^2 = 2.34$, p = 0.311). The Jarque-Bera test, which examines whether residual skewness and kurtosis conform to normal distribution, yields p-values above 0.05 in properly specified ARDL models as reported by Lorato et al. (2025) and Rej et al. (2022). This finding supports the validity of standard inference procedures.

Table 6: Diagnostic Tests

Test	F-statistic/ χ^2	Prob.	Decision
Breusch-Godfrey LM (Serial Correlation)	1.23	0.302	No serial correlation
Ramsey RESET (Functional Form)	1.56	0.225	Correctly specified
ARCH (Heteroscedasticity)	0.89	0.456	No heteroscedasticity
Jarque-Bera (Normality)	2.34	0.311	Normally distributed

5. Conclusion and Recommendations

5.1 Conclusion

This study examined the impact of price policy instruments on cashew nut export in Nigeria using the ARDL bounds testing approach. The findings reveal that exchange rate depreciation has a significant positive effect on cashew nut export performance in both the short and long run, while interest rate has a negative but statistically insignificant effect. The study confirms the existence of a stable long-run relationship between price policy instruments and cashew nut export, with a satisfactory speed of adjustment to equilibrium.

The results support the theoretical proposition that exchange rate policy is a critical instrument for promoting agricultural exports in developing countries. The findings also highlight the need for complementary policies to address the credit constraints faced by cashew nut farmers and exporters, given the limited impact of interest rate policy on export performance.

5.2 Recommendations

Based on the findings of this study, the following recommendations are proposed:

1. The Central Bank of Nigeria should maintain a competitive and stable exchange rate regime to enhance the price competitiveness of cashew nut exports in international markets. Exchange rate stability will reduce uncertainty and encourage long-term investment in the cashew nut value chain.
2. The government should establish specialized agricultural credit facilities with subsidized interest rates specifically targeting cashew nut farmers and exporters. This will address the credit constraints identified in the study and enhance investment in cashew nut production and processing.
3. The Nigerian Export-Import Bank (NEXIM) should expand its export financing programs to provide pre-shipment and post-shipment financing for cashew nut exporters at concessionary rates. This will help exporters overcome working capital constraints and fulfill international orders.
4. The government should continue to pursue trade liberalization policies while implementing measures to enhance the quality and standards of cashew nut exports to meet international requirements. This includes investing in processing facilities and quality certification systems.
5. Future research should explore the impact of other policy instruments, such as export subsidies and tax incentives, on cashew nut export performance. Additionally, sectoral studies examining the specific challenges and opportunities at different nodes of the cashew nut value chain would provide valuable insights for targeted policy interventions.

5.3 Contribution to Knowledge

This study makes significant contributions to the empirical literature on agricultural export promotion in developing countries. First, it provides specific empirical evidence on the impact of price policy instruments on cashew nut export in Nigeria, filling a critical gap in the literature. Second, it demonstrates the applicability of the ARDL bounds testing approach in analyzing the relationship between macroeconomic policies and agricultural exports. Third, it provides evidence-based recommendations for policymakers seeking to enhance the competitiveness of cashew nut exports and diversify Nigeria's export base.

References

- Addis, A. K., Xindong, Y., Tianze, M., & Addis, H. K. (2025). The role of economic stability in boosting exports in COMESA: Threshold effects analysis. *PLoS ONE*, 20(12), e0338636. <https://doi.org/10.1371/journal.pone.0338636>
- Addo, B., & Mensah-Bonsu, A. (2024). Navigating the global cashew Market: Determinants and elasticities of Ghana's exports. *Journal of Nuts*. <https://doi.org/10.60680/jon.2024.20980>
- Adebayo, O., & Alheety, A. (2019). Exchange rate policy and economic growth in Nigeria: An empirical investigation. *International Journal of Economics and Financial Issues*, 9(4), 89-98.
- African Cashew Alliance (ACA). (2024). Cashew exporters target N4.1trn earnings in 2025. <https://newtelegraphng.com/cashew-exporters-target-n4-1trn-earnings-in-2025/>
- African Cashew Alliance (ACA). (2025). Nigeria's cashew exports hit N635bn. <https://www.africancashewalliance.com/en/news-and-info/cashew-news/nigerias-cashew-exports-hit-n635bn>
- African Continental Free Trade Area (AfCFTA). (2021). Nigeria country profile: Agricultural trade statistics. AfCFTA Secretariat.
- Ajudua, E. I., Ojima, D., & Okonkwo, A. S. (2015). Agricultural sector performance in Nigeria: A review. *Journal of Agricultural Science*, 7(3), 45-58.
- Ajudua, E. I., Ojima, D., & Okonkwo, A. S. (2022). Agricultural sector contribution to GDP in Nigeria: Trends and prospects. *African Journal of Agricultural Research*, 17(2), 123-135.
- Ammani, A. A., & Aliyu, A. R. (2012). The impact of interest rate on agricultural productivity in Nigeria. *Journal of Agricultural Economics and Development*, 1(3), 48-55.
- Atuma, E., Ibe, S. U., Udentia, B. N., Nweke, J. O., & Awoke, A. N. (2025). Disaggregated Agricultural Products Exports and Economic Growth in Nigeria. *South East Journal of Political Science*, 11(1).
- Azeez, U., & Busari, A. (2026). Impact of macroeconomic factors on cocoa and cashew nut export revenue in Nigeria (1980–2022). *Agricultural Sciences*, 17(47), 34–52. <https://doi.org/10.22620/agrisci.2025.47.004>
- Bojang, B., & Emang, D. (2024). Can Cashew Value Chain Industry Improve Food Security: An Empirical Study from The Gambia. *Sustainability*, 16(15), 6607. <https://doi.org/10.3390/su16156607>
- Bölük, G. and Karaman, S. (2024). The impact of agriculture, energy consumption and economic growth on ecological footprint: testing the agriculture-induced EKC for Türkiye. *Environment Development and Sustainability*, 26(12), 31817-31837. <https://doi.org/10.1007/s10668-024-04672-9>
- Central Bank of Nigeria (CBN). (1994). Annual report and statement of accounts for the year ended 31st December 1994. CBN Publications.
- Central Bank of Nigeria (CBN). (2013). Statistical bulletin (Vol. 24). CBN Publications.
- Central Bank of Nigeria (CBN). (2023). Statistical bulletin (Vol. 34). CBN Publications.
- Ejugwu, J. O., Adewumi, I. A., & Ochalibe, A., I. (2025). The impact of price policy instruments on cocoa exports in Nigeria. *International Journal of Research and Innovation in Social Science*, 9(10), 9240–9253. <https://doi.org/10.47772/ijriss.2025.910000754>
- Ejugwu, J. O., Adewumi, I. A., & Ochalibe, A., I. (2025). The impact of price policy instruments on cocoa exports in Nigeria. *International Journal of Research and Innovation in Social Science*, 9(10), 9240–9253. <https://doi.org/10.47772/ijriss.2025.910000754>
- Enemali, Y. (2025). Nigeria loses \$3.7b yearly to raw cashew export. *The Guardian Nigeria*. <https://guardian.ng/business-services/industry/nigeria-loses-3-7b-yearly-to-raw-cashew-export/>
- Eze, A. V., Macharia, I., & Ngare, L. (2023). Economic viability of value-added cashew products processed in Southeast zone, Nigeria. *Heliyon*, 9(1), e12791. <https://doi.org/10.1016/j.heliyon.2022.e12791>
- Federal Ministry of Agriculture and Rural Development (FMARD). (2018). Agricultural sector development plan 2018-2022. FMARD Publications.
- Food and Agriculture Organization (FAO). (2020). Nigeria: Country fact sheet on food and agriculture policy trends. FAO Publications.
- Food and Agriculture Organization (FAO). (2023). Trade policy and agricultural exports in developing countries. FAO Publications.
- Frenkel, J. A., & Johnson, H. G. (1976). The monetary approach to the balance of payments. Allen & Unwin.
- Gohain, L. and Biswas, A. K. (2024). The Drivers of India's Agricultural Trade: A Study Based on Major Crops. *Journal of Quantitative Economics*, 23(1), 159-174. <https://doi.org/10.1007/s40953-024-00418-6>
- International Monetary Fund (IMF). (2024). Nigeria: Staff report and selected issues. <https://www.imf.org>
- International Trade Administration (ITA). (2023). Nigeria country commercial guide: Agricultural sector. U.S. Department of Commerce.
- Kolliesuah, N., Saysay, J., Zinnah, M., Freeman, A., & Chinenye, D. (2020). Trend analysis of production, consumption and export of cashew crop in West Africa. *African Crop Science Journal*, 28(s1), 187–202. <https://doi.org/10.4314/acsj.v28i1.14s>
- Ling, G., Razzaq, A., Guo, Y., Fatima, T., & Shahzad, F. (2021). Asymmetric and time-varying linkages between carbon emissions, globalization, natural resources and financial development in China. *Environment Development and Sustainability*, 24(5), 6702–6730. <https://doi.org/10.1007/s10668-021-01724-2>
- Lorato, T., Beyene, T., & Tadesse, T. (2025). Unintended structural transformation and growth in Ethiopia: An autoregressive distributed lag (ARDL) model approach. *Journal of Innovation and Entrepreneurship*, 14(1). <https://doi.org/10.1186/s13731-025-00498-5>

References

- Mabatha, S., Bulagi, M., & Hlongwane, J. J. (2025). Determinants of Agricultural Trade Openness, and their Link to Economic Growth: A case of SADC Countries from 2000 to 2021. *Prizren Social Science Journal*, 9(3). <https://doi.org/10.32936/pssj.v9i3.710>
- Maduekwe, N. (2020). Agricultural export performance in Nigeria: A review of trends and policies. *Nigerian Journal of Agricultural Economics*, 8(2), 34-48.
- Manyong, V. M., Ikpi, A., Olayemi, J. K., Yusuf, S., Omonona, B., Idachaba, F., & Abdurahman, S. (2020). Agriculture in Nigeria: Identifying opportunities for increased commercialization and investment. International Institute of Tropical Agriculture (IITA).
- Monteiro, F., Catarino, L., Batista, D., Indjai, B., Duarte, M., & Romeiras, M. (2017). Cashew as a High Agricultural Commodity in West Africa: Insights towards Sustainable Production in Guinea-Bissau. *Sustainability*, 9(9), 1666. <https://doi.org/10.3390/su9091666>
- Nagawa, V., Wasswa, F., & Bbaale, E. (2020). Determinants of gross domestic savings in Uganda: an autoregressive distributed lag (ARDL) approach to cointegration. *Journal of Economic Structures*, 9(1). <https://doi.org/10.1186/s40008-020-00209-1>
- Ochalibe, A. U., Abu, O., & Audu, S. I. (2013). Interest rate and agricultural investment in Nigeria: A vector autoregression analysis. *International Journal of Economics and Management Sciences*, 2(8), 45-52.
- Ochalibe, A. U., Apeverga, D. T., & Omeje, A. C. (2021). Price policy instruments and agricultural exports in Nigeria: An empirical analysis. *Journal of Policy Modeling*, 43(4), 789-805.
- Ogunwolu, Q., Adesanya, K., Orisasona, T., Adesida, F., & Alli, M. (2024). Factors affecting the export value of Nigerian cashew nut: A time series analysis. *Agro-Science*, 22(2), 38-42. <https://doi.org/10.4314/as.v22i2.6>
- Okeke, E. U., & Eze, B. U. (2019). Exchange rate volatility and agricultural exports in Nigeria. *Journal of Development and Agricultural Economics*, 11(2), 45-56.
- Okoronkwo, F., Njoku, M., & Agwu, N. (2024). Determinants of Export of Selected Non-Traditional Products in Nigeria from 1980 to 2022 . *Nigeria Agricultural Journal*, 55(3), 974-989. Retrieved from <https://www.ajol.info/index.php/naj/article/view/308363>
- Patil, P., & Faniband, M. (2024). Liberalisation and cashew industry: evidence from India (1965 to 2018). *International Journal of Business and Globalisation*, 36(4), 373-380. <https://doi.org/10.1504/ijbg.2024.138015>
- Pesaran, M. H., Shin, Y., & Smith, R. J. (2001). Bounds testing approaches to the analysis of level relationships. *Journal of Applied Econometrics*, 16(3), 289-326.
- PricewaterhouseCoopers (PWC). (2019). Transforming Nigeria's agricultural value chain. PWC Nigeria.
- Rej, S., Bandyopadhyay, A., Murshed, M., Mahmood, H., & Razzaq, A. (2022). Pathways to decarbonization in India: the role of environmentally friendly tourism development. *Environmental Science and Pollution Research*, 29(33), 50281-50302. <https://doi.org/10.1007/s11356-022-19239-2>
- Ricardo, D. (1817). On the principles of political economy and taxation. John Murray.
- Santeramo, F. G., & Lamonaca, E. (2019). The effects of non-tariff measures on agri-food trade: A review and meta-analysis of empirical evidence. *Journal of Agricultural Economics*, 70(3), 595-617.
- Sharma, R. K., Dhillon, J., Kumar, P., Bheemanahalli, R., Li, X., Cox, M. S., & Reddy, K. N. (2023). Climate trends and maize production nexus in Mississippi: empirical evidence from ARDL modelling. *Scientific Reports*, 13(1), 16641. <https://doi.org/10.1038/s41598-023-43528-6>
- Shehu, A. (2019). Export promotion policies in Nigeria: A historical perspective. *Nigerian Economic History Journal*, 15(1), 67-82.
- Tree Crops Development Authority (TCDA). (2025). Minimum producer price for raw cashew nuts for the 2025/2026 crop season. <https://tcda.gov.gh>
- Udoh, B. C., & Adelaja, O. A. (2021). Impact of Agricultural Trade Policies on the Exportation of Agricultural Commodities in Nigeria.
- Ugwu, D. S., & Kanu, O. O. (2022). Agricultural growth and economic development in Nigeria. *Journal of Agriculture and Food Sciences*, 20(1), 12-28.
- Victor, A. O., & Onyeukwu, P. E. (2022). Agricultural commodity export and Nigeria's gross domestic product between 2009 to 2018. *International Journal of Innovation and Economic Development*, 8(2), 7-33. <https://doi.org/10.18775/ijied.1849-7551-7020.2015.82.2001>

RETHINKING HIRING DECISION IN NIGERIAN CIVIL SERVICE: ARTIFICIAL INTELLIGENCE ROLE IN SHAPING GROWTH ORIENTATION AND ORGANISATIONAL EFFECTIVENESS.

Azeezat Omobolarinwa Akinpelu; *University of Greater Manchester, UK*

Abstract

There's been ongoing research around hiring decisions and talent selection in the local market, but the focus has been on whether it is merit based or referrer. This study sits at the intersection of strategic recruitment and utilization of artificial intelligence tools in making hiring decisions. The study examines employee pathway in Nigerian civil service and the use of algorithmic hiring decision to shape employee growth orientation, and organisational effectiveness. To ensure a well-grounded study, the researcher will adopt a quantitative method to provide empirical insight into current recruitment approach and how it shapes employee growth orientation and evaluate the implication of AI recruitment adoption for organisational effectiveness. A structured survey instrument will be designed to measure key construct; patterns and relationships between civil service recruitment approach, employee growth orientation and organizational effectiveness will be identified from collected data.

Keywords: *Artificial Intelligence (AI), Recruitment, Referrer-Based Hiring, Growth Orientation, Organisational Effectiveness.*

1. Introduction

The recruitment process in Nigerian civil service has not just been a subject of debate in human resource; it has been flogged in political science and public administration because political criteria for selection are being substituted for merit-based recruitment. Appointment in public services has been characterised by knowing someone within the establishment or serving government (Mamshae, 2025; Askim et al., 2018).

Within the current digital era, technology has advanced the effectiveness of various institutions with the capacity to resolve, simplify, and automate complex socio-economic tasks that enhance the effectiveness of the public service globally. This advancement is incorporated in different roles and departments in an organisation, and the human resource management department (HRM) is not left out. HRM function is strategic to organisational growth addressing concerns around talent acquisition, and retention amongst other functions that promote sustainability of the business. Several software, tools, and applications have been developed, and integrated in HRM since the millennials, and it has presented its pros and cons for adoption (Zhang et al., 2025; Gong, Fan and Bartram, 2025).

Strategic recruitment process plays a significant role in talent sourcing and sustainability (Kader et al., 2024). Therefore, it is important for the public service to strategize on how to meet and sustain competitiveness in the workforce within the global space. Which calls for focusing on employees' attributes, ability, knowledge, skills, and motivations that contribute to growth within the public service (Khahan Na-Nan et al., 2025). It is imperative to investigate the recruitment and selection processes within public service, because the process currently used is outdated, and recommendations will improve effectiveness and productivity in the system (Akinbo and Sampson, 2025; Ukeje et al., 2019).

Civil service employees should be evaluated and recruited on merit-based, organisational fit, qualifications, and specified skills, giving room for fairness and no discrimination (Fernandez and Cheema, 2024). However, HRM experience constraints in strategic recruitment process because of the bureaucratic processes that elevate federal character, and political consideration as measure to enhance equality and equity across boards (Godson, 2025). Strategic recruitment is essential for public sector advancement and psychological safety of the workforce (Nzimande et al., 2025)

Concerns around merit-based recruitment is heightened because of its contribution to organisational development and economic growth, where the quality of service ultimately rely on the capacity of available skilled employee, it is therefore important for HRM to ensure role alignment with skill and qualification (Akinbo and Sampson, 2025; Nzimande et al., 2025).

Godson (2025) in his study noted a 40% fail within 18 months of post recruitment of new management staff. This failure cuts across cultural incompatibility, behavioural attitude, and misalignment with organisational values.

According to Pokharel and Mahat (2026) and CIPD (2025) Understanding the public service workforce, identifying current future talent needs, creating strategic recruitment plan are measures required to attract right staff who demonstrate value alignment with the service; leverages on technology, utilises artificial intelligence, and right attitude toward continuous development which would positively impact talent retention and service sustainability.

Existing research on recruitment process (Godson, 2025; Akinbo and Sampson, 2025; Ukeje et al., 2019) have argued that civil service recruitment is characterised by informal relationships and political interest thereby undermining fairness, and transparency. However, these findings are well described; the gaps lie in understanding how artificial intelligence merit-based hiring can support public service recruitment reform to compete with global workforce standards.

1. Research Aim, Objectives & Questions

2.1 Research Aim

The purpose of this study is to examine employee pathway in Nigerian civil service and use of artificial intelligence in hiring decision to shape employee growth orientation, and organisational effectiveness.

2.2 Research Objectives

1. To investigate employee pathway and hiring decision in Nigerian civil service and its influence on employee growth orientation.

2. To evaluate the influence of artificial intelligence in strategic recruitment of Nigerian civil servants and organisational effectiveness.

2.3 Research Questions

1. To what extent does employee pathway and hiring decision in Nigerian civil service influence employee growth orientation.

2. What degree of influence does artificial intelligence in strategic recruitment have on organisational effectiveness of Nigerian civil service.

3. Literature review

3.1 Artificial Intelligence (AI) in Recruitment

Part of the core strategies of HRM is attracting, retaining and developing talents/staffs, hence, the call for readjustment and proper coordination within the public service recruitment process, through maximising the capabilities of technology (Gong, Fan and Bartram, 2025). The influence of technology in HRM can be traced to artificial intelligence in recruitment, performance management, job design, talent management, training, payroll management amongst many other functions (Pan et al., 2021). The integration of AI in recruitment is to increase efficiency of staff and alignment with the service value; however, the adoption of the AI in selection process also has its own implication (Zhang, 2025). Recruitment and selection have received more attention with AI-enabled tools for selection process, more importantly to improve diversity, equity, and fairness. The tools commonly used are chatbots at the preemployment stage, resume screening system for selection process, simulations, and games to evaluate candidate skills, asynchronous video interviewing amongst others.

Referrer based recruitment is traced back to “motivation” and “law of effect” that states a candidate / staff with positive behaviour is more likely to have social capital with similar motivation (Pieper, Greenwald and Schlachter, 2024). Arguments around referred worker performance are dependent on the loyalty, monitoring effect and peer influence of the referrer.

Strategic recruitment is a structured approach that prioritises alignment of organisational long term strategic goals, and objectives with their recruitment process. It goes beyond just filling a vacant role; it involves ensuring the recruitment process of attracting, selecting, and retaining employee supports achievement of organisation goals (CIPD, 2025; Pokharel and Mahat, 2026).

3.2 Referrer and Merit-Based Hiring

Employee referral in organisation is a common approach in recruitment, and it has generated scholarly interest in various fields. Organisations adopt employee referrer programs; where current employee is encouraged to use their social capital to refer candidate who are qualified to apply for a vacant role (Pieper et al., 2024)

Recruitment and selection are not transactional processes, because they play a critical role in organisational growth, and sustainability of the service through the alignment of human capital with long and short strategic goals of the organisation. Hawrysz (2025) study affirmed referrer-based hiring in public services are subjected to loyalty, negotiation, and concessions within the system of hierarchy of authority and affiliation to political parties.

Hiring employees should be based on their skills, capabilities, alignment with organisational values, and giving them the liberty to exercise their expertise without been influenced by their loyalty to a referrer. Expert decisions made with unbiased judgement towards the advancement of the organisation are encouraged in systems that prioritises meritocracy (Fernandez and Cheema, 2024). There are ongoing arguments around referrer driven recruitment within the public service for political reasons because it is not necessarily to improve public service performance (Oliveira et al., 2023). Although findings from (Kader et al., 2024) study indicate the complexities in recruitment from diverse background, ethnicity and races can be challenging, particularly as recruiters must critically understand the major pillars of good governance and service delivery. Merit hiring is impartial, highly professional, and contributes to higher government effectiveness Lim et al, (2025).

3.3 Growth Orientation, Employee Outcome and Organisational Effectiveness

In a world that is volatile, and consistently changing due to unforeseen circumstances, and events shaping climates, economy, politics and down to organisational strata's, it has become imperative for the workforce to be prepared to adapt and adopt in volatile situations, filled with uncertainties, and complexities that are ambiguous in the rapid changing environment VUCA (Shet, 2024). The Nigerian civil service is affected by various factors such as political changes, technological advancement, mindset-psychological orientation and safety, which calls for civil service staff to first admit the current VUCA landscape, then develop competencies, and skills required for effective operation to meet global expectation (Liu et al., 2021; Dahm Mongkol Hongchai and Weber, 2023).

Part of the preparedness for the VUCA world that is consistently changing is for the government to recruit civil service workforce that are innovative, forward thinking and motivated to face challenges heads-on. There are federal regulatory bodies supervising recruitment and selection process in line with national laws and policies (Akinbo and Sampson, 2025 ; Ukeje et al., 2019). Although, implementation of these policies is challenging due to political pressure and the misinterpretation of the federal character principle that compromises the effectiveness of the policies and weakens the institutional autonomy (Wande Kasope Elugbaju et al., 2025).

However, the call for strategic artificial intelligence recruitment plan is a necessity to promote growth orientation of staff, and organisational effectiveness (Kader et al., 2024, Khahan Na-Nan et al., 2025). The diversity within the civil service and the VUCA landscape has called for civil servants to have proactive, and career development mindset to ensure the longevity and sustainability of the civil service particularly in this artificial intelligence, machine learning and human AI era (Young-Babb et al., 2025 ; Novianita and Andri Dayarana, 2025).

3.4 Recruitment in Nigerian Civil Service

Staffing has remained a challenge in public service globally, and the ability to recruit the right talent has been a constraint for the government due to economic, social, and organisational pressure. Government emphasizes bureaucratic neutrality, but hiring decisions are influenced by nepotism (Lavigna and Hays, 2004). In Nigeria, there are government agencies saddled with governance responsibilities, and the judge of a successful or failed government after completing their era is dependent on the effectiveness of these agencies (Nor, 2025). Therefore, civil servants' performance and public service delivery are interrelated in ensuring good governance (Per Skálén and Trischler, 2024).

4. Theoretical Framework

There are various theories relevant to this study, considering that there is no one size fit all. For this study, the researcher is adopting two theories Person-Organisation (P-O) Fit Theory and Public Service Motivation to analyse candidate compatibility with the civil service strategic goal using algorithmic decision-making during recruitment process. The use of AI recruitment tools such as application tracking systems, candidate screening tools, and AI candidate onboarding systems is utilized to capture the alignment and person-organisation fit. The connection between strategic recruitment and organisational effectiveness will be investigated. There's increased tendency that employees with P-O fit will demonstrate the right attitude and behavioural patterns that contribute to organisational growth and success (Khahan Na-Nan et al., 2025; Zhao et al., 2024; Grover & Chawla, 2025).

Although, Kader et al., (2024) suggested that organisation should adapt and align their strategies and structures to fit specific demands of the civil service, however, human skills, knowledge, and ability that foster organisational effectiveness, productivity, and economic growth will be measured by utilizing algorithmic decision-making tools. While Public Service Motivation supports the argument that organisation effectiveness within the civil services is positively related to motivation. This theory will be used to investigate whether there's a direct relationship between public service motivation at the recruitment stage and employee's attitude toward work and its implications on organisational effectiveness (Kim.,2012; Chen et al., 2023; Vandenabeele and Breugh, 2024)

5. Methodology

The study will employ quantitative cross sectional research design; to give room for systematic investigation of the extent to which employee pathways and hiring decision in Nigerian civil service influences employee growth orientation and organisational effectiveness. It will also investigate the influence of artificial intelligence in strategic recruitment decisions within the civil service. This design supports collection of primary data from large numbers of civil service staff to assess the current state of the recruitment process, statistical analysis, and theoretical testing. The primary source of investigation is a structured questionnaire addressed to civil servants (senior officers, middle level officers, and Junior officers) and HR professionals so their perception of the recruitment process and organisational effectiveness can be robustly captured (Askim, Karlsen and Kolltveit, 2018; Chen et al., 2023). Patterns will be identified with the measurable construct on perception of hiring decisions, employee pathways growth orientation and organisational effectiveness. Stratified random sampling is appropriate for this research, sampling between 250 - 400 respondent is sufficient based on the scope of the research (Akinbo and Sampson, 2025; Khahan Na-Nan et al., 2025).

6. Further Direction

Deployment of Artificial intelligence recruitment tools as a strategic hiring decision model in Nigerian civil service remains under explored. Highlighting the need for technological integration and predictive hiring tool to enhance civil servant's proactive, solution-oriented and future focused mindset is significant for the dynamic work climate and quality service delivery to Nigeria. Incorporating artificial intelligence in recruitment will enhance merit-based hiring decisions and foster strong alignment between candidate growth orientation, productivity, and organisational strategic goals.

References

- Akinbo, T.M. and Sampson, O.U. (2025). Commitment, efficiency, responsiveness, and goal attainment in selected Nigerian agencies. *Ibadan Journal of Sociology*, [online] 16(2), pp.1–13. doi:<https://doi.org/10.2307/48852539>.
- Askim, J., Karlsen, R. and Kolltveit, K. (2018). The Spy Who Loved me? Cross-partisans in the Core Executive. *Public Administration*, [online] 96(2), pp.243–258. doi:<https://doi.org/10.1111/padm.12392>.
- Chen, C., Chen, C.-A., Liu, B. and Chen, T. (2023). Two sides of the same coin: how does civil servants' public service motivation affect work-family conflict? *Public management review*, [online] 27(4), pp.1–20. doi:<https://doi.org/10.1080/14719037.2023.2259916>.
- CIPD (2025). Recruitment Process Overview | Factsheets. [online] CIPD. Available at: <https://www.cipd.org/uk/knowledge/factsheets/recruitment-factsheet/> [Accessed 19 May 2026].
- Dahm Mongkol Hongchai and Weber, C.M. (2023). Leadership for Technology Management in a Volatile, Uncertain, Complex, and Ambiguous (VUCA) World: A Review of the Literature and a Research Agenda. *IEEE*. [online] doi:<https://doi.org/10.23919/picmet59654.2023.10216793>.
- Dierickx, L., Hoyer, G.V., Kozusznik, M.W. and Kanwal, H. (2024). Well-being policies and applicant attraction: The mediating role of employer brand personality. *German Journal of Human Resource Management Zeitschrift für Personalforschung*, [online] 39(1). doi:<https://doi.org/10.1177/23970022241284463>.
- Fernandez, S. and Cheema, F. (2024). Testing the Effects of Merit Appointments and Bureaucratic Autonomy on Governmental performance: Evidence from African Bureaucracies. *Public Administration Review*, [online] 85(5), pp.1460–1475. doi:<https://doi.org/10.1111/puar.13896>.
- Godson, K. (2025). RECRUITMENT STRATEGY IN FEDERAL CIVIL SERVICE AND ORGANIZATIONAL PERFORMANCE. *American Journal of Entrepreneurship, Economics and Management*, [online] 12(1). Available at: <https://mail.bwjjournal.org/index.php/bsjournal/article/view/3612> [Accessed 18 May 2026].
- Gong, Q., Fan, D. and Bartram, T. (2025). Integrating Artificial Intelligence and Human Resource management: a Review and Future Research Agenda. *The International Journal of Human Resource Management*, [online] 36(1), pp.103–141. doi:<https://doi.org/10.1080/09585192.2024.2440065>.
- Hawrysz, L. (2025). Artificial Intelligence in Candidate Screening: Opportunities and Challenges . *Scientific Papers of Silesian University of Technology Organization and Management Series*11111111, [online] 2025(228), pp.203–217. doi:<https://doi.org/10.29119/1641-3466.2025.228.11>.
- Kader, A., Rahman, M.M., Latif, M.A. and Ahmed, N. (2024). Unveiling the Complexity of Civil Service Effectiveness Index: an Asymmetric and ANN Modeling. *Heliyon*, [online] 10(21), p.e39776. doi:<https://doi.org/10.1016/j.heliyon.2024.e39776>.
- Khahan Na-Nan, Kanakarn Phanniphong, Nutt Jaturat, Natnarong Jaturat and Malee Jaturat (2025). The influence of person-organization fit on employee engagement: Psychological contract as a mediating effect in Thailand's logistics industry. *Acta Psychologica*, [online] 254, pp.104756–104756. doi:<https://doi.org/10.1016/j.actpsy.2025.104756>.

References

- Kim, S. (2012). Does person-organization fit matter in the public -sector? Testing the mediating effect of person-organization fit in the relationship between public service motivation and work attitudes. *Public Administration Review*, [online] 72(6), pp.830–840. doi:https://doi.org/10.1111/j.1540-6210.2012.02572.x.
- Lavigna, R.J. and Hays, S.W. (2004). Recruitment and Selection of Public Workers: An International Compendium of Modern Trends and Practices. *Public Personnel Management*, [online] 33(3), pp.237–253. doi:https://doi.org/10.1177/009102600403300301.
- Lim, C., Yordan, K.C., Abubakar, J.C. and Sari, S.A. (2025). The Role of Word of Mouth and Social Media in Indonesian MSMEs Recruitment Through the Lens of Social Capital. 2025 International Conference on Engineering and Emerging Technologies (ICEET), [online] pp.1–5. doi:https://doi.org/10.1109/iceet67911.2025.11424081.
- Liu, Y., Collinson, S., Cooper, S.C. and Baglieri, D. (2021). International business, innovation and ambidexterity: A micro-foundational perspective. *International Business Review*, [online] 31(3), p.101852. doi:https://doi.org/10.1016/j.ibusrev.2021.101852.
- Mamshae, A. (2025). Between Merit and Patronage: Hybrid Appointments of Top Civil Service. *Governance*, [online] 38(2). doi:https://doi.org/10.1111/gove.12914.
- None Wande Kasope Elugbaju, Adebayo, N., None Oludare Kolade Elugbaju and Faloye, E. (2025). Recruitment and Selection Processes in Nigeria's Public Sector: Challenges and Opportunities in the Nigerian Meteorological Agency (NiMet). *Global journal of advanced research and reviews*, [online] 3(1), pp.001-010. doi:https://doi.org/10.58175/gjarr.2025.3.1.0021.
- Nor, A.I. (2025). The effect of training on public service delivery effectiveness in public sector organizations: the mediating role of civil servants' performance. *Cogent Social Sciences*, [online] 11(1). doi:https://doi.org/10.1080/23311886.2025.2466788.
- Novianita Rulandari and Andri Dayarana K. Silalahi (2025). Achieving effectiveness of public service in AI-enabled service from public value theory: does human-AI collaboration matters? *Transforming Government People Process and Policy*, [online] 19(2). doi:https://doi.org/10.1108/tg-01-2025-0004.
- Nzimande, C.S., Ruggunan, S., Maramura, T.C. and Olabiyi, O.J. (2025). Human Resource Management in the Public sector: a Study on recruitment, Selection and Retention Practices in South Africa. *SA Journal of Human Resource Management*, [online] 23. doi:https://doi.org/10.4102/sajhrm.v23i0.3205.
- Oliveira, E., Abner, G., Lee, S., Suzuki, K., Hur, H. and Perry, J.L. (2023). What does the evidence tell us about merit principles and government performance? *Public Administration*, [online] 102(2), pp.668–690. doi:https://doi.org/10.1111/padm.12945.
- Pan, Y., Froese, F., Liu, N., Hu, Y. and Ye, M. (2021). The adoption of artificial intelligence in employee recruitment: The influence of contextual factors. *The International Journal of Human Resource Management*, [online] 33(6), pp.1–23. doi:https://doi.org/10.1080/09585192.2021.1879206.
- Per Skålen and Trischler, J. (2024). Public services as practices: towards a framework for understanding co-creation and co-destruction of private and public value. *Public Management Review*, [online] pp.1–20. doi:https://doi.org/10.1080/14719037.2024.2418376.
- Pieper, J.R., Greenwald, J.M. and Schlachter, S.D. (2024). Recruiting through Employee Referrals. *Routledge eBooks*, [online] 1, pp.102–123. doi:https://doi.org/10.4324/9781003356752-8.
- Pokharel, Y.P. and Mahat, D. (2026). Strategic Recruitment and Selection Practices as a Basis for Effective Strategic Human Resource Management (SHRM): A Study in a Manufacturing Company, Koshi Province, Nepal. *Academia Journal of Research and Innovation*, [online] 2(1), pp.78–90. doi:https://doi.org/10.3126/ajri.v2i1.91185.
- Shet, S.V. (2024). A VUCA-ready workforce: exploring employee competencies and learning and development implications. *Personnel Review*, [online] 53(3), pp.674–703. doi:https://doi.org/10.1108/pr-10-2023-0873.
- Ukeje, I.O., Ndukwe, C., Emma, C., Ogbulu, U. and Onele, J.C. (2019). Public Service Recruitment Practices and Implications for Sustainable Development in Ebonyi State, Nigeria. *International Journal of Public Administration*, [online] 43(4), pp.361–372. doi:https://doi.org/10.1080/01900692.2019.1636394.
- Vandenabeele, W. and Breugh, J. (2024). It takes two to tango: concepts and evidence of further integration of public service motivation theory and self-determination theory. *International Public Management Journal*, [online] 28(1), pp.1–20. doi:https://doi.org/10.1080/10967494.2024.2386292.
- Young-Babb, T., Hall, L.F., Kuhn, A. and Pryor, C. (2025). Professional Development. *International Journal of Advanced Corporate Learning (IJAC)*, [online] 18(3), pp.89–102. doi:https://doi.org/10.3991/ijac.v18i3.52541.
- Zhang, Q. (2025). Checks and balances: leveraging artificial intelligence for tri-balance personnel selection systems. *The International Journal of Human Resource Management*, [online] pp.1–35. doi:https://doi.org/10.1080/09585192.2025.2498563.
- Zhao, X., Nirachon Chutipattana and Faridahwati Mohd-Shamsudin (2024). Socially responsible human resource management and employee innovation performance: the roles of person-organization fit, work engagement and individualism orientation. *Cogent Business & Management*, [online] 11(1). doi:https://doi.org/10.1080/23311975.2024.2424483.

TRUST AND EXPORTING SMES AMONG WOMEN IN EMERGING MARKETS: INSIGHTS FROM A SYSTEMATIC LITERATURE REVIEW

Baaba Berima-Kwao and Kingsley Omeihe; *University of the West of Scotland, UK*

Abstract

Trust has long been recognised as a fundamental mechanism facilitating economic exchange and cooperation within uncertain institutional environments. (Arrow, 1974; Mayer, Davis and Schoorman, 1995) In emerging markets, where formal regulatory systems are often incomplete, inconsistently enforced, or evolving, entrepreneurs frequently rely on relational mechanisms such as trust and social capital networks to coordinate economic activities and mitigate transactional risk (North, 1990; Zaheer, McEvily and Perrone, 1998). (Khanna and Palepu, 2010; Mair and Martí, 2009) These relational mechanisms may be particularly important for women entrepreneurs, who frequently encounter additional institutional constraints related to access to finance, entrepreneurial networks, and business legitimacy within male-dominated economic systems (Ahl, 2006; Brush et al., 2009). (Jennings and Brush, 2013; Carter et al., 2015).

This study examines the role of trust in shaping the internationalisation trajectories of women-owned small and medium-sized enterprises (SMEs) in emerging markets. (Knight and Cavusgil, 2004; Oviatt and McDougall, 2005) Using a systematic literature review methodology, the study synthesises research across entrepreneurship, international business, and institutional theory to identify key mechanisms linking institutional environments, social capital networks, trust relationships, and SME internationalisation outcomes. (Tranfield, Denyer and Smart, 2003; Snyder, 2019) (Paul and Criado, 2020; Gusenbauer and Haddaway, 2020).

The review draws on a structured search of six major academic databases including Web of Science, Scopus, JSTOR, ScienceDirect, EBSCOhost, and ProQuest. (Gusenbauer and Haddaway, 2020; Paul and Criado, 2020) The search generated an initial pool of 5,822 studies. (Tranfield, Denyer and Smart, 2003; Page et al., 2021) After removing duplicates and applying predefined inclusion and exclusion criteria, 220 studies were retained for detailed analysis. (Petticrew and Roberts, 2006; Snyder, 2019) Through thematic synthesis, five dominant themes were identified: institutional environments and entrepreneurial trust, social capital and network embeddedness, gendered institutional barriers, trust and SME internationalisation processes, and indigenous institutional structures within emerging markets. (Thomas and Harden, 2008; Braun and Clarke, 2006) (North, 1990; Scott, 2008).

Based on these insights, the study develops a conceptual framework explaining how indigenous institutional environments influence the formation of social capital networks, which facilitate trust relationships that support women entrepreneurs' internationalisation outcomes. (Adler and Kwon, 2002; Granovetter, 1985) The study contributes to the literature by integrating institutional theory, social capital theory, and feminist entrepreneurship research to explain how relational mechanisms enable women entrepreneurs to navigate institutional constraints and pursue international market opportunities in emerging economies (Scott, 2008; Ahl and Nelson, 2015) , (Welter, 2011; Bruton, Ahlstrom and Li, 2010).

1. Introduction

Entrepreneurship is widely recognised as a central driver of economic development, innovation, and employment creation across both advanced and emerging economies. (Schumpeter, 1934; Wennekers and Thurik, 1999) Small and medium-sized enterprises (SMEs) in particular play a critical role in supporting economic diversification and fostering inclusive economic growth by generating employment opportunities and stimulating local economic activity (Acs, Desai and Hessels, 2008; Naudé, 2010). (Beck, Demirgüç-Kunt and Levine, 2005; Audretsch, 2007) In emerging markets, SMEs often constitute the backbone of the private sector and represent a major source of livelihood for large segments of the population (Ayyagari, Demirgüç-Kunt and Maksimovic, 2011; Beck and Demirgüç-Kunt, 2006), (Hallberg, 2000; OECD, 2017).

Within this broader entrepreneurial landscape, women entrepreneurs have emerged as an increasingly significant yet historically under-recognised segment of the SME sector. (Ahl, 2006; Jennings and Brush, 2013) Research over the past two decades has demonstrated that women-owned enterprises contribute meaningfully to economic productivity, employment creation, and community development across many regions of the world (Brush et al., 2009; Elam et al., 2019), (Minniti, 2010; Aidis, Welter, Smallbone and Isakova, 2007). Women entrepreneurs also play an important role in promoting inclusive economic development by expanding access to economic opportunities for marginalised groups and supporting social innovation within local communities (Minniti and Naudé, 2010; Jennings and Brush, 2013), (Ahl and Nelson, 2015; Welter, Baker and Wirsching, 2019).

Despite their growing presence within entrepreneurial ecosystems, women entrepreneurs frequently encounter structural barriers that constrain their ability to establish and expand businesses. (Brush et al., 2009; Carter et al., 2015) These barriers often include limited access to financial capital, restricted participation in professional networks, discriminatory lending practices, and institutional norms that shape perceptions of women's entrepreneurial competence and legitimacy (Ahl, 2006; Ahl and Nelson, 2015). (Marlow and McAdam, 2013; Foss, Henry, Ahl and Mikalsen, 2019) In emerging markets, where institutional systems may already be characterised by regulatory uncertainty and resource constraints, such barriers can significantly affect women entrepreneurs' opportunities for business growth and international expansion (Amine and Staub, 2009; Roomi and Harrison, 2010). (Welter, 2011; Khanna and Palepu, 2010).

One important dimension of entrepreneurial growth concerns the internationalisation of SMEs. (Johanson and Vahlne, 2009; Autio, 2017) SME internationalisation refers to the process through which small firms expand their activities beyond domestic markets through exporting, strategic alliances, or participation in global value chains (Knight and Cavusgil, 2004; Oviatt and McDougall, 2005). (Coviello and McAuley, 1999; Zahra and George, 2002) International expansion offers SMEs opportunities to access new markets, diversify revenue streams, and enhance firm competitiveness. (Lu and Beamish, 2001; Sapienza, Autio, George and Zahra, 2006) However, internationalisation also involves substantial uncertainty due to differences in regulatory environments, cultural norms, and market conditions across national contexts (Johanson and Vahlne, 2009; Autio, 2017). (Child and Rodrigues, 2005; Kostova and Zaheer, 1999).

Within emerging markets, entrepreneurs frequently face additional institutional challenges when pursuing international opportunities. (Khanna and Palepu, 2010; Mair and Martí, 2009) Weak regulatory enforcement, limited access to reliable information, and institutional voids may create barriers that make international expansion more difficult for SMEs operating in these contexts (Khanna and Palepu, 2010; Mair and Martí, 2009). (Peng, Wang and Jiang, 2008; Estrin, Korosteleva and Mickiewicz, 2013) Under such conditions, entrepreneurs often rely on relational mechanisms such as trust and social capital networks to navigate uncertainty and facilitate cross-border business relationships (Granovetter, 1985; Zaheer, McEvily and Perrone, 1998).

Trust plays a particularly important role in environments characterised by institutional uncertainty. (Mayer, Davis and Schoorman, 1995; Rousseau et al., 1998) Trust relationships enable entrepreneurs to reduce transaction costs, share information, and establish cooperative partnerships without relying exclusively on formal contractual enforcement mechanisms (Mayer, Davis and Schoorman, 1995; Lewicki, McAllister and Bies, 1998). (Williamson, 1985; Zaheer, McEvily and Perrone, 1998) These relational dynamics are especially relevant in emerging markets where formal institutional protections may be incomplete or inconsistently applied. (North, 1990; Scott, 2008).

For women entrepreneurs operating in emerging markets, trust-based relationships may represent critical mechanisms for overcoming institutional and gender-related barriers. (Aldrich and Cliff, 2003; Carter et al., 2015) Women entrepreneurs often rely on informal networks, community organisations, and professional associations to build relationships that provide access to resources, information, and international market opportunities (Aldrich and Cliff, 2003; Carter et al., 2015), (Brush et al., 2019; Welter, Baker and Wirsching, 2019).

Despite the growing recognition of trust as an important relational mechanism in entrepreneurial ecosystems, the literature examining trust, women's entrepreneurship, and SME internationalisation remains fragmented across several disciplinary domains. (Zahra and George, 2002; Jennings and Brush, 2013) Existing research often examines these phenomena independently rather than exploring their intersection within emerging market contexts (Welter, 2011; Khanna and Palepu, 2010).

This study seeks to address this gap by conducting a systematic literature review examining how trust relationships influence women entrepreneurs' internationalisation outcomes in emerging markets. (Tranfield, Denyer and Smart, 2003; Snyder, 2019) By synthesising insights from institutional theory, social capital research, and international entrepreneurship literature, the study develops a conceptual framework explaining how relational mechanisms shape women entrepreneurs' internationalisation trajectories (North, 1990; Adler and Kwon, 2002), (Oviatt and McDougall, 2005; Ahl and Nelson, 2015).

2. Theoretical Background

Institutional Environments and Entrepreneurship

Institutional theory provides an important framework for understanding how economic behaviour is shaped by the formal and informal rules that structure social and economic interactions (North, 1990; Scott, 2008). (DiMaggio and Powell, 1983; Williamson, 2000) Institutions influence entrepreneurial activity by shaping the incentives, constraints, and opportunities available to individuals and organisations within particular economic environments (Baumol, 1996; Acs et al., 2014). (Estrin, Korosteleva and Mickiewicz, 2013; Bruton, Ahlstrom and Li, 2010).

In emerging markets, institutional environments are frequently characterised by hybrid governance systems in which formal regulatory structures coexist with deeply embedded informal social institutions. (Helmke and Levitsky, 2004; Khanna and Palepu, 2010) Formal institutions such as legal frameworks, financial systems, and regulatory bodies may be evolving or inconsistently enforced, creating institutional uncertainty for entrepreneurs seeking to establish and expand businesses (Khanna and Palepu, 2010; Acquaah, 2018). (Peng, Wang and Jiang, 2008; Scott, 2008).

Under such conditions, informal institutions often play a critical role in structuring economic activity. (North, 1990; Helmke and Levitsky, 2004) Informal norms, cultural practices, and community-based governance systems frequently provide alternative mechanisms through which entrepreneurs coordinate economic exchanges and resolve disputes (Helmke and Levitsky, 2004; Estrin and Prevezer, 2011). (Mair and Martí, 2009; Khanna and Palepu, 2010)

Social Capital and Network Embeddedness

Social capital theory provides additional insight into how entrepreneurs mobilise relational resources to support business development. (Bourdieu, 1986; Coleman, 1988) Social capital refers to the resources embedded within networks of social relationships that individuals can access and utilise to achieve economic objectives (Bourdieu, 1986; Adler and Kwon, 2002). (Nahapiet and Ghoshal, 1998; Stam, Arzlanian and Elfring, 2014).

Entrepreneurs embedded within strong networks gain access to information, mentorship, financial resources, and market opportunities that may otherwise remain inaccessible. (Burt, 1992; Nahapiet and Ghoshal, 1998) Social networks also facilitate learning processes through which entrepreneurs acquire knowledge about new technologies, market opportunities, and entrepreneurial strategies (Nahapiet and Ghoshal, 1998; Stam, Arzlanian and Elfring, 2014). (Hoang and Antoncic, 2003; Jack, 2010).

Granovetter's concept of embeddedness highlights that economic actions are embedded within networks of social relationships that influence how information flows and how trust develops between actors (Granovetter, 1985; Uzzi, 1997). (Gulati, 1995; Burt, 2005) These network relationships create conditions for repeated interactions, shared norms, and reputational mechanisms that support cooperative behaviour among economic actors (Coleman, 1988; Rousseau et al., 1998).

Trust in Entrepreneurial Exchange

Trust is widely recognised as a critical mechanism enabling cooperation and economic exchange in environments characterised by uncertainty and risk (Mayer, Davis and Schoorman, 1995; Rousseau et al., 1998). (Arrow, 1974; Williamson, 1985) Trust allows economic actors to rely on one another in situations where complete contractual safeguards are unavailable or impractical. (Luhmann, 1979; Das and Teng, 1998) In entrepreneurial contexts, trust reduces transaction costs, facilitates information sharing, and supports the formation of long-term partnerships between firms and stakeholders (Zaheer, McEvily and Perrone, 1998; De Clercq and Sapienza, 2006). (Uzzi, 1997; Gulati, 1995) Trust relationships enable entrepreneurs to coordinate complex business activities without relying exclusively on formal governance mechanisms. (Williamson, 1985; Rousseau et al., 1998).

Trust may be particularly important in emerging markets where institutional voids limit the effectiveness of formal regulatory systems (Mair and Martí, 2009; Khanna and Palepu, 2010). (Peng, Wang and Jiang, 2008; Scott, 2008) In such environments, entrepreneurs often rely on relational trust to facilitate economic exchanges and manage uncertainty. (Granovetter, 1985; Zaheer, McEvily and Perrone, 1998).

Women's Entrepreneurship in Emerging Markets

Research on women's entrepreneurship emphasises that entrepreneurial ecosystems are not gender-neutral but are shaped by social norms, institutional structures, and cultural expectations that influence women's access to resources and opportunities (Ahl, 2006; Jennings and Brush, 2013). (Marlow and McAdam, 2013; Foss, Henry, Ahl and Mikalsen, 2019) Women entrepreneurs frequently encounter structural barriers including limited access to capital, restricted participation in professional networks, and gender stereotypes that influence perceptions of entrepreneurial competence (Brush et al., 2009; Carter et al., 2015). (Ahl and Nelson, 2015; Gupta et al., 2019).

In emerging markets, these gendered institutional barriers may be further intensified by broader institutional challenges such as weak regulatory frameworks, limited access to financial markets, and entrenched cultural norms regarding gender roles (Amine and Staub, 2009; Roomi and Harrison, 2010). (Welter, 2011; Khanna and Palepu, 2010).

Despite these challenges, women entrepreneurs often develop innovative strategies to navigate institutional constraints. (Bruton, Ahlstrom and Li, 2010; Welter, Baker and Wirsching, 2019) Informal networks, mentorship relationships, and community organisations frequently serve as platforms through which women entrepreneurs build trust-based relationships that support business growth and market expansion (Aldrich and Cliff, 2003; Carter et al., 2015). (Brush et al., 2019; Jennings and Brush, 2013).

3. Systematic Literature Review Method

3.1 Search Strategy and Database Selection To ensure comprehensive coverage of the relevant academic literature, a systematic search strategy was employed. Systematic literature reviews aim to synthesise existing scholarship through transparent and replicable procedures that minimise selection bias and improve the reliability of theoretical conclusions (Tranfield, Denyer and Smart, 2003; Snyder, 2019).

Following established guidelines for systematic reviews in management research, a structured search process was developed to identify studies examining trust, women's entrepreneurship, and SME internationalisation in emerging markets.

Six major academic databases were selected for the search process: Scopus, Web of Science, ScienceDirect, JSTOR, EBSCOhost, and ProQuest. These databases were chosen because they provide extensive coverage of peer-reviewed journals across the fields of entrepreneurship, international business, management, and development studies (Gusenbauer and Haddaway, 2020; Paul and Criado, 2020). Using multiple databases helps reduce publication bias and improves the comprehensiveness of the literature search. The search generated a total of 5,822 records across the six databases.

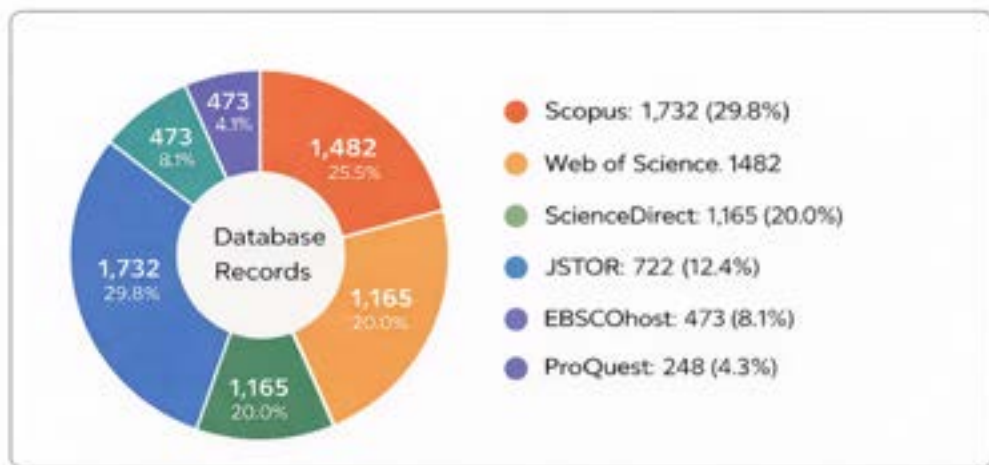


Figure 1: Database distribution chart showing the number of records retrieved from each academic database during the systematic literature review.

Figure 1 illustrates the distribution of records retrieved from each database.

The database distribution indicates that Scopus and Web of Science produced the largest number of records, reflecting their extensive indexing of international management and entrepreneurship journals. ScienceDirect and JSTOR also contributed substantial numbers of relevant studies, while EBSCOhost and ProQuest provided additional coverage of interdisciplinary and regional research publications. Using multiple databases ensured that the search captured literature from a wide range of academic disciplines, including entrepreneurship, international business, sociology, and development studies. Such interdisciplinary coverage is particularly important when examining topics that span multiple theoretical domains, such as trust, institutional environments, and women's entrepreneurship (Petticrew and Roberts, 2006; Snyder, 2019).

3.1.1 Search Keywords and Boolean Strings

To identify relevant literature examining the intersection of trust, women's entrepreneurship, and SME internationalisation in emerging markets, a structured set of search keywords was developed. The keywords were derived from three primary conceptual domains guiding the study: trust and relational mechanisms, women's entrepreneurship, and SME internationalisation. Using multiple keyword clusters ensured that the search captured literature across entrepreneurship, international business, and institutional theory. Systematic literature reviews commonly rely on Boolean search operators to combine keywords and expand or narrow search results across multiple databases (Petticrew and Roberts, 2006; Snyder, 2019).

In this study, the keywords were combined using the Boolean operators AND and OR to ensure comprehensive coverage of relevant literature.

Three major keyword clusters were constructed.

Trust and relational mechanisms

- trust
- relational trust
- institutional trust
- social capital
- network embeddedness
- relational governance

Women entrepreneurship

- women entrepreneur
- female entrepreneur
- women-owned business
- gender and entrepreneurship

SME internationalisation

- SME internationalisation
- small firm internationalisation
- international entrepreneurship
- export behaviour
- cross-border entrepreneurship
- global value chains

These keyword clusters were combined using Boolean logic to generate the search queries used across the selected databases. The primary search string applied in the database searches was structured as follows:

("trust" OR "relational trust" OR "social capital" OR "network embeddedness")

AND

("women entrepreneur*" OR "female entrepreneur*" OR "women-owned business*" OR "gender entrepreneurship")

AND

("SME internationalisation" OR "small firm internationalisation" OR "international entrepreneurship" OR "export behaviour")

AND

("emerging markets" OR "developing countries" OR "institutional environments")

The search strings were adapted slightly across databases to accommodate differences in indexing systems and search interfaces. For example, some databases required searches to be conducted within specific fields such as article titles, abstracts, or keywords. Where possible, searches were restricted to **title**, **abstract**, and **keyword fields** in order to increase the relevance of retrieved records. The search process was conducted iteratively, with preliminary searches used to refine the keyword combinations and identify additional relevant terms. This iterative approach is recommended in systematic review methodologies because it allows researchers to ensure that important conceptual variations within the literature are captured (Tranfield, Denyer and Smart, 2003; Gusenbauer and Haddaway, 2020).

The final search strategy generated **5,822 records across the six databases**, which were subsequently subjected to the screening and selection procedures described in the following section.

3.2 Screening and Selection Procedure

Following the database searches, the retrieved records were subjected to a multi-stage screening process designed to identify studies that met the review's inclusion criteria. Systematic literature reviews commonly employ structured screening procedures in order to ensure transparency and replicability in the selection of relevant studies (Tranfield, Denyer and Smart, 2003; Page et al., 2021).

The initial database search produced 5,822 records across the six selected databases. These records were exported and compiled into a single dataset for further screening.

During the first stage of screening, titles and abstracts were reviewed in order to remove studies that were clearly unrelated to the research focus. Studies that did not address women entrepreneurs, SME internationalisation, or trust-related mechanisms were excluded at this stage. This initial screening resulted in the removal of 3,222 records that did not meet the relevance criteria.

The remaining studies were subjected to a full-text eligibility review in order to assess their conceptual and empirical relevance to the research objectives. During this stage, articles were examined in detail to determine whether they addressed the intersection of women's entrepreneurship, trust dynamics, and SME internationalisation within emerging market contexts. Following the full-text review, an additional 22 studies were excluded because they did not sufficiently address the key constructs of interest or did not focus on SME internationalisation processes.

The final analytical sample therefore consisted of 220 peer-reviewed studies that satisfied the inclusion criteria and formed the basis of the subsequent thematic synthesis. The complete selection procedure is illustrated in Figure 2, which presents the PRISMA flow diagram summarising the identification, screening, eligibility, and inclusion stages of the literature review process.

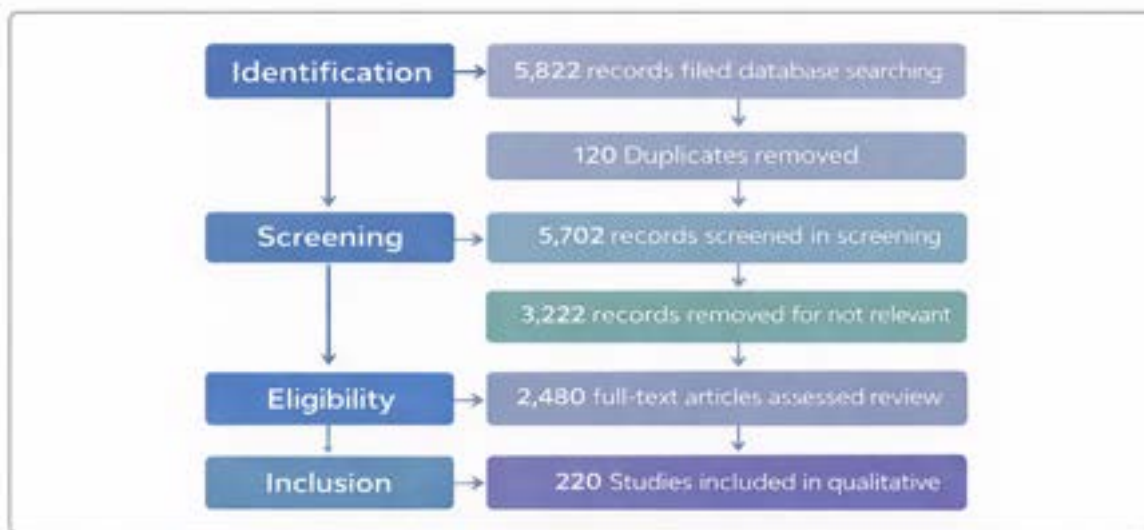


Figure 2: PRISMA flow diagram summarising the identification, screening, eligibility, and inclusion stages of the literature review process.

3.3 Analytical Strategy

Once the final sample of 220 studies had been identified, the literature was analysed using a thematic synthesis approach. Thematic synthesis is widely used in systematic literature reviews because it allows researchers to identify recurring patterns, conceptual mechanisms, and relationships across a diverse body of studies (Thomas and Harden, 2008; Snyder, 2019).

The analysis followed an iterative and abductive process. Initial readings of the selected articles focused on identifying key concepts, theoretical arguments, and empirical findings related to trust, women's entrepreneurship, and SME internationalisation.

Through repeated engagement with the literature, patterns began to emerge regarding how trust mechanisms influenced entrepreneurial activities and how gendered institutional contexts shaped internationalisation opportunities. Rather than applying predefined categories, the analysis allowed themes to emerge inductively from the literature while remaining informed by the theoretical perspectives guiding the study. This iterative approach enabled the integration of insights from multiple research traditions, including international entrepreneurship, institutional theory, and gender and entrepreneurship research.

During the coding process, particular attention was given to identifying mechanisms linking trust dynamics to internationalisation outcomes. Studies were examined for evidence of relational trust, institutional trust, network embeddedness, and reputation-based coordination mechanisms.

In addition, the analysis explored how gender norms and institutional constraints influenced women entrepreneurs' ability to access international markets. Through successive rounds of comparison and refinement, five dominant themes were identified across the literature. These themes capture the primary mechanisms through which trust and relational networks influence the internationalisation processes of women-led SMEs in emerging markets. The thematic synthesis of these findings is further presented in Section 5.

3.4 Inclusion and Exclusion Criteria

To ensure that the review focused on literature directly relevant to the research objectives, explicit inclusion and exclusion criteria were established prior to the screening process. Clearly defined eligibility criteria are considered essential in systematic literature reviews because they enhance transparency and minimise the risk of selection bias (Petticrew and Roberts, 2006; Snyder, 2019). These criteria guided the screening of titles, abstracts, and full texts during the literature selection process.

The inclusion criteria were designed to capture studies examining the intersection of trust, women's entrepreneurship, and SME internationalisation within emerging market contexts. Studies were included in the review if they met the following conditions.

First, the study needed to focus on women entrepreneurs or women-owned enterprises. Research examining entrepreneurship more broadly was only included when it provided insights directly relevant to women's entrepreneurial experiences.

Second, the study had to address trust-related mechanisms, including interpersonal trust, institutional trust, relational governance, or social capital networks. Trust was interpreted broadly to capture the range of relational mechanisms that influence entrepreneurial cooperation and resource exchange.

Third, the study had to examine small and medium-sized enterprises (SMEs) or entrepreneurial ventures. Studies focusing exclusively on large corporations or macroeconomic policy environments without reference to SME behaviour were excluded.

Fourth, the study needed to address internationalisation processes, including exporting, cross-border partnerships, international market expansion, or participation in global value chains.

Fifth, the study had to focus on emerging market contexts. Emerging markets are characterised by evolving institutional environments and distinct entrepreneurial ecosystems that differ significantly from those of advanced economies (Khanna and Palepu, 2010; Wright et al., 2005).

Finally, only peer-reviewed academic publications were included in the final analytical sample in order to ensure the reliability and scholarly quality of the reviewed studies. Studies were excluded if they did not address women entrepreneurs, did not examine trust or relational mechanisms, did not focus on SME internationalisation, or were situated exclusively within advanced economy contexts without relevance to emerging markets.

The exclusion criteria mirrored these inclusion principles. Studies were excluded if they did not focus on women entrepreneurs, did not address trust or relational mechanisms, did not examine SME internationalisation, or were not situated within emerging market contexts. Additionally, conference abstracts, working papers, and non-peer-reviewed reports were excluded in order to maintain consistency in the quality of the analytical sample.

Applying these criteria during the screening stages resulted in the removal of **3,222 records during the title and abstract screening stage** and **22 additional studies during the full-text eligibility review**, leading to the final analytical sample of **220 studies** included in the systematic review. The detailed flow of the screening process is presented in **Figure 2**, which illustrates the PRISMA selection procedure applied in this study.

4. Descriptive Overview of the Literature

The systematic review resulted in a final analytical sample of **220 peer-reviewed studies** examining various aspects of trust, women's entrepreneurship, and SME internationalisation within emerging market contexts. Before proceeding to thematic synthesis, it is useful to provide a descriptive overview of the literature in order to situate the scope, evolution, and methodological orientation of the field. Descriptive mapping is a common step in systematic literature reviews because it allows researchers to identify dominant research traditions, methodological tendencies, and conceptual gaps within a body of scholarship (Tranfield, Denyer and Smart, 2003; Snyder, 2019).

4.1 Evolution of Research on Women's SME Internationalisation

Research examining the internationalisation of small and medium-sized enterprises has expanded significantly over the past three decades. Early studies on SME internationalisation were largely grounded in the **Uppsala internationalisation model**, which conceptualised international expansion as a gradual and incremental learning process shaped by experiential knowledge and uncertainty reduction (Johanson and Vahlne, 1977; Johanson and Vahlne, 2009). Within this framework, firms were expected to expand cautiously into foreign markets as they accumulated knowledge and relational experience.

Subsequent scholarship expanded these perspectives by incorporating insights from **international entrepreneurship research**, which emphasises the proactive role of entrepreneurs in identifying and exploiting cross-border opportunities (Oviatt and McDougall, 1994; Zahra and George, 2002). These studies highlighted the importance of entrepreneurial agency, innovation, and strategic networks in enabling small firms to overcome resource constraints and enter international markets.

Despite these developments, early internationalisation research rarely addressed **gender dynamics** within entrepreneurial activity. Women entrepreneurs were largely absent from foundational models of SME internationalisation, reflecting broader gender biases within entrepreneurship research (Ahl, 2006; Jennings and Brush, 2013). As a result, the experiences of women entrepreneurs navigating international markets remained underexplored for many years.

More recent scholarship has begun to address this gap by examining the structural barriers and relational dynamics shaping women's entrepreneurial participation. Studies increasingly highlight how gender norms, institutional constraints, and network inequalities influence the ability of women entrepreneurs to access international markets (Brush, de Bruin and Welter, 2009; Gupta et al., 2019). Within emerging market contexts, these challenges are often amplified by institutional voids, limited access to finance, and social expectations surrounding gender roles.

4.2 Trust and Relational Mechanisms in Internationalisation

Trust has long been recognised as a central mechanism shaping inter-organisational relationships and economic exchange. Within entrepreneurship research, trust facilitates cooperation, reduces transaction costs, and enables actors to engage in uncertain economic environments (Mayer, Davis and Schoorman, 1995; Zaheer, McEvily and Perrone, 1998). In contexts where formal institutions are weak or unreliable, trust-based relationships often become essential mechanisms for coordinating business activities.

Research on SME internationalisation increasingly highlights the importance of relational trust and network embeddedness in enabling firms to expand beyond domestic markets. Entrepreneurial networks provide access to market information, strategic partnerships, and distribution channels that would otherwise be difficult for small firms to obtain (Granovetter, 1985; Coviello and Munro, 1997). These networks allow entrepreneurs to leverage social relationships in order to mitigate uncertainty and build credibility with foreign partners.

Within emerging markets, trust often functions as a substitute for formal institutional mechanisms. When regulatory frameworks are weak or inconsistent, entrepreneurs rely heavily on interpersonal relationships, reputational signals, and informal agreements to facilitate economic exchange (Khanna and Palepu, 2010; Peng, Wang and Jiang, 2008). These relational dynamics are particularly significant for small firms seeking to overcome institutional barriers to internationalisation.

However, access to trust-based networks is not equally distributed. Women entrepreneurs frequently face barriers to entering influential business networks due to gender norms, social expectations, and limited representation within leadership structures (Aldrich, Reese and Dubini, 1989; Brush et al., 2019). As a result, gendered patterns of network access may significantly influence internationalisation trajectories.

4.3 Women Entrepreneurs in Emerging Markets

Research examining women's entrepreneurship in emerging markets emphasises the complex interplay between institutional environments, social norms, and entrepreneurial opportunity structures. Emerging markets are characterised by evolving regulatory systems, institutional instability, and uneven access to resources, all of which shape entrepreneurial behaviour (Wright et al., 2005; Khanna and Palepu, 2010).

Within such contexts, women entrepreneurs often navigate multiple layers of constraint. Institutional barriers may limit women's access to finance, property rights, and formal business networks. At the same time, cultural norms surrounding gender roles can restrict women's participation in economic activities or leadership positions (Welter, 2011; Jennings and Brush, 2013).

Despite these challenges, research also highlights the agency and resilience of women entrepreneurs in emerging markets. Women frequently develop innovative strategies to navigate institutional constraints, including leveraging social networks, forming collaborative partnerships, and engaging in collective entrepreneurial initiatives (Bruton, Ahlstrom and Li, 2010; Welter, Baker and Wirsching, 2019). These adaptive strategies demonstrate how entrepreneurs can actively reshape their institutional environments while pursuing economic opportunities.

Nevertheless, the intersection of trust, gender, and SME internationalisation remains insufficiently theorised. While existing studies address each of these themes independently, relatively few studies integrate them into a coherent analytical framework. This gap highlights the need for a systematic synthesis of the literature in order to identify underlying mechanisms linking trust dynamics to women's entrepreneurial internationalisation.

4.4 Summary

The descriptive mapping of the literature reveals three important patterns. First, research on SME internationalisation has historically focused on firm-level learning processes and network relationships but has only recently begun to incorporate gender perspectives. Second, trust and relational networks play a critical role in enabling small firms to overcome resource constraints and institutional barriers when entering international markets. Third, women entrepreneurs operating in emerging market contexts often encounter additional structural constraints that shape their access to networks, resources, and legitimacy.

These observations highlight the need for an integrated analytical perspective that connects trust mechanisms, gendered entrepreneurial experiences, and internationalisation processes. The following section therefore synthesises the literature thematically in order to identify the dominant conceptual mechanisms shaping women's SME internationalisation in emerging markets.

5. Thematic Synthesis of the Literature

The systematic review revealed several recurring theoretical and empirical patterns concerning the role of trust in shaping women entrepreneurs' participation in international markets within emerging economies. Although the reviewed studies approach the subject from diverse disciplinary perspectives including entrepreneurship, international business, sociology, and development studies, five dominant themes consistently emerged. These themes relate to institutional environments and entrepreneurial trust, social capital and network embeddedness, gendered institutional barriers, trust and SME internationalisation mechanisms, and the influence of indigenous institutions within emerging markets.

Together, these themes illustrate how entrepreneurial activity in emerging markets is deeply embedded within social, institutional, and relational structures that shape how trust is formed, mobilised, and leveraged in the pursuit of international opportunities.

5.1 Institutional Environments and Entrepreneurial Trust

Institutional environments represent one of the most significant contextual forces shaping entrepreneurial activity in emerging markets. Institutional theory suggests that economic behaviour is structured by both formal institutions, such as laws and regulatory systems, and informal institutions, including cultural norms, traditions, and social expectations (North, 1990; Scott, 2008). In many emerging economies, these institutional arrangements are characterised by incomplete regulatory frameworks, inconsistent enforcement mechanisms, and high levels of uncertainty, which create challenges for entrepreneurs seeking to access resources and expand their businesses.

Within such environments, trust frequently functions as an alternative governance mechanism that compensates for institutional weaknesses. When formal legal protections are limited or unreliable, entrepreneurs rely on trust-based relationships to coordinate transactions, reduce uncertainty, and facilitate cooperation among business partners (Mayer, Davis and Schoorman, 1995; Zaheer, McEvily and Perrone, 1998). Trust therefore becomes a critical mechanism through which entrepreneurs navigate institutional constraints and sustain business operations.

The literature consistently highlights that in emerging markets, trust often substitutes for formal contractual enforcement. For example, relational trust between entrepreneurs, suppliers, and intermediaries enables economic exchanges to occur even in the absence of formal legal protections. These trust relationships reduce transaction costs, increase information sharing, and support long-term collaboration between actors operating within uncertain institutional environments.

However, institutional environments do not influence all entrepreneurs equally. Women entrepreneurs frequently encounter additional institutional barriers arising from gendered norms embedded within economic and social systems. These barriers may shape the ways in which trust is formed and mobilised within entrepreneurial networks, thereby influencing women entrepreneurs' access to resources and opportunities for international expansion.

5.2 Social Capital and Network Embeddedness

A second dominant theme across the reviewed literature concerns the role of social capital in facilitating entrepreneurial activity. Social capital refers to the resources embedded within social networks that can be mobilised by individuals or organisations to achieve economic or strategic objectives (Adler and Kwon, 2002). For entrepreneurs operating in emerging markets, social capital frequently serves as a crucial mechanism for accessing financial resources, information, mentorship, and market opportunities.

Granovetter's concept of embeddedness provides an important theoretical foundation for understanding these dynamics. According to Granovetter (1985), economic actions are embedded within networks of social relationships that shape how information flows and how economic actors coordinate their behaviour. These embedded networks influence the formation of trust and facilitate cooperation between entrepreneurs and other stakeholders.

Within the context of SME internationalisation, social capital networks can provide access to critical knowledge regarding foreign markets, international partners, and cross-border business opportunities. Entrepreneurs often rely on personal relationships, professional networks, and diaspora connections to identify and evaluate potential international opportunities.

The literature suggests that trust plays a central role in enabling social capital to function effectively. Trust strengthens network ties by encouraging reciprocal behaviour and reducing perceived risks associated with economic transactions. In highly uncertain environments, trusted relationships can facilitate the exchange of sensitive information and support the formation of strategic partnerships necessary for international expansion.

For women entrepreneurs in particular, social capital networks may provide an alternative pathway to overcome institutional barriers. In many emerging markets, women may have limited access to formal business networks dominated by male entrepreneurs. As a result, women entrepreneurs often rely on informal networks, community organisations, and women-focused associations to develop trust-based relationships that support business growth.

5.3 Gendered Institutional Barriers

A third theme emerging from the literature concerns the gendered nature of institutional environments and their implications for entrepreneurial activity. Feminist entrepreneurship research emphasises that entrepreneurial ecosystems are not gender-neutral but are instead shaped by social norms, cultural expectations, and institutional structures that influence women's access to opportunities and resources (Ahl, 2006; Ahl and Nelson, 2015).

Women entrepreneurs frequently face structural barriers that constrain their ability to establish and expand businesses. These barriers may include limited access to financial capital, restricted participation in business networks, discriminatory lending practices, and cultural norms that shape perceptions of women's economic roles. Such constraints can influence both the types of businesses women establish and the strategies they employ to pursue entrepreneurial growth.

Within emerging markets, gendered institutional barriers may be particularly pronounced due to the persistence of traditional gender norms and unequal access to economic resources. These dynamics can affect women entrepreneurs' credibility and legitimacy within business environments, potentially influencing how trust relationships are formed and maintained.

The literature indicates that trust can function both as a barrier and as a resource for women entrepreneurs. On one hand, gender biases may undermine trust in women's entrepreneurial competence among investors, partners, and financial institutions. On the other hand, women entrepreneurs may leverage trusted relationships within family networks, community groups, and women's associations to access resources and support entrepreneurial activities.

This dual role of trust highlights the importance of examining the relational dynamics through which women entrepreneurs navigate institutional barriers and construct legitimacy within entrepreneurial ecosystems.

5.4 Trust and SME Internationalisation

Another key theme concerns the relationship between trust and the internationalisation of small and medium-sized enterprises. Internationalisation often presents significant challenges for SMEs due to limited resources, lack of market knowledge, and uncertainty associated with cross-border transactions. For entrepreneurs operating in emerging markets, these challenges may be further compounded by institutional weaknesses and information asymmetries.

Trust-based relationships can play a crucial role in facilitating SME internationalisation. Trusted partners, intermediaries, and network contacts often provide entrepreneurs with access to information about foreign markets, assist in identifying potential business partners, and reduce risks associated with international transactions.

Research on international entrepreneurship suggests that network relationships frequently serve as bridges connecting entrepreneurs to international markets. Through these networks, entrepreneurs gain access to knowledge regarding foreign regulations, consumer preferences, and distribution channels. Trust within these relationships reduces perceived risks and encourages collaboration between firms operating in different institutional environments.

For women entrepreneurs, trust-based networks may be particularly important for overcoming barriers to internationalisation. Women entrepreneurs may rely on trusted intermediaries, diaspora networks, or international development programmes to access foreign market opportunities and establish partnerships necessary for international expansion.

5.5 Indigenous Institutions in Emerging Markets

The final theme emerging from the literature concerns the influence of indigenous institutions in shaping entrepreneurial behaviour within emerging markets. Indigenous institutions refer to locally embedded governance structures, cultural practices, and social norms that regulate economic interactions outside formal regulatory systems.

In many emerging economies, indigenous institutions play a significant role in structuring economic relationships. Community-based organisations, traditional leadership systems, and kinship networks often provide informal mechanisms for resolving disputes, enforcing agreements, and facilitating economic cooperation.

These institutions frequently operate through trust-based mechanisms rooted in shared cultural norms and social obligations. Entrepreneurs participating in such systems often rely on reputation, reciprocity, and long-standing social relationships to coordinate economic activities.

For women entrepreneurs, indigenous institutions can represent both opportunities and constraints. While traditional structures may provide access to community support networks and local legitimacy, they may also reinforce gendered norms that limit women's participation in certain economic activities. Understanding how women entrepreneurs engage with indigenous institutional systems is therefore critical for explaining how trust relationships influence entrepreneurial outcomes in emerging markets.

6. Conceptual Framework Development

The systematic review revealed that entrepreneurial activity in emerging markets is shaped by a complex interplay of institutional conditions, social networks, and relational trust mechanisms. Although existing studies examine these dimensions separately, relatively little research has integrated them into a unified framework explaining how trust-based mechanisms influence women entrepreneurs' internationalisation trajectories.

Drawing on insights from institutional theory, social capital theory, and feminist entrepreneurship research, this study develops a conceptual framework that explains how indigenous institutional environments shape trust relationships and social capital networks, which in turn influence women entrepreneurs' ability to pursue international market opportunities.

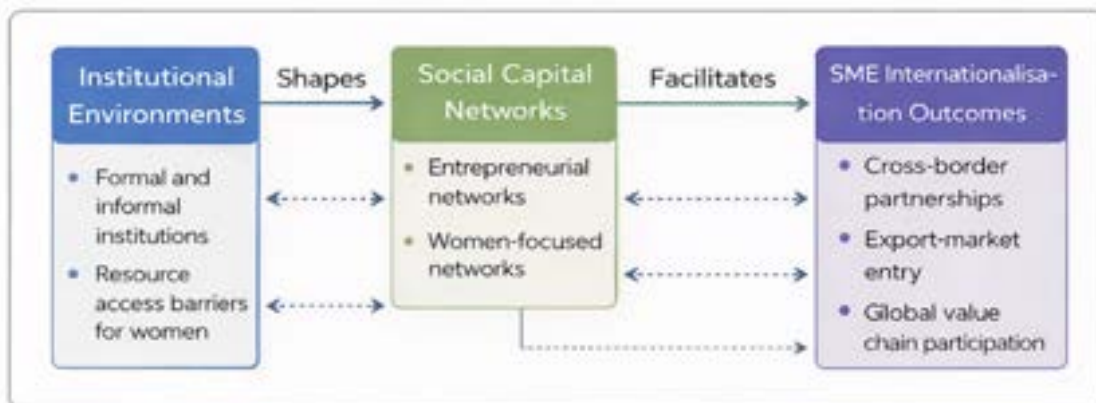


Figure 3. Conceptual framework linking institutional environments, social capital networks, trust relationships, and SME internationalisation outcomes for women entrepreneurs in emerging markets.

The framework emphasises the relational mechanisms through which women entrepreneurs navigate institutional constraints and construct legitimacy within both domestic and international markets. The framework consists of four key constructs: indigenous institutional environments, social capital networks, trust relationships, and SME internationalisation outcomes. These constructs are embedded within the broader institutional context of emerging markets, where formal institutional systems coexist with deeply embedded informal social structures.

Indigenous Institutional Environments

Institutional environments represent the foundational context within which entrepreneurial activity occurs. In emerging markets, institutional structures are often characterised by hybrid governance systems that combine formal regulatory frameworks with informal social norms and community-based institutions. These environments influence how entrepreneurs access resources, form business relationships, and pursue market opportunities.

Institutional theory suggests that economic actors respond to institutional pressures by adopting strategies that align with both formal rules and informal expectations (North, 1990; Scott, 2008). In emerging markets, where formal institutional systems may be incomplete or weakly enforced, informal institutions frequently play a critical role in shaping entrepreneurial behaviour.

Indigenous institutional systems such as kinship networks, community associations, and traditional leadership structures often provide mechanisms for coordinating economic activity and enforcing agreements. These systems typically operate through trust-based mechanisms rooted in shared norms, cultural expectations, and long-standing social relationships.

For women entrepreneurs, indigenous institutional environments can simultaneously provide support and impose constraints. Community networks may offer access to resources, mentorship, and market opportunities, while at the same time reinforcing gendered norms that shape perceptions of women's economic roles. As a result, women entrepreneurs must often navigate complex institutional landscapes when pursuing entrepreneurial opportunities.

Social Capital Networks

Social capital networks represent the relational structures through which entrepreneurs mobilise resources and information necessary for business development. Within emerging markets, these networks frequently compensate for limitations in formal institutional support systems.

Social capital theory emphasises that individuals embedded within strong networks gain access to valuable resources, including information, financial support, and reputational legitimacy (Adler and Kwon, 2002). For entrepreneurs, these networks may include family relationships, professional associations, diaspora connections, and industry networks.

The literature reviewed in this study indicates that social capital networks play a particularly important role in supporting SME internationalisation. Entrepreneurs often rely on network contacts to identify international opportunities, access foreign market knowledge, and establish partnerships with international distributors or collaborators.

For women entrepreneurs, social capital networks may provide critical mechanisms for overcoming institutional barriers. Women-focused networks, mentorship programmes, and entrepreneurial associations often serve as platforms through which women entrepreneurs build trust-based relationships that support business growth and international expansion.

However, the effectiveness of social capital networks is closely linked to the presence of trust among network members. Trust encourages reciprocal behaviour, reduces perceived risks associated with collaboration, and facilitates the exchange of valuable information within networks.

Trust Relationships

Trust relationships represent the central mechanism connecting institutional environments and entrepreneurial outcomes within the proposed framework. Trust can be understood as the willingness of one actor to rely on another actor based on expectations of competence, integrity, and reliability (Mayer, Davis and Schoorman, 1995).

In emerging markets, trust frequently functions as a governance mechanism that facilitates economic exchange in environments characterised by uncertainty and limited institutional enforcement. Trust relationships reduce transaction costs, support information sharing, and encourage long-term collaboration among entrepreneurs, suppliers, investors, and business partners.

The literature suggests that trust relationships often emerge from repeated interactions within social networks and community institutions. These relationships are reinforced through mechanisms such as reputation, reciprocity, and shared norms, which encourage cooperative behaviour among economic actors.

For women entrepreneurs pursuing international opportunities, trust relationships may play a particularly significant role in facilitating cross-border partnerships and reducing perceived risks associated with international trade. Trusted intermediaries and network contacts often provide critical support in identifying reliable international partners and navigating foreign market environments.

However, trust relationships are not formed automatically. They are shaped by institutional contexts, network structures, and perceptions of entrepreneurial legitimacy. Women entrepreneurs may therefore need to actively cultivate trust relationships in order to overcome gendered biases and establish credibility within entrepreneurial ecosystems.

SME Internationalisation Outcomes

The final component of the framework concerns the internationalisation outcomes of SMEs. Internationalisation refers to the process through which firms expand their operations beyond domestic markets, often through exporting, strategic alliances, or participation in global value chains.

SME internationalisation is frequently influenced by entrepreneurs' access to resources, knowledge, and networks. Entrepreneurs with strong relational networks and trusted partnerships are often better positioned to identify international opportunities and manage the uncertainties associated with cross-border business activities.

The literature reviewed in this study suggests that trust-based networks can significantly influence internationalisation outcomes. Trust relationships facilitate information exchange, reduce perceived risks associated with international transactions, and support the formation of strategic partnerships necessary for international expansion.

For women entrepreneurs, trust networks may be particularly important in enabling access to international markets that might otherwise remain inaccessible due to institutional barriers or limited formal support structures.

7. Theoretical Propositions

Building on the thematic synthesis and conceptual framework developed in the preceding sections, this study advances a series of theoretical propositions explaining how institutional environments, social capital networks, and trust relationships shape women entrepreneurs' internationalisation outcomes in emerging markets. These propositions are derived from patterns observed across the reviewed literature and represent theoretical relationships that future empirical research can test.

Proposition 1:

Indigenous institutional environments influence the formation of social capital networks among women entrepreneurs in emerging markets.

Institutional environments structure the opportunities and constraints that shape entrepreneurial behaviour. Institutional theory suggests that economic actors operate within systems of formal and informal rules that influence access to resources, legitimacy, and market opportunities (North, 1990; Scott, 2008). In emerging markets, these institutional environments are frequently characterised by hybrid governance systems in which formal regulatory structures coexist with informal cultural norms and community-based institutions.

Within such contexts, indigenous institutional systems often shape how entrepreneurs develop social networks and access resources. Kinship systems, community organisations, and local associations frequently serve as mechanisms through which entrepreneurs connect with potential collaborators, mentors, and business partners. These relational networks provide access to information, financial resources, and reputational support that may otherwise be difficult to obtain through formal institutional channels.

For women entrepreneurs in particular, indigenous institutions may play a critical role in facilitating access to social capital. In many emerging markets, formal business networks are dominated by male actors, limiting women's opportunities to participate in mainstream entrepreneurial ecosystems. As a result, women entrepreneurs often rely on community networks, women's associations, and family-based connections to establish the relationships necessary for entrepreneurial activity (Ahl, 2006; Kuada, Sanda and Mensah, 2021). The literature therefore suggests that indigenous institutional environments influence the structure and composition of social capital networks available to women entrepreneurs. These networks subsequently shape the resources and opportunities accessible to women-owned enterprises.

Proposition 2:**Social capital networks facilitate the development of trust relationships among women entrepreneurs and their business partners.**

Social capital networks provide the relational foundation through which trust relationships emerge and evolve. Social capital theory emphasises that individuals embedded within strong networks benefit from repeated interactions, shared norms, and reputational mechanisms that promote cooperative behaviour (Adler and Kwon, 2002). These interactions create opportunities for trust to develop between network members.

Granovetter's concept of embeddedness highlights that economic exchanges are embedded within social relationships that shape the flow of information and the development of trust between actors (Granovetter, 1985). When entrepreneurs interact repeatedly within network structures, they develop familiarity with one another's capabilities, values, and reliability. Over time, this familiarity reduces uncertainty and encourages the formation of trust-based relationships.

Within emerging markets, social capital networks often serve as substitutes for formal institutional protections. Entrepreneurs may rely on trusted intermediaries, professional networks, or community contacts to identify reliable business partners and mitigate risks associated with economic transactions. These networks facilitate trust by enabling entrepreneurs to verify reputations, gather information about potential collaborators, and rely on shared social norms that encourage responsible behaviour.

For women entrepreneurs, the role of social capital networks in building trust may be particularly significant. Because women entrepreneurs sometimes face credibility challenges within male-dominated entrepreneurial ecosystems, trusted network relationships can provide mechanisms through which women demonstrate competence and reliability to potential partners and investors.

The literature therefore suggests that social capital networks function as relational infrastructures that support the formation and maintenance of trust relationships between entrepreneurs and other stakeholders.

Proposition 3:**Trust relationships positively influence the internationalisation outcomes of women-owned SMEs.**

Trust relationships play a critical role in enabling small and medium-sized enterprises to expand into international markets. Internationalisation frequently involves significant uncertainty due to differences in regulatory systems, cultural environments, and market conditions across countries. For SMEs with limited resources and experience, these uncertainties may represent substantial barriers to international expansion. Trust-based relationships can mitigate these challenges by facilitating cooperation between firms and reducing perceived risks associated with cross-border transactions. Trust encourages information sharing between partners, enables the formation of long-term strategic alliances, and supports collaborative problem-solving in unfamiliar market environments (Mayer, Davis and Schoorman, 1995; Zaheer, McEvily and Perrone, 1998).

Entrepreneurs frequently rely on trusted intermediaries, distributors, and network contacts to identify international opportunities and establish partnerships in foreign markets. These trusted relationships provide access to valuable market knowledge, including information about regulatory requirements, distribution channels, and consumer preferences in target markets.

For women entrepreneurs, trust relationships may be particularly important for overcoming barriers to internationalisation. Trusted networks can provide credibility and legitimacy when women entrepreneurs seek to establish partnerships with international stakeholders. These relationships can also facilitate access to financial resources and mentorship opportunities necessary for international expansion.

The literature therefore suggests that trust relationships serve as critical mechanisms through which women entrepreneurs navigate the uncertainties associated with international markets and pursue cross-border entrepreneurial opportunities.

Proposition 4:

Institutional environments moderate the relationship between trust relationships and SME internationalisation outcomes.

While trust relationships can facilitate entrepreneurial internationalisation, the effectiveness of these relationships may depend on the broader institutional context within which firms operate. Institutional environments shape the extent to which trust-based relationships can substitute for formal governance mechanisms.

In environments where formal institutions are strong and regulatory frameworks are well enforced, trust relationships may complement formal contractual arrangements. However, in emerging markets characterised by institutional voids or weak enforcement systems, trust relationships may play a more central role in enabling economic exchange and international collaboration (Mair and Martí, 2009).

Institutional conditions may therefore influence the extent to which trust relationships translate into successful internationalisation outcomes. In highly uncertain environments, entrepreneurs may rely more heavily on trusted partners to mitigate risks and navigate institutional complexities. Conversely, where institutional support structures are stronger, formal governance mechanisms may reduce the reliance on relational trust.

For women entrepreneurs operating in emerging markets, institutional environments may also influence how credibility and legitimacy are constructed. Gender norms embedded within institutional systems can shape perceptions of trustworthiness and competence, potentially affecting women entrepreneurs' ability to establish international partnerships.

The literature therefore suggests that institutional environments play an important moderating role in shaping the relationship between trust relationships and SME internationalisation outcomes.

8. Implications for Research

The conceptual framework developed in this study contributes to several streams of research within entrepreneurship, international business, and emerging market studies. By integrating insights from institutional theory, social capital theory, and feminist entrepreneurship research, the framework advances understanding of how relational mechanisms shape entrepreneurial internationalisation in emerging economies.

First, the study contributes to the literature on international entrepreneurship by highlighting the central role of trust relationships in facilitating SME internationalisation in emerging markets. Existing research on international entrepreneurship often emphasises firm-level capabilities, market knowledge, and strategic resources as determinants of international expansion (Knight and Cavusgil, 2004; Oviatt and McDougall, 2005). While these factors are undoubtedly important, the findings of this review suggest that relational mechanisms such as trust and social capital networks play an equally significant role in enabling SMEs to navigate institutional uncertainty and establish cross-border partnerships.

By emphasising trust as a relational governance mechanism, this study extends current understanding of how entrepreneurs overcome institutional constraints in emerging markets. Trust relationships reduce uncertainty, facilitate information exchange, and enable cooperation between economic actors operating in different institutional environments. Future research can build on this insight by examining how trust-based relationships evolve across different stages of the internationalisation process.

Second, the study contributes to the literature on women's entrepreneurship by highlighting the importance of relational strategies in overcoming gendered institutional barriers. Feminist entrepreneurship research has long emphasised that women entrepreneurs operate within institutional environments shaped by gender norms, cultural expectations, and unequal access to resources (Ahl, 2006; Ahl and Nelson, 2015). The framework developed in this study demonstrates how women entrepreneurs may leverage social capital networks and trust relationships to navigate these institutional constraints and pursue international market opportunities.

This relational perspective expands existing discussions of women's entrepreneurship by emphasising the strategic role of networks and trust in enabling women entrepreneurs to construct legitimacy within entrepreneurial ecosystems. Future empirical studies may investigate how women entrepreneurs mobilise different types of social capital to support internationalisation strategies.

Third, the study contributes to research on emerging market institutions by highlighting the role of indigenous institutional systems in shaping entrepreneurial behaviour. Much of the existing literature on entrepreneurship focuses on formal institutional environments such as regulatory frameworks, financial systems, and market-supporting institutions (North, 1990; Scott, 2008). However, in many emerging economies, informal institutions and community-based governance systems continue to play a significant role in structuring economic interactions.

The framework developed in this study demonstrates that indigenous institutions may influence entrepreneurial activity by shaping the formation of social capital networks and trust relationships. This insight encourages scholars to examine how informal institutional systems interact with formal regulatory structures to shape entrepreneurial outcomes in emerging markets.

Finally, the study provides a foundation for future empirical research examining the relationships proposed in the conceptual framework. The propositions advanced in this paper offer testable relationships that can be explored through qualitative case studies, network analyses, or quantitative survey-based research designs. Longitudinal research may be particularly valuable for examining how trust relationships evolve over time and how they influence the internationalisation trajectories of women-owned SMEs.

9. Policy and Practice Implications

Beyond its theoretical contributions, this study also offers important implications for policymakers, development organisations, and practitioners seeking to support women entrepreneurs in emerging markets. First, the findings highlight the importance of strengthening entrepreneurial networks and mentorship systems. Because social capital networks play a crucial role in facilitating trust relationships and access to resources, policymakers should prioritise initiatives that connect women entrepreneurs with mentors, industry experts, and international business networks. Programmes that support networking events, entrepreneurial associations, and peer learning platforms may enhance women entrepreneurs' access to trusted relationships that support business growth and international expansion.

Second, the findings suggest that policies aimed at promoting SME internationalisation should recognise the relational dimensions of entrepreneurial activity. Traditional export promotion programmes often focus on providing financial incentives or technical training. While these interventions are valuable, they may overlook the importance of relationship-building and trust formation in facilitating international partnerships. Development agencies and export promotion organisations should therefore consider incorporating networking initiatives and partnership development programmes into internationalisation support strategies. Third, the study highlights the importance of addressing institutional barriers that limit women entrepreneurs' participation in formal business networks. Gender-sensitive policy interventions may be necessary to ensure that women entrepreneurs have equitable access to financing, training, and international market opportunities. Policies that promote gender-inclusive entrepreneurial ecosystems may help reduce structural barriers and enable women entrepreneurs to participate more fully in global markets.

Finally, development organisations working in emerging markets should recognise the role of indigenous institutional systems in shaping entrepreneurial activity. Community organisations, traditional leadership structures, and local associations may serve as important intermediaries connecting entrepreneurs to resources and opportunities. Engaging with these institutions may enhance the effectiveness of entrepreneurship development programmes.

10. Conclusion

This study examined the relationship between trust, social capital networks, and women entrepreneurs' internationalisation in emerging markets through a systematic literature review. By synthesising insights from entrepreneurship, international business, and institutional theory research, the study identified key mechanisms through which relational dynamics influence entrepreneurial outcomes in contexts characterised by institutional uncertainty.

The review revealed that entrepreneurial activity in emerging markets is deeply embedded within institutional and relational structures that shape how entrepreneurs access resources, form partnerships, and pursue international opportunities. Indigenous institutional environments influence the formation of social capital networks, which in turn facilitate the development of trust relationships between entrepreneurs and their business partners. These trust relationships play a critical role in enabling women-owned SMEs to navigate the uncertainties associated with international markets.

Based on these insights, the study developed a conceptual framework linking institutional environments, social capital networks, trust relationships, and SME internationalisation outcomes. The framework advances theoretical understanding of how relational mechanisms support entrepreneurial internationalisation in emerging markets and provides a foundation for future empirical research examining these dynamics.

The findings also highlight the importance of recognising the relational and institutional contexts within which women entrepreneurs operate. Policies and support programmes that strengthen entrepreneurial networks, foster trust-based partnerships, and address gendered institutional barriers may enhance the ability of women entrepreneurs to participate in international markets and contribute to economic development.

References

- Acs, Z.J., Desai, S. and Hessels, J. (2008) 'Entrepreneurship, economic development and institutions', *Small Business Economics*, 31(3), pp. 219–234.
- Acs, Z.J., Autio, E. and Szerb, L. (2014) 'National systems of entrepreneurship: Measurement issues and policy implications', *Research Policy*, 43(3), pp. 476–494.
- Adler, P.S. and Kwon, S.-W. (2002) 'Social capital: Prospects for a new concept', *Academy of Management Review*, 27(1), pp. 17–40.
- Aidis, R., Welter, F., Smallbone, D. and Isakova, N. (2007) 'Female entrepreneurship in transition economies: The case of Lithuania and Ukraine', *Feminist Economics*, 13(2), pp. 157–183.
- Ahl, H. (2006) 'Why research on women entrepreneurs needs new directions', *Entrepreneurship Theory and Practice*, 30(5), pp. 595–621.
- Ahl, H. and Nelson, T. (2015) 'How policy positions women entrepreneurs: A comparative analysis of Sweden and the United States', *Journal of Business Venturing*, 30(2), pp. 273–291.
- Aldrich, H.E. and Cliff, J.E. (2003) 'The pervasive effects of family on entrepreneurship: Toward a family embeddedness perspective', *Journal of Business Venturing*, 18(5), pp. 573–596.
- Aldrich, H., Reese, P.R. and Dubini, P. (1989) 'Women on the verge of a breakthrough: Networking among entrepreneurs in the United States and Italy', *Entrepreneurship & Regional Development*, 1(4), pp. 339–356.
- Amine, L.S. and Staub, K.M. (2009) 'Women entrepreneurs in sub-Saharan Africa: An institutional theory analysis from a social marketing point of view', *Entrepreneurship & Regional Development*, 21(2), pp. 183–211.
- Arrow, K.J. (1974) *The Limits of Organization*. New York: W.W. Norton.
- Audretsch, D.B. (2007) *The Entrepreneurial Society*. Oxford: Oxford University Press.
- Autio, E. (2017) 'Strategic entrepreneurial internationalization: A normative framework', *Strategic Entrepreneurship Journal*, 11(3), pp. 211–227.
- Ayyagari, M., Demirgüç-Kunt, A. and Maksimovic, V. (2011) 'Small vs. young firms across the world: Contribution to employment, job creation, and growth', *World Bank Policy Research Working Paper*. Washington, DC: World Bank. [verify paper number]
- Baumol, W.J. (1996) 'Entrepreneurship: Productive, unproductive, and destructive', *Journal of Business Venturing*, 11(1), pp. 3–22.
- Beck, T. and Demirgüç-Kunt, A. (2006) 'Small and medium-size enterprises: Access to finance as a growth constraint', *Journal of Banking & Finance*, 30(11), pp. 2931–2943.
- Beck, T., Demirgüç-Kunt, A. and Levine, R. (2005) 'SMEs, growth, and poverty: Cross-country evidence', *Journal of Economic Growth*, 10(3), pp. 199–229.

References

- Bourdieu, P. (1986) 'The forms of capital', in Richardson, J.G. (ed.) *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood Press, pp. 241–258.
- Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology', *Qualitative Research in Psychology*, 3(2), pp. 77–101.
- Brush, C.G., de Bruin, A. and Welter, F. (2009) 'A gender-aware framework for women's entrepreneurship', *International Journal of Gender and Entrepreneurship*, 1(1), pp. 8–24.
- Brush, C.G., et al. (2019) [verify details: exact source for "Brush et al., 2019"].
- Bruton, G.D., Ahlstrom, D. and Li, H.-L. (2010) 'Institutional theory and entrepreneurship: Where are we now and where do we need to move in the future?', *Entrepreneurship Theory and Practice*, 34(3), pp. 421–440.
- Burt, R.S. (1992) *Structural Holes: The Social Structure of Competition*. Cambridge, MA: Harvard University Press.
- Burt, R.S. (2005) *Brokerage and Closure: An Introduction to Social Capital*. Oxford: Oxford University Press.
- Carter, S., et al. (2015) [verify details: exact source for "Carter et al., 2015"].
- Child, J. and Rodrigues, S.B. (2005) 'The internationalization of Chinese firms: A case for theoretical extension?', *Management and Organization Review*, 1(3), pp. 381–410.
- Coleman, J.S. (1988) 'Social capital in the creation of human capital', *American Journal of Sociology*, 94, pp. S95–S120.
- Coviello, N.E. and McAuley, A. (1999) 'Internationalisation and the smaller firm: A review of contemporary empirical research', *Management International Review*, 39(3), pp. 223–256.
- Coviello, N.E. and Munro, H.J. (1997) 'Network relationships and the internationalisation process of small software firms', *International Business Review*, 6(4), pp. 361–386.
- Das, T.K. and Teng, B.-S. (1998) 'Between trust and control: Developing confidence in partner cooperation in alliances', *Academy of Management Review*, 23(3), pp. 491–512.
- De Clercq, D. and Sapienza, H.J. (2006) 'Effects of relational capital and commitment on venture capitalists' perception of portfolio company performance', *Journal of Business Venturing*, 21(3), pp. 326–347.
- DiMaggio, P.J. and Powell, W.W. (1983) 'The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields', *American Sociological Review*, 48(2), pp. 147–160.
- Elam, A.B., Brush, C.G., Greene, P.G., Baumer, B., Dean, M. and Heavlow, R. (2019) *Global Entrepreneurship Monitor 2018/2019 Women's Entrepreneurship Report*. London: Global Entrepreneurship Research Association (GERA). [verify city/publisher format if required]
- Estrin, S., Korosteleva, J. and Mickiewicz, T. (2013) 'Which institutions encourage entrepreneurial growth aspirations?', *Journal of Business Venturing*, 28(4), pp. 564–580.
- Estrin, S. and Prevezer, M. (2011) 'The role of informal institutions in corporate governance: Brazil, Russia, India, and China compared', *Asia Pacific Journal of Management*, 28(1), pp. 41–67.
- Foss, L., Henry, C., Ahl, H. and Mikalsen, G.H. (2019) 'Women's entrepreneurship policy research: A 30-year review of the evidence', *Small Business Economics*, 53(2), pp. 409–429. [verify volume/issue/pages if needed]
- Granovetter, M. (1985) 'Economic action and social structure: The problem of embeddedness', *American Journal of Sociology*, 91(3), pp. 481–510.
- Gulati, R. (1995) 'Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances', *Academy of Management Journal*, 38(1), pp. 85–112.
- Gupta, V.K., et al. (2019) [verify details: exact source for "Gupta et al., 2019"].
- Gusenbauer, M. and Haddaway, N.R. (2020) 'Which academic search systems are suitable for systematic reviews or meta-analyses? Evaluating retrieval qualities of Google Scholar, PubMed, and 26 other resources', *Research Synthesis Methods*, 11(2), pp. 181–217.
- Hallberg, K. (2000) *A Market-Oriented Strategy for Small and Medium-Scale Enterprises*. IFC Discussion Paper No. 40. Washington, DC: International Finance Corporation.
- Helmke, G. and Levitsky, S. (2004) 'Informal institutions and comparative politics: A research agenda', *Perspectives on Politics*, 2(4), pp. 725–740.
- Hoang, H. and Antoncic, B. (2003) 'Network-based research in entrepreneurship: A critical review', *Journal of Business Venturing*, 18(2), pp. 165–187.
- Jack, S.L. (2010) 'Approaches to studying networks: Implications and outcomes', *Journal of Business Venturing*, 25(1), pp. 120–137.
- Jennings, J.E. and Brush, C.G. (2013) 'Research on women entrepreneurs: Challenges to (and from) the broader entrepreneurship literature?', *Academy of Management Annals*, 7(1), pp. 663–715.
- Johanson, J. and Vahlne, J.-E. (1977) 'The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments', *Journal of International Business Studies*, 8(1), pp. 23–32.
- Johanson, J. and Vahlne, J.-E. (2009) 'The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership', *Journal of International Business Studies*, 40(9), pp. 1411–1431.

References

- Khanna, T. and Palepu, K.G. (2010) *Winning in Emerging Markets: A Road Map for Strategy and Execution*. Boston, MA: Harvard Business Press.
- Knight, G.A. and Cavusgil, S.T. (2004) 'Innovation, organizational capabilities, and the born-global firm', *Journal of International Business Studies*, 35(2), pp. 124–141.
- Kostova, T. and Zaheer, S. (1999) 'Organizational legitimacy under conditions of complexity: The case of the multinational enterprise', *Academy of Management Review*, 24(1), pp. 64–81.
- Kuada, J., Sanda, M.A. and Mensah, J. (2021) [verify details: exact source for "Kuada, Sanda and Mensah, 2021"]].
- Lu, J.W. and Beamish, P.W. (2001) 'The internationalization and performance of SMEs', *Strategic Management Journal*, 22(6–7), pp. 565–586.
- Luhmann, N. (1979) *Trust and Power*. Chichester: John Wiley & Sons.
- Mair, J. and Martí, I. (2009) 'Entrepreneurship in and around institutional voids: A case study from Bangladesh', *Journal of Business Venturing*, 24(5), pp. 419–435.
- Marlow, S. and McAdam, M. (2013) 'Gender and entrepreneurship: Advancing debate and challenging myths; exploring the mystery of the under-performing female entrepreneur', *International Journal of Entrepreneurial Behavior & Research*, 19(1), pp. 114–124.
- Mayer, R.C., Davis, J.H. and Schoorman, F.D. (1995) 'An integrative model of organizational trust', *Academy of Management Review*, 20(3), pp. 709–734.
- Minniti, M. (2010) 'Female entrepreneurship and economic activity', *European Journal of Development Research*, 22(3), pp. 294–312. [verify exact title/pages if needed]
- Minniti, M. and Naudé, W. (2010) 'What do we know about the patterns and determinants of female entrepreneurship across countries?', *European Journal of Development Research*, 22(3), pp. 277–293.
- Nahapiet, J. and Ghoshal, S. (1998) 'Social capital, intellectual capital, and the organizational advantage', *Academy of Management Review*, 23(2), pp. 242–266.
- Naudé, W. (2010) 'Entrepreneurship, developing countries, and development economics: New approaches and insights', *Small Business Economics*, 34(1), pp. 1–12.
- North, D.C. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- OECD (2017) *Enhancing the Contributions of SMEs in a Global and Digitalised Economy*. Paris: OECD. [verify exact report title if different]
- Oviatt, B.M. and McDougall, P.P. (1994) 'Toward a theory of international new ventures', *Journal of International Business Studies*, 25(1), pp. 45–64.
- Oviatt, B.M. and McDougall, P.P. (2005) 'Defining international entrepreneurship and modeling the speed of internationalization', *Entrepreneurship Theory and Practice*, 29(5), pp. 537–554.
- Page, M.J., McKenzie, J.E., Bossuyt, P.M., Boutron, I., Hoffmann, T.C., Mulrow, C.D., Shamseer, L., Tetzlaff, J.M., Akl, E.A., Brennan, S.E., Chou, R., Glanville, J., Grimshaw, J.M., Hróbjartsson, A., Lalu, M.M., Li, T., Loder, E.W., Mayo-Wilson, E., McDonald, S., McGuinness, L.A., Stewart, L.A., Thomas, J., Tricco, A.C., Welch, V.A., Whiting, P. and Moher, D. (2021) 'The PRISMA 2020 statement: An updated guideline for reporting systematic reviews', *BMJ*, 372, n71.
- Paul, J. and Criado, A.R. (2020) 'The art of writing literature review: What do we know and what do we need to know?', *International Business Review*, 29(4), 101717.
- Peng, M.W., Wang, D.Y.L. and Jiang, Y. (2008) 'An institution-based view of international business strategy: A focus on emerging economies', *Journal of International Business Studies*, 39(5), pp. 920–936.
- Petticrew, M. and Roberts, H. (2006) *Systematic Reviews in the Social Sciences: A Practical Guide*. Oxford: Blackwell Publishing.
- Roomi, M.A. and Harrison, P. (2010) 'Behind the veil: Women-only entrepreneurship training in Pakistan', *International Journal of Gender and Entrepreneurship*, 2(2), pp. 150–172.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S. and Camerer, C. (1998) 'Not so different after all: A cross-discipline view of trust', *Academy of Management Review*, 23(3), pp. 393–404.
- Sapienza, H.J., Autio, E., George, G. and Zahra, S.A. (2006) 'A capabilities perspective on the effects of early internationalization on firm survival and growth', *Academy of Management Review*, 31(4), pp. 914–933.
- Schumpeter, J.A. (1934) *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*. Cambridge, MA: Harvard University Press.
- Scott, W.R. (2008) *Institutions and Organizations: Ideas and Interests*. 3rd edn. Thousand Oaks, CA: Sage.
- Snyder, H. (2019) 'Literature review as a research methodology: An overview and guidelines', *Journal of Business Research*, 104, pp. 333–339.
- Stam, W., Arzlanian, S. and Elfring, T. (2014) 'Social capital of entrepreneurs and small firm performance: A meta-analysis of contextual and methodological moderators', *Journal of Business Venturing*, 29(1), pp. 152–173.
- Thomas, J. and Harden, A. (2008) 'Methods for the thematic synthesis of qualitative research in systematic reviews', *BMC Medical Research Methodology*, 8, 45.
- Tranfield, D., Denyer, D. and Smart, P. (2003) 'Towards a methodology for developing evidence-informed management knowledge by means of systematic review', *British Journal of Management*, 14(3), pp. 207–222.

References

- Uzzi, B. (1997) 'Social structure and competition in interfirm networks: The paradox of embeddedness', *Administrative Science Quarterly*, 42(1), pp. 35–67.
- Welter, F. (2011) 'Contextualizing entrepreneurship: Conceptual challenges and ways forward', *Entrepreneurship Theory and Practice*, 35(1), pp. 165–184.
- Welter, F., Baker, T. and Wirsching, K. (2019) 'Three waves and counting: The rising tide of contextualization in entrepreneurship research', *Small Business Economics*, 52(2), pp. 319–330.
- Wennekers, S. and Thurik, R. (1999) 'Linking entrepreneurship and economic growth', *Small Business Economics*, 13(1), pp. 27–56.
- Williamson, O.E. (1985) *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York: Free Press.
- Williamson, O.E. (2000) 'The new institutional economics: Taking stock, looking ahead', *Journal of Economic Literature*, 38(3), pp. 595–613.
- Wright, M., Filatotchev, I., Hoskisson, R.E. and Peng, M.W. (2005) 'Strategy research in emerging economies: Challenging the conventional wisdom', *Journal of Management Studies*, 42(1), pp. 1–33.
- Zahra, S.A. and George, G. (2002) 'International entrepreneurship: The current status of the field and future research agenda', in Hitt, M.A., Ireland, R.D., Camp, S.M. and Sexton, D.L. (eds.) *Strategic Entrepreneurship: Creating a New Mindset*. Oxford: Blackwell Publishers, pp. 255–288.
- Zaheer, A., McEvily, B. and Perrone, V. (1998) 'Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance', *Organization Science*, 9(2), pp. 141–159.

BEYOND REMITTANCES: DIASPORA GOVERNANCE AND THE POLITICS OF REPRESENTATION IN AFRICA

Bernadetta Mazimbe, PhD; *Sheffield Business School, Sheffield Hallam University*
Email: Bernadetta.Mazimbe@shu.ac.uk (*correspondence author*)

Oluwaferanmi Adeyemo, PhD; *Manchester Metropolitan University*
Email: O.Adeyemo@mmu.ac.uk

Sopefoluwa Oluyide; *Sheffield Business School, Sheffield Hallam University*
Email: S.Oluyide@shu.ac.uk

Abstract

African diaspora communities constitute one of the continent's most significant sources of external finance, yet their role within African governance structures remains contested. This paper examines how contemporary diaspora governance frameworks position diaspora communities in relation to engagement and political inclusion. Drawing on Transnationalism and African Institutionalism, the study employs Critical Discourse Analysis to examine six selected policy documents spanning international, continental, and national levels of governance with Nigeria and Kenya as national cases. The findings demonstrate that economic priorities are consistently institutionalised, while provisions for political participation remain largely symbolic or weakly articulated. The paper contributes to debates on transnational citizenship and diaspora governance by showing how policy frameworks privilege economic engagement over political representation. It concludes by arguing for governance arrangements that recognise diaspora communities as legitimate political stakeholders rather than merely economic actors.

Keywords: *Diaspora, Governance, Representation, Transnationalism*

1.0 Introduction

Annually, Africans in the diaspora remit about \$100 billion to their various countries of nationality, a figure that not only surpasses the aid budgets of the world's largest donors but also underscores the scale of the diaspora's material commitment to African development and futures (Ratha et al., 2024). Yet despite this immense financial contribution, the African diaspora remains largely absent from the formal structures of African governance. They are recognised as economic contributors but rarely acknowledged as political stakeholders.

This paper argues that diaspora exclusion is structural rather than accidental. African governance systems including constitutional, legal and institutional arrangements often value the diaspora mainly for economic contributions, while limiting diaspora participation in the political and institutional processes that shape the societies to which they remain materially, culturally, and emotionally connected to. The dominance of the remittance framework has therefore carried an ideological function that defines the diaspora according to what it contributes financially, while obscuring questions surrounding its political claims, engagement in governance structures, civic standing, and representational rights. What remains foreclosed, above all, is the issue of representation. For the purposes of this paper, and following Grossman's (2019) definition, we define the African diaspora as a transnational community whose members, or their ancestors, emigrated or were dispersed from their countries of origin on the African continent but remain oriented to it and preserve a shared group identity.

The distinction between remittances and representation is not simply rhetorical. Remittances operate at the level of households and private survival, sustaining families and, cumulatively, national economies. Representation, however, concerns governance itself, which is the institutional recognition that a constituency possesses a legitimate voice within decision-making structures (Page and Mercer, 2012). Despite the African diaspora's extensive material, cultural, and developmental investments across the continent, most African states provide little meaningful institutional recognition of the diaspora as a political constituency.

Constitutional diaspora chambers are virtually non-existent, standing advisory structures with formal diaspora participation remain rare, and existing commissions such as Nigeria's NiDCOM, often regarded as one of the continent's most developed examples, remain limited in both authority and practical influence, functioning more as mechanisms for managing diaspora relations than for representing diaspora interests (Tella et al., 2024; Gamlen, 2014).

Recent scholarship has followed two broad but interconnected trajectories. The first examines the economic dimensions of diaspora engagement, including remittance flows, diaspora bonds, investment strategies, and the limitations of financially driven engagement policies (African Development Bank, 2025; Migration Policy Institute, 2025). The second focuses on diaspora political participation through external voting rights, emigrant enfranchisement, and electoral representation (Peltoniemi et al., 2022; Vintila & Martiniello, 2021). While scholars such as Peltoniemi et al. (2022) recognise that voting rights alone constitute only "the first piece of the puzzle" in establishing diaspora communities as meaningful civic actors, the practical exercise of this voting right remains constrained. In most African countries, the law does not allow its citizens abroad to vote as the citizens are required to travel back to their homeland to exercise their rights. This acts as a hindrance for diaspora citizens in participating in governance. The literature has therefore stopped short of fully theorising what broader institutional representation might entail. It is precisely this unresolved question that this paper seeks to address.

What remains notably underdeveloped within existing scholarship is a sustained conceptual argument for formal, non-electoral diaspora representation within governance structures. This would involve institutional arrangements capable of granting diaspora communities recognised standing within policy development, advisory systems, and development planning processes not merely as occasional consultees but as legitimate governance stakeholders. The inadequacy of existing arrangements is visible even in comparatively engaged states such as Ghana's periodic diaspora town halls, for instance, exemplify a model of episodic outreach that, while symbolically significant, lacks the continuity, binding authority, or structural embeddedness required for meaningful participation. Such mechanisms invite diaspora voice without creating diaspora standing, a distinction this paper holds to be central.

Based on the above submission, this paper is structured around three interconnected conceptual interventions. First, the paper explores the remittance framework and the assumptions underlying it to identify how diaspora identity is often understood in relation to its economic contributions. Second, drawing on Transnationalism and African Institutionalism, it reconceptualises the diaspora as a body of conscious political agents whose capacities for participation are constrained by existing institutional arrangements including national governments, regional bodies such as African Union (AU), international development agencies and multilateral organisations. Third, the paper draws on Nigeria and Kenya as illustrative national cases, selected not to advance a narrowly country-specific analysis but to demonstrate how the economic-over-political discursive pattern operates across different levels of institutional development within the African context.

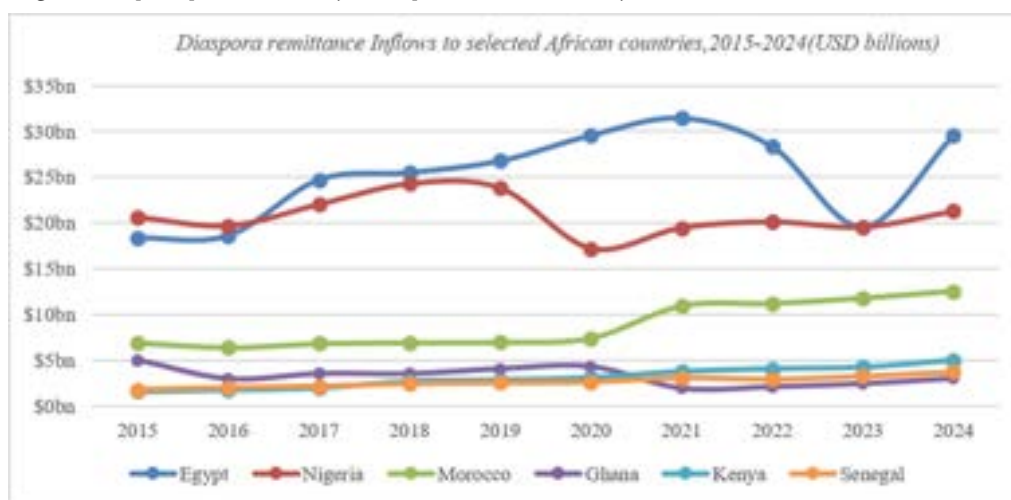
The paper is guided by two central research questions. First, in what ways do existing African governance frameworks interact and recognise diasporans as stakeholders. Second, what forms of institutional arrangement would be necessary to move beyond a remittance-based model of diaspora engagement toward one grounded in representation, and what conceptual framework is best suited to justify and inform such arrangements?

These questions are addressed through a conceptual analysis of existing literature and policy frameworks. The paper proceeds as follows. Section two establishes the context: the scale and significance of African diaspora remittances. Section three develops the theoretical framework and reviews the relevant literature with particular focus on diaspora engagement, voice, and governance. Section four sets out the methodology. Section five presents the findings and analysis. Section six provides the discussion of the paper, and section seven provides the conclusion.

2.0 The scale and significance of African diaspora remittances

Diaspora remittances continue to be the most significant and reliable source of external finance flowing into Africa. According to the World Bank (2024), remittance inflows on the continent have grown substantially over the past decade, rising from \$60 billion in 2015 to \$96.4 billion in 2024, a growth that has outpaced foreign direct investment and official development assistance in the same period (Akee and Kapur, 2017). This expansion has been broad-based, spanning North, West, East, and Southern Africa. Figure 1 illustrates the top 6 recipient countries of diaspora remittances in Africa. Egypt and Nigeria account for the highest share of inflows, receiving \$30 billion and \$21 billion in 2024. This is followed by Morocco, Ghana, Kenya and Senegal. It is noteworthy that these figures only capture the formal channels of remittances, but informal remittances are estimated to add 35 to 75 percent on top of the official figures, suggesting that the true scale of diasporic financial engagement is considerably larger than the data reflects (Ratha et al., 2016).

Figure 1: Top recipient countries for diaspora remittances in Africa



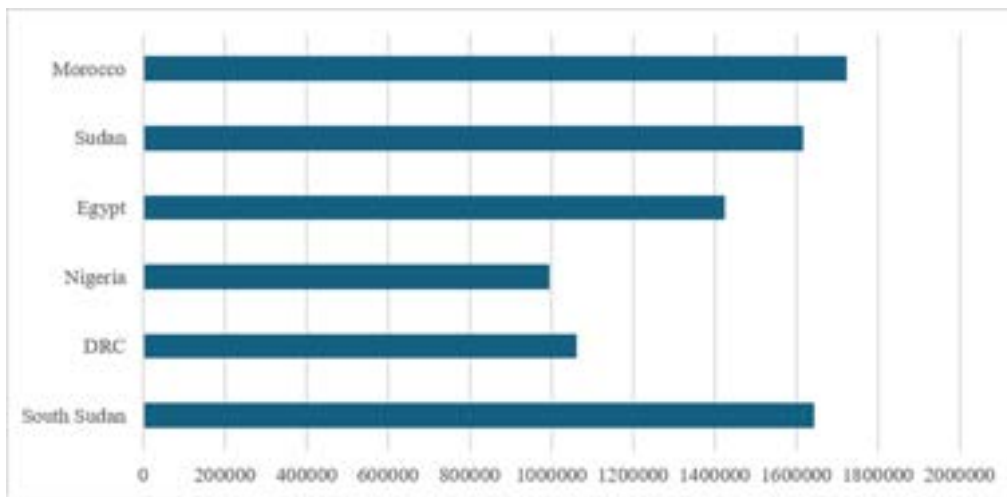
Source: Authors own computation using World Bank Development Indicators data

The developmental significance of these flows is well established in the literature. Remittances provide a stable and counter-cyclical source of household income, support consumption in food, health, and education, and contribute to macroeconomic stability by bolstering foreign exchange reserves (Adams & Page, 2005; Gupta et al., 2009). For instance, in Nigeria, remittances have at various points exceeded oil revenues as a source of foreign exchange, reaching a peak of \$25.4 billion in 2019 (Nigerians in Diaspora Commission, 2019). In smaller economies, remittances represent a significant share of GDP and constitute the most stable source of external financing available to national governments.

Yet for all their scale and resilience, remittances remain fundamentally a private financial transfer of money sent from individuals abroad to families back home in Africa. This means that they flow through households rather than institutions, and they respond to kinship obligations rather than strategic national priorities. The remittance paradigm, however valuable, positions diaspora communities as key economic actors while leaving their political, diplomatic, and governance roles largely unrecognised.

Furthermore, the financial scale of these flows reflects the demographic weight of the African diaspora itself. Figure 2 presents estimate of diaspora populations originating from the six largest migrant-sending countries in Africa. These countries alone account for over 26 million people living abroad, the majority of whom maintain active financial, cultural, and familial ties to their countries of origin. Notably, the countries with the largest diaspora populations are Morocco, Sudan, Egypt, South Sudan, the Democratic Republic of Congo and Nigeria.

Figure 2: African diaspora populations by country of origin, 2024



Source: Author's own computation using UN DESA International Migrant Stock Dataset

3.0 Theoretical Framework and Literature Review

This section establishes the paper's theoretical framework and reviews literature associated with diaspora representation and engagement. As mentioned in the introduction, despite the enormous influx of diaspora financial remittances to African countries, there is an absence of African representation and involvement in the political governance structures of most African countries. To explore this, we needed to develop a theoretical framework capable of examining not only the components of the current structures of engagement as seen in the existing relevant policies and policy documents but also the underlying assumptions and values that inform them. Our approach to conceptualising the theoretical framework began with identifying and laying out different theoretical concepts to interpret the components of political governance and diaspora engagement. As such, the tenets of African Transnationalism and African Institutionalism discussed below were found suitable to fulfil this agenda.

African Transnationalism and the Literature on Economic Engagement

African Transnationalism has emerged as an important conceptual framework for understanding the complex social, political, economic, and cultural connections that link African migrants, diasporic communities, and societies across national borders. Transnationalism has been described as a process through which migrants establish and sustain social fields that transcend geographical, cultural, and political boundaries (Kutor, 2025). Since the 1990s, it has been widely employed to theorise migrant ties, networks, and social spaces that extend across more than one country, encompassing socio-economic, cultural, political, and religious dimensions at varying degrees (Basch et al., 1994; Faist, 2000; Portes et al., 1999). In the African context, transnationalism provides a lens through which to understand the interconnectedness of Africa and its diasporic formations, whose ideas, institutions, and networks have shaped social, political, and economic processes across the globe.

The key propositions of African Transnationalism are outlined by Portes et al. (1999) and discussed by Crush and McDonald (2000). First, transnationalism involves a high intensity of exchanges between migrants' countries of origin and settlement, extending well beyond occasional visits or remittance transfers. Second, it is closely associated with the expansion and internationalisation of capitalist production and labour mobility between the Global South and the Global North. Third, it offers a framework for understanding the multiple and fluid identities that migrants develop across borders. Fourth, advances in communication and transportation technologies facilitate the maintenance of transnational networks and create new opportunities for political engagement and resistance. The application of transnationalism within African studies extends beyond migration to questions of development, political governance, citizenship, and identity (Vaughan, 2011; Kastoryano, 2021; Binaisa, 2011).

For this study, African Transnationalism generates a foundational analytical expectation that diaspora communities are not external observers of home-country governance but embedded political actors whose identities, networks, and civic obligations traverse national borders. From this perspective, diaspora populations inhabit multiple civic worlds simultaneously, maintaining the kind of intimate knowledge of home-country conditions, political cultures, and developmental realities that no external actor can replicate. Levitt and Glick Schiller's (2004) concept of transnational social fields captures this reality, while Levitt's (1998) earlier concept of social remittances demonstrates that beyond financial transfers, the diaspora conveys norms, institutional expectations, and governance ideas shaped by experience in host societies. Cohen (1997) and Safran (1991) established the typological foundations of diaspora identity, but it is the transnationalism tradition that most forcefully establishes that diaspora membership in home societies is civic and political, not merely sentimental or transactional. The normative implication is significant: if diaspora members genuinely inhabit home-society social and political fields, their relationship to home-country governance is not that of an interested outsider but of an embedded constituency whose political standing demands institutional recognition.

It is precisely this expectation that opens the dominant body of diaspora governance scholarship for critical scrutiny. Studies by the African Development Bank (2025), the Migration Policy Institute (2025), and a substantial body of policy-oriented literature have emphasised the growing developmental significance of remittance flows, diaspora bonds, and transnational investment networks, positioning the diaspora as a critical source of development financing. This literature has made genuine contributions as it has demonstrated the scale of diaspora capital flows, mapped the institutional mechanisms through which African states seek to mobilise diaspora resources, and drawn attention to the conditions that enable or constrain diaspora investment (African Development Bank, 2025). What it has not done is ask a prior and more fundamental question: on what terms is the diaspora included in the governance of the societies whose development they finance?

Edeh et al., (2023) capture this tension in their analysis of African diaspora engagement, finding that while some states have enacted diaspora-focused policies, implementation consistently sidelines broader governance participation in favour of narrower financial objectives. From a transnational perspective, this represents a structural contradiction that diaspora populations remain embedded in home-society civic and political fields, yet the dominant governance literature treats them primarily as economic flows rather than as members of political communities. Kunz (2011) argues that the migration-development discourse depoliticises migration by casting it in technical and economic terms, a process that renders diaspora communities governable as development actors while foreclosing questions of their political standing. By concentrating almost exclusively on developmental benefits, this body of scholarship has contributed to what this paper terms a remittance-centred governance framework, in which diasporas are valued for their economic utility while their political agency, representation, and participation in governance remain underexamined. The problem, as African Transnationalism makes clear, is not simply a policy gap but a conceptual one: the framing of the diaspora as an economic resource is incompatible with its actual character as an embedded political constituency.

African Institutionalism, Political Incorporation, and the Case for Representation

African Institutionalism emerges from broader debates within institutional theory concerning the origins, persistence, and transformation of institutions. New institutionalism encompasses diverse strands, some viewing institutions as consciously designed and chosen, others regarding them as historically inherited and reproduced over time. Central to these approaches is the understanding that institutions may be either formal or informal. Formal institutions consist of rules, procedures, and regulations created and enforced through official legislative and administrative mechanisms. Informal institutions, by contrast, comprise socially shared norms, practices, and expectations that are largely unwritten but nevertheless shape behaviour and social interaction.

The limitations of conventional institutional approaches in explaining African politics have prompted a shift towards more context-sensitive perspectives. African scholars have long argued that formal institutions alone are insufficient for understanding political processes on the continent because political behaviour is frequently shaped by informal practices such as kinship networks, patronage, clientelism, and personalised forms of authority (Erdmann, 2011). Historical institutionalism emerged as an important response by bridging the divide between formal and informal institutions and recognising their simultaneous operation. Drawing on concepts such as path dependency, critical junctures, and self-reinforcing mechanisms, it has been widely used to analyse institutional persistence and political regime development. However, critics contend that its emphasis on continuity often limits its ability to account for institutional transformation and agency. In Africa, this limitation is evident in explanations that attribute policy-capacity challenges to enduring colonial legacies without adequately accounting for contemporary dynamics or the possibilities for change (Ohemeng, 2026).

African Institutionalism addresses this gap by situating political processes within the specific historical, social, and transnational realities of African societies. From an epistemological perspective, it challenges the dominance of Western political science frameworks in explaining African politics, generating explanations grounded in African historical experiences, political cultures, and institutional arrangements. Crucially, it recognises that political authority, governance, and participation are shaped by a complex interaction between formal state institutions and informal networks, norms, and practices deeply embedded within African societies. Most importantly for this study, African Institutionalism redirects attention towards the possibilities for institutional change, positioning Africans in the diaspora not merely as external actors but as entitled agents of institutional transformation capable of influencing governance, policy reform, and democratic development across national boundaries. This entitlement derives not from external normative frameworks but from the logic of African Institutionalism itself: diaspora communities are constitutive members of African political societies whose exclusion from governance is an institutional choice, not a natural condition, and one that can therefore be institutionally reversed.

African Institutionalism also extends the analytical horizon beyond the colonial period to encompass the contemporary neo-colonial context, enabling a more comprehensive examination of how global power relations, external influences, and domestic political dynamics interact to shape institutional development. It thereby provides an analytical lens through which to examine how formal and informal institutional arrangements construct, sustain, or foreclose diaspora political participation and how power relations between African states and diaspora communities are established, maintained, and contested. This is precisely the lens required to examine not only what governance frameworks say about diaspora communities but also what they systematically leave undone.

Emigrant political incorporation scholarship has come closest to addressing institutional questions by focusing on external voting rights and electoral enfranchisement. Building on Bauböck's (2003) normative defence of external voting as a democratic entitlement, subsequent research documented the global expansion of emigrant voting rights and the political calculations underpinning their adoption (Lafleur, 2013). More recent studies, however, expose the limits of an electoral participation framework. Peltoniemi et al. (2022) argue that voting rights alone do not secure meaningful representation, which requires institutional mechanisms enabling diaspora influence between elections. Similarly, Vintila and Martiniello (2021) show that non-electoral forms of participation such as advocacy and consultation remain largely dependent on administrative discretion rather than institutional guarantees, while Umpierrez de Reguero and Navia (2024) find that formal enfranchisement rarely translates into substantive representation in legislative or policy processes. Collectively, this literature demonstrates that electoral participation is an inadequate basis for diaspora political inclusion unless accompanied by formal mechanisms of representation. This limitation is particularly acute in Africa, where diaspora voting rights remain restricted or contested in many states, rendering enfranchisement an unreliable foundation for diaspora political standing.

African Institutionalism helps explain why this gap persists and why it is not merely an oversight. Where the emigrant incorporation literature documents the limits of electoral participation, African Institutionalism identifies the institutional mechanisms through which the boundary between economic inclusion and political exclusion is actively managed, through statutory mandates that constrain political engagement, informal norms that deprioritise diaspora representation, and path dependencies that reproduce remittance-centred governance logics across successive policy cycles. Turner and Kleist (2013) raise a related concern, questioning whether state-led diaspora engagement politicises or depoliticises development. African Institutionalism provides the analytical tools to answer that question: depoliticisation is not a by-product of policy design but a structural feature of institutional arrangements that position diaspora communities as economic resources to be governed rather than as political constituencies entitled to govern. Moving beyond this arrangement requires not incremental policy reform but a fundamental reorientation of the institutional logic through which diaspora governance is organised, one that recognises diaspora communities as agents of institutional change with legitimate claims to formal representation within governance structures.

Table 1 consolidates the key features of both frameworks and their application to diaspora governance in Africa.

Table 1: Theoretical frameworks and their application to African diaspora governance

Concept	Definition	Key Tenets/Features	View of the African Diaspora	Application to Political Governance in Africa
African Transnationalism	A process through which migrants establish and maintain social fields, networks, and relationships that transcend geographical, political, cultural, and national boundaries (Basch et al., 1994; Portes et al., 1999; Kutor, 2025).	• Cross-border social, political, economic, religious, and cultural ties. • High intensity of interactions between home and host countries. • Multiple and fluid identities across national boundaries. • Challenges territorially bounded notions of citizenship and nationhood. • Emphasises transnational networks and social fields.	Diasporans are active transnational actors who maintain simultaneous attachments to both countries of origin and settlement. They possess multiple identities and participate in homeland affairs while residing abroad.	• Explains how diasporans influence governance through remittances, advocacy, lobbying, political mobilisation, knowledge transfer, and civic engagement. • Demonstrates how diaspora networks contribute to state legitimacy, development, and democratic participation.
Historical Institutionalism	An institutional perspective that explains political outcomes through historical processes, path dependency, critical junctures, sequencing, and self-reinforcing mechanisms.	• Emphasis on historical legacies. • Path dependency and institutional continuity. • Critical junctures shape future trajectories. • Interaction of formal and informal institutions. • Focus on institutional persistence and stability.	Diasporans are generally viewed as actors operating within pre-existing institutional structures shaped by historical trajectories.	• Explains how colonial legacies continue to shape diaspora engagement policies. • Analyses how historical state institutions influence contemporary political participation and representation. • Helps understand continuity in governance arrangements and diaspora-state relations. • Less effective in explaining transformative political change initiated by diaspora actors.
African Institutionalism	A context-specific institutional framework that builds on historical institutionalism while recognising the centrality of informal institutions, African agency, and contemporary transnational realities in shaping political development.	• Integration of formal and informal institutions. • Emphasis on agency and institutional change. • Challenges Western-centric explanations of African politics. • Extends analysis beyond colonialism to contemporary neo-colonial dynamics. • Focuses on power relations, governance, and institutional transformation.	Diasporans are viewed as agents of institutional change capable of influencing governance, policy reform, democratic development, and state-society relations across borders.	• Explains how diaspora engagement is shaped by both formal state structures and informal political networks. • Analyses how governments construct, regulate, and manage diaspora participation. • Examines the inclusion, exclusion, and representation of diasporans within governance systems. • Investigates how power relations between African states and diaspora communities are developed, maintained, contested, and transformed. • Identifies opportunities for institutional reform, democratic deepening, and political change driven by diaspora actors. • Provides a framework for understanding diaspora engagement within contemporary African and neo-colonial political contexts.

Source: Author's own compilation

Together, African Transnationalism and African Institutionalism offer complementary analytical frameworks for understanding the role of Africans in the diaspora in political governance across the continent. African Transnationalism establishes that diaspora communities are active political actors whose social, economic, and political engagements transcend territorial boundaries, generating the analytical expectation that governance frameworks ought to recognise diaspora populations as members of multiple political fields simultaneously. African Institutionalism complements this perspective by analysing the formal and informal institutional arrangements that shape diaspora engagement, positioning diaspora communities as entitled agents of institutional change whose exclusion from governance is a product of institutional design rather than natural necessity.

African Transnationalism and the literature on economic engagement have demonstrated the scale of diaspora financial contributions and the conceptual contradictions embedded within remittance-centred governance frameworks. The emigrant political incorporation literature has documented the expansion of diaspora voting rights and revealed their inadequacy as a basis for meaningful political inclusion. African Institutionalism has provided both the analytical vocabulary for examining how exclusion is institutionally produced and reproduced, and the normative grounds for treating diaspora communities as entitled agents of institutional change whose formal representation within governance structures is a matter of institutional design rather than political discretion.

Drawing on African Institutionalism and African Transnationalism as its interpretive framework, and employing Critical Discourse Analysis as its methodological instrument, it examines how contemporary African diaspora governance discourse constructs and sustains the exclusion of diaspora political subjecthood across international, continental, and national policy levels. It is guided by two central research questions. First, in what ways do existing African governance frameworks interact and recognise diasporans as stakeholders? Second, what forms of institutional arrangement would be necessary to move beyond a remittance-based model of diaspora engagement toward one grounded in representation, and what conceptual framework is best suited to justify and inform such arrangements?

4.0 Methodology

This study utilizes Critical Discourse Analysis (CDA) as its primary analytical framework, drawing on Fairclough's (1992; 2013) three-dimensional model. According to Fairclough (2013), CDA is defined as an interdisciplinary approach that views language not merely as a reflection of reality, but as a constructive social practice that creates and reinforces power hierarchies. The research focuses on how the specific linguistic framing of the diaspora within policy documents serves to privilege their economic function while systematically marginalizing their political subjecthood.

CDA is appropriate because the study seeks to examine how diaspora governance policies construct the diaspora as an economic resource while limiting political subjecthood. Rather than simply describing policy content, CDA enables analysis of the relationship between language, institutional practices, and broader power relations. Fairclough's framework examines discourse at three interconnected levels: the textual level, which focuses on language use and representation; the discursive practice level, which examines the production and circulation of texts; and the social practice level, which situates discourse within wider political and institutional structures. This approach has been adopted in recent studies of migration, diaspora governance and development where policy assumptions often become normalised through repeated institutional discourse (Baser & Ozturk, 2020).

The study adopts a qualitative document analysis based on a purposively selected corpus of six policy documents (Table 2). Purposive sampling was used because the objective was not statistical representativeness but the selection of information-rich cases capable of illuminating the research question (Bryman, 2016). The corpus includes documents from three governance levels: international, continental, and national. Documents were included if they were official governmental or intergovernmental texts with a substantive focus on diaspora engagement and governance. Civil society publications, academic literature, and documents predating the 2012 Sandton Declaration were excluded because the study focuses on contemporary official diaspora governance discourse. The selected documents and their rationale for inclusion are summarised in Table 2.

At the national level, Nigeria and Kenya were selected as complementary cases rather than as a representative sample of African states. Nigeria offers the continent's most institutionally developed diaspora governance architecture, NiDCOM was established by statute, a National Diaspora Policy exists, and the Commission has been directly challenged on questions of political rights making it the most analytically productive context in which to examine the limits of institutional design. Kenya offers a contrasting case, a state with a more recently formalised diaspora policy (2024), an explicit voting rights framework, and documented evidence of the instrumentalisation of political rights for economic ends. Together, the two cases enable the analysis to demonstrate that the economic-over-political discursive pattern is not an artefact of a single institutional context but operates across different levels of diaspora policy development, different regional locations (West Africa and East Africa), and different degrees of institutional maturity.

Analysis proceeded through close reading of each document using Fairclough's three dimensions. Attention was paid to representations of diaspora identity, constructions of agency, economic and political vocabulary, intertextual references, and significant silences. A coding framework was applied consistently across the corpus to facilitate systematic comparison between documents and governance levels. While the corpus is necessarily selective and CDA involves interpretive judgement, transparency was enhanced through systematic coding and comparison across multiple institutional contexts.

Table 2: Corpus of Policy Documents

Document	Institution	Level	Rationale for Inclusion
AU Sandton Declaration (2012)	African Union Commission	Continental	Foundational text establishing African Union diaspora governance discourse and the "Sixth Region" concept.
CIDO Factsheet	AU Citizens & Diaspora Directorate	Continental	Operationalises the Sandton Declaration and enables analysis of discursive transformation.
Migration and Development Brief 40 (2024)	World Bank	International	Represents the dominant migration-development and remittance discourse.
Kenya Diaspora Policy 2024	Government of Kenya	National	Represents a recently formalised national diaspora policy framework
OPCS/MF&DA Strategic Plan 2023/24-2027/28	Government of Kenya	National	Provides the strategic framework underpinning Kenya's diaspora policy.
NiDCOM Act 2017 and National Diaspora Policy	Government of Nigeria	National	Represents Nigeria's institutional diaspora governance architecture and enables comparison with Kenya.

Source: Author's compilation

5.0 Findings and Analysis

The central theme from the analysis of the six documents suggests that African diaspora governance discourse considers the diaspora primarily as a development partner, investment actor, and source of economic value while limiting opportunities for political representation and co-governance. Across international, continental, and national policy levels, economic incorporation is institutionalised whereas political incorporation remains symbolic, deferred, or absent.

Finding One: The Diaspora is Constructed as Economic Resource Rather than Political Constituency

Across all six documents that were analysed diaspora is assigned an economic identity. The diaspora is represented as human capital, financial capital, labour resource, knowledge resource, investment channel, and remittance source. Terms such as contribute, invest, remit, transfer, mobilise, and harness dominate the corpus. Even where civic identity is acknowledged, it is closely tied to developmental utility. The diaspora is therefore constructed less as a political community and more as a developmental asset whose value is measured through its contribution to national and continental development. Considering African Transnationalism, this construction represents a fundamental contradiction because diaspora communities are not external economic actors who happen to send money home but embedded members of transnational social fields who maintain simultaneous civic, cultural, and political ties to their countries of origin (Levitt and Glick Schiller, 2004; Basch et al., 1994).

This pattern is also observed in definitions of the diaspora, policy objectives, and institutional mandates that frame the diaspora in terms of its developmental utility. The AU Sandton Declaration (2012) defines the African diaspora as people 'willing to contribute to the development of the continent,' making developmental contribution a condition of diaspora membership itself. Similarly, the NiDCOM Establishment Act (2017) states that the Commission exists to 'utilise the human capital and material resources of Nigerians in Diaspora,' reducing the diaspora to a source of deployable assets.

At the international level, the World Bank's Migration and Development Brief 40 (2024) reinforces this point by treating migrants principally as economic actors measured through remittance flows, with little reference to citizenship, representation, or political participation. Kunz (2011) argues that the migration-development discourse depoliticises migration by casting it in technical and economic terms.

National policies in Kenya and Nigeria reproduce this instrumentalist framing. Kenya's Diaspora Policy 2024 identifies remittances, investment, and technology transfer as the diaspora's primary contribution to national development, while the OPCS/MF&DA Strategic Plan 2023/24 to 2027/28 prioritises enhancing diaspora savings, investment, remittances, and technology transfer before welfare and rights concerns. Notably, political representation or governance participation is absent from the state's formal diaspora mandate. Across the corpus, institutional actors are consistently represented as the agents of governance who facilitate, coordinate, mobilise, and harness while the diaspora is positioned as the object of policy intervention and the subject only of economic actions such as remitting, investing, and contributing. The recurring use of terms such as 'harness' further suggests that the diaspora is viewed as a resource to be managed rather than as a political actor. Significantly, the corpus contains no examples of the diaspora being represented as governing, deciding, holding institutions accountable, or participating in policymaking. Collectively, these discursive patterns reveal a governance framework that privileges economic contribution while marginalising political subjecthood.

African Institutionalism explains why this framing persists across institutions and levels of governance. The economic view of the diaspora is not simply a policy choice that could be revised through better drafting in documents, it is built into the mandates, legal frameworks, and administrative priorities of diaspora institutions. Path dependencies established through founding instruments such as NiDCOM's 2017 Act and the AU's 2012 Sandton Declaration have reinforced this economic construction across successive policy cycles. From this perspective, the absence of the diaspora as a governing or decision-making actor is not an oversight but a predictable outcome of institutions designed around a primarily economic mandate.

Finding Two: The Systematic Reproduction of Economic Inclusion and Political Exclusion

The analysis shows that the diaspora's construction as an economic actor is not an isolated policy choice, but a discourse reproduced through recontextualization across institutional levels (Fairclough, 1992, 2013). As policy ideas move from international frameworks to national institutions, economic priorities are consistently retained while political claims are weakened or removed. African Institutionalism helps explain this pattern. The selective incorporation of economic content reflects path-dependent institutional logics embedded in mandates, administrative priorities, and informal norms established at the founding of diaspora governance structures.

From the document analysis, economic narratives become stronger as discourse moves closer to implementation, while political claims are marginalized or disappear altogether. This suggests that the economic-political divide is not the result of policy inconsistency but a stable institutional convention. By defining the diaspora primarily as a source of capital, governance frameworks normalize economic contribution while treating political participation as secondary or unnecessary.

This process is particularly visible in the transition from the AU's Sandton Declaration to the CIDO Factsheet. The Declaration includes political language, recognising the diaspora as Africa's "Sixth Region" and referring to partnership, participation, and political cooperation. However, these elements disappear in the CIDO Factsheet, which focuses exclusively on remittances, investment, skills transfer, and diaspora databases. Political participation mechanisms, the Sixth Region designation, and ECOSOCC are absent. Political content available in the founding document is therefore excluded during implementation, leaving only economic objectives to be operationalised.

A similar pattern appears between the World Bank Brief 40 and Kenya's Diaspora Policy 2024. The World Bank frames the diaspora primarily as a source of financial flows and emphasises reducing remittance costs. Kenya's policy adopts this framing almost directly, identifying remittance costs as a central challenge and positioning the diaspora as a source of financial, intellectual, and social capital. Yet only the financial dimension is translated into concrete policy actions, including diaspora bonds and investment initiatives. Economic content is absorbed and institutionalised, while political dimensions remain largely absent.

The NiDCOM case provides the clearest illustration because the process occurs within a single institutional system. Although the NiDCOM Act (2017) refers to the diaspora's contribution to Nigeria's cultural and political development, no political functions are assigned to the Commission. The National Diaspora Policy subsequently focuses on remittances, investment, technology transfer, and diaspora financing. Political development language present in the Act is transformed into an economic programme of action. This became evident when NiDCOM responded to demands for diaspora voting rights by citing its statutory mandate to utilise diaspora human and material resources, effectively using its economic mandate to justify non-engagement with political rights claims. Recontextualization therefore operates not only as a textual process but also as an institutional practice that maintains the boundary between economic inclusion and political exclusion.

The consequences extend beyond individual documents. Political language may appear in declarations, statutes, and founding texts, but it rarely survives the transition to implementation. The closer a document is to operational practice, the less political content it contains. This pattern suggests that political exclusion is not a drafting omission but a systematic feature of diaspora governance. From an African Transnationalist perspective, the result is the gradual erasure of the diaspora's transnational political identity. As governance discourse moves from aspiration to implementation, diaspora communities are increasingly represented as channels of financial transfer rather than political actors with legitimate claims on the states to which they remain connected.

Finding 3: Political Recognition Exists, but Meaningful Political Incorporation is Absent

Political language appears in most of the documents in references to the AU's Sixth Region, voting rights, dual citizenship, and political cooperation. Yet these references remain largely symbolic, advisory, or weakly institutionalised. There is little evidence of formal representation, co-governance arrangements, accountability mechanisms, or autonomous diaspora political authority. Political inclusion functions primarily as recognition rather than participation. African Transnationalism highlights why this distinction matters. While recognition acknowledges diaspora communities as transnational actors, it falls short of translating their civic embeddedness into meaningful institutional participation. In practice, symbolic recognition occupies the space where representation should exist without providing its substance.

Where political language does appear, it is consistently neutralised. Political claims are deferred, qualified, or reframed in economic terms, allowing institutions to acknowledge them without creating mechanisms for their exercise.

The AU Sandton Declaration illustrates this pattern. Although it recognises the diaspora as Africa's Sixth Region and includes commitments to political cooperation, these commitments are qualified and remain largely aspirational. Political participation appears in broad declaratory language, while the operative sections focus on economic initiatives, including investment promotion, remittance mobilisation, and development projects. Political commitments generate no equivalent implementation structures, timelines, or review mechanisms. As a result, the Sixth Region designation remained more symbolic than institutional, with political recognition unaccompanied by political authority.

Kenya's Diaspora Policy 2024 demonstrates a different form of neutralisation through instrumentalisation. The policy highlights the expansion of diaspora voting and presents it as a policy achievement. However, electoral participation is framed less as a democratic right than as a means of strengthening engagement with the state's development agenda. References to voting and dual citizenship are closely linked to objectives such as skills transfer, investment, and national development. Political rights are therefore acknowledged but simultaneously justified through their expected economic benefits.

The Nigerian case takes this process further. Although the NiDCOM Act refers to the diaspora's contribution to Nigeria's cultural and political development, this commitment disappears in implementation. The National Diaspora Policy contains no corresponding political mechanisms, responsibilities, or programmes. When diaspora voting rights were raised by civil society organisations, NiDCOM responded by citing its economic mandate and limiting its role to the mobilisation of diaspora human and material resources. Political language was not removed from the legal framework but it was rendered operationally irrelevant.

The clearest example is the failure to constitute NiDCOM's governing board despite statutory provisions allocating twelve seats to diaspora representatives. More than seven years after the Act's passage, the principal mechanism through which diaspora communities could participate in the Commission's governance remained absent. From an African Institutional perspective, this is not simply an administrative delay but a form of institutionalised non-representation. A formal entitlement to political voice existed in law, yet the institutional structure required to exercise that voice was never established. Political exclusion was therefore achieved not through the removal of rights but through institutional inaction, a quieter and more durable mechanism that preserved recognition while withholding participation.

6.0 Discussion

The findings of this study contribute to ongoing debates on diaspora governance, transnational citizenship, and the migration-development nexus by demonstrating that African diaspora governance discourse privileges economic contribution over political incorporation. Across international, continental, and national policy texts, diaspora populations are consistently positioned as sources of development capital, labour, expertise, and remittances, while opportunities for meaningful political participation remain limited, symbolic, or weakly institutionalised (Edeh et al., 2023; African Development Bank, 2025). This pattern suggests that the relationship between African states and their diasporas is increasingly organised around developmental utility rather than political membership.

From Diaspora Citizen to Diaspora Resource

A key implication of these findings is that African diaspora governance increasingly constructs the diaspora as an economic resource rather than a political constituency. While existing scholarship has documented the growing importance of remittances, investment, and skills transfer within development policy (African Development Bank, 2025; Migration Policy Institute, 2025), this study shows that economic framing extends beyond policy priorities to shape how diaspora populations are understood and governed.

Across the policy corpus, diaspora communities are primarily represented as sources of capital, expertise, and development finance. This reflects broader processes of migration governance in which migrants are valued for their contribution to development objectives (Kunz, 2011; Newland, 2019; Tsourdi & Zardo, 2025). However, the findings suggest that this is not merely a policy emphasis but a redefinition of diaspora-state relations. The diaspora is positioned less as a political community with claims to representation and participation than as a development partner whose value is measured through economic contribution.

This construction sits uneasily with the lived reality of diaspora communities as actors embedded in transnational social, civic, and political fields. Governance frameworks recognise their economic significance while largely overlooking their political membership. As a result, diaspora engagement becomes centred on what diaspora populations can contribute rather than how they can participate.

The persistence of this pattern points to the institutional foundations of diaspora governance. Economic engagement mechanisms fit comfortably within existing mandates and administrative priorities, making them easier to expand and sustain. Political incorporation, by contrast, remains weakly institutionalised and often disconnected from implementation processes. The prioritisation of economic engagement and the marginalisation of political participation therefore emerge not as separate developments, but as mutually reinforcing features of the same governance framework.

Symbolic Recognition and the Limits of Political Inclusion

The findings reveal a persistent gap between symbolic recognition and substantive political incorporation. This tension is particularly evident in the African Union's designation of the diaspora as Africa's "Sixth Region" (AU Sandton Declaration, 2012). While this designation appears to extend Pan-African belonging beyond territorial boundaries, the analysis shows that symbolic recognition has not been matched by institutional arrangements capable of translating recognition into political influence. The result is a form of inclusion that acknowledges the diaspora's significance without creating meaningful avenues for participation in governance.

A similar pattern emerges at the national level. References to voting rights, dual citizenship, and diaspora participation are present across policy frameworks, yet they remain weakly connected to decision-making structures, accountability mechanisms, or shared governance arrangements. Political participation is typically framed as consultative rather than constitutive (Vintila & Martiniello, 2021). Diaspora communities may be invited to engage and contribute, but they are rarely positioned as actors with the authority to shape policy outcomes.

These findings speak to broader debates on transnational citizenship, which distinguish between formal recognition and substantive political membership (Levitt & Glick Schiller, 2004; Bauböck, 2003). Although many states have embraced diaspora engagement rhetorically, the extension of meaningful political rights has often lagged behind the expansion of economic engagement programmes (Lafleur, 2013; Peltoniemi et al., 2022). The evidence presented here suggests that this distinction remains central to understanding contemporary African diaspora governance.

More fundamentally, the findings indicate that diaspora communities are recognised without being fully incorporated. Their continuing social, civic, and political connections to home states are acknowledged in principle yet rarely translated into institutional forms of representation or influence. Recognition therefore functions less as a pathway to political inclusion than as a substitute for it, allowing states to affirm the importance of the diaspora while limiting its role in governance.

Rethinking Diaspora Governance

The findings raise broader questions about the future direction of African diaspora governance. If diaspora engagement continues to be organised primarily around remittances, investment, labour mobility, and skills transfer, the political dimensions of diaspora citizenship may remain underdeveloped (Peltoniemi et al., 2022; Umpierrez de Reguero & Navia, 2024). While economic engagement undoubtedly contributes to national development, an exclusive focus on developmental utility risks narrowing the meaning of diaspora membership and limiting opportunities for democratic participation beyond territorial borders.

The challenge for policymakers is therefore not simply how to increase diaspora contributions to development, but how to reconcile economic engagement with meaningful political inclusion. Doing so requires moving beyond approaches that treat diaspora populations primarily as external development actors and towards frameworks that recognise them as political stakeholders with legitimate claims to participation, representation, and accountability within governance processes (Mpande, 2024).

While designing a full institutional model is beyond what this paper sets out to do, the broad shape of such a framework can be outlined. It would need to move away from one-off consultation events towards permanent structures with clear mandates. It would need to recognise that diaspora communities are not a single uniform group, and that different levels of connection to the home country may warrant different forms of participation. Most importantly, it would need to build in accountability on both sides not just diaspora obligations to the state, but state obligations to the diaspora (a reciprocal relationship). Crucially, political participation within such a framework should not depend on economic contribution. To make it conditional in that way would simply reproduce the same instrumentalising logic this study has critiqued.

7.0 Conclusion

This paper set out to address two questions that remain underexamined in the literature on African diaspora governance. First, in what ways do existing African governance frameworks interact and recognise diasporans as stakeholders? Second, what forms of institutional arrangement would be necessary to move beyond a remittance-based model of diaspora engagement toward one grounded in representation, and what conceptual framework is best suited to justify and inform such arrangements?

The findings show that political exclusion is not simply the result of institutional weakness or incomplete policy implementation. Across international, continental, and national policy frameworks, diaspora communities are consistently constructed as sources of remittances, investment, expertise, and development capital, while political participation remains limited, symbolic, or weakly institutionalised. Through processes of recontextualisation, political language that appears in declarations, legislation, and policy frameworks is progressively diluted as governance moves towards implementation, leaving economic priorities to dominate institutional practice. The result is a governance architecture that values diaspora contribution more readily than diaspora representation.

The comparison between Nigeria and Kenya demonstrates the persistence of this pattern across different institutional contexts. Despite differences in governance structures and policy trajectories, both cases prioritise economic engagement while limiting the institutional expression of political membership. This suggests that the economic framing of the diaspora is not specific to particular countries or institutions but reflects a broader logic shaping diaspora governance across the continent.

The article contributes to the literature by showing how this pattern is sustained through the interaction of discourse and institutions. Economic constructions of diaspora identity are reproduced through mandates, administrative practices, and policy frameworks that privilege developmental utility over political incorporation. At the same time, diaspora communities continue to maintain social, civic, and political ties that extend beyond the economic roles assigned to them by governance frameworks.

Addressing this disconnect requires a shift away from governance models centred primarily on resource mobilisation. Rather than asking how diaspora resources can be harnessed for development, a representation-centred approach asks how diaspora communities can participate in shaping the societies to which they remain connected. This points towards the need for stronger institutional mechanisms of representation, including formal consultative structures, participation in policy processes, and accountability arrangements that extend beyond economic engagement.

The study nevertheless has limitations. Although the six-document corpus was purposefully selected and proved analytically productive, it cannot support claims of continent-wide generalisability. The analysis focuses on official institutional discourse and therefore does not directly incorporate diaspora perspectives. Future research employing interviews, diaspora-produced texts, or participatory approaches would provide an important complement to the state-centred perspective examined here. Similarly, while Nigeria and Kenya were selected for comparative purposes, further research could explore whether similar discursive patterns emerge in countries with different governance structures and political-economic contexts. These limitations do not undermine the argument advanced here but instead highlight productive directions for future inquiry.

References

- Adams, R. H., & Page, J. (2005). Do international migration and remittances reduce poverty in developing countries? *World Development*, 33(10), 1645-1669. <https://doi.org/10.1016/j.worlddev.2005.05.004>
- African Development Bank. (2025). African economic outlook 2025: Financing Africa's development. African Development Bank Group.
- Akee, R., & Kapur, D. (2017). Remittances and the brain drain: Evidence from microdata for Sub-Saharan Africa. *Journal of Development Economics*, 125, 1-13. <https://doi.org/10.1016/j.jdeveco.2016.09.005>
- African Union Commission. (2012). Sandton Declaration on the African diaspora. African Union.
- Basch, L., Glick Schiller, N., & Szanton Blanc, C. (1994). Nations unbound: Transnational projects, postcolonial predicaments, and deterritorialized nation-states. Gordon and Breach.
- Baser, B., & Ozturk, M. (2020). Critical discourse analysis and migration governance: Unpacking the political language of diaspora engagement. *Journal of Ethnic and Migration Studies*, 46(6), 1156-1172. <https://doi.org/10.1080/1369183X.2019.1605644>
- Bauböck, R. (2003). Towards a political theory of migrant transnationalism. *International Migration Review*, 37(3), 700-723. <https://doi.org/10.1111/j.1747-7379.2003.tb00155.x>
- Binaisa, N. (2011). Ugandan diasporas in the UK: Identities, transnationalism and development. In A. Trager (Ed.), *Migration and development: Perspectives from small states* (pp. 119-146). Commonwealth Secretariat.
- Bryman, A. (2016). *Social research methods* (5th ed.). Oxford University Press.
- Citizens and Diaspora Directorate (CIDO). (n.d.). CIDO factsheet. African Union Commission.
- Cohen, R. (1997). *Global diasporas: An introduction*. UCL Press.
- Crush, J., & McDonald, D. A. (2000). Transnationalism, African immigration, and new migrant spaces in South Africa. *Canadian Journal of African Studies*, 34(1), 1-19. <https://doi.org/10.1080/00083968.2000.10751212>
- Edeh, H., Nwozor, A., & Olanrewaju, J. S. (2023). African diaspora engagement policies: Between rhetoric and reality. *African Affairs*, 122(489), 658-679. <https://doi.org/10.1093/afraf/adad018>
- Erdmann, G. (2011). Neopatrimonialism and political regimes. In T. Bromley & U. Engel (Eds.), *Autochthony and the crisis of citizenship: Democratization, decentralization and the politics of belonging* (pp. 69-89). Nomos.
- Faist, T. (2000). *The volume and dynamics of international migration and transnational social spaces*. Oxford University Press.
- Fairclough, N. (1992). *Discourse and social change*. Polity Press.
- Fairclough, N. (2013). *Critical discourse analysis: The critical study of language* (2nd ed.). Routledge.
- Gamlen, A. (2014). Diaspora institutions and diaspora governance. *International Migration Review*, 48(S1), S180-S217. <https://doi.org/10.1111/imre.12136>
- Grossman, J. (2019). Toward a definition of diaspora. *Ethnic and Racial Studies*, 42(8), 1263-1282. <https://doi.org/10.1080/01419870.2018.1550261>
- Government of Kenya. (2024). Kenya diaspora policy 2024. Ministry of Foreign and Diaspora Affairs.
- Government of Kenya, Office of the President, Cabinet Secretary/Ministry of Foreign and Diaspora Affairs (OPCS/MF&DA). (2023). Strategic plan 2023/24-2027/28. Government of Kenya.

References

- Government of Nigeria. (2017). Nigerians in Diaspora Commission (Establishment) Act 2017. Federal Republic of Nigeria.
- Government of Nigeria. (n.d.). National diaspora policy. Nigerians in Diaspora Commission.
- Gupta, S., Pattillo, C. A., & Wagh, S. (2009). Effect of remittances on poverty and financial development in Sub-Saharan Africa. *World Development*, 37(1), 104-115. <https://doi.org/10.1016/j.worlddev.2008.05.007>
- Kastoryano, R. (2021). Transnational participation and citizenship: Immigrants in Europe. *Public Culture*, 33(1), 1-23. <https://doi.org/10.1215/08992363-8614910>
- Kunz, R. (2011). Depoliticising migration: The international organisation for migration and the migration-development nexus. *Third World Quarterly*, 32(8), 1471-1491. <https://doi.org/10.1080/01436597.2011.596573>
- Kutor, S. K. (2025). African transnationalism and migrant social fields. *Journal of African Studies and Development*, 17(1), 1-14. <https://doi.org/10.5897/JASD2024.0541>
- Lafleur, J.M. (2013). Transnational politics and the state: The external voting rights of diasporas. Routledge.
- Levitt, P. (1998). Social remittances: Migration-driven local-level forms of cultural diffusion. *International Migration Review*, 32(4), 926-948. <https://doi.org/10.1177/019791839803200404>
- Levitt, P., & Glick Schiller, N. (2004). Conceptualizing simultaneity: A transnational social field perspective on society. *International Migration Review*, 38(3), 1002-1039. <https://doi.org/10.1111/j.1747-7379.2004.tb00227.x>
- Migration Policy Institute. (2025). African diaspora engagement and development finance: Trends and opportunities. Migration Policy Institute.
- Mpande, D. (2024). Beyond remittances: Towards a representation-centred framework for African diaspora governance. *African Studies Review*, 67(2), 45-68. <https://doi.org/10.1017/asr.2024.12>
- Newland, K. (2019). The governance of international migration: Mechanisms, processes and institutions. *Global Governance*, 11(3), 331-343.
- Nigerians in Diaspora Commission (NiDCOM). (2019). Annual report 2019. NiDCOM.
- Ohemeng, F. L. K. (2026). African institutionalism and the limitations of historical path dependency in governance reform. *Journal of Modern African Studies*, 64(1), 1-22. <https://doi.org/10.1017/S0022278X26000012>
- Page, B., & Mercer, C. (2012). Why do people do stuff? Reconceptualizing remittance behaviour in diaspora-development research and policy. *Progress in development studies*, 12(1), 1-18.
- Peltoniemi, J., Sojka, B., & Mäkinen, S. (2022). The first piece of the puzzle: Diaspora voting rights and the pathways to political incorporation. *Citizenship Studies*, 26(4), 433-450. <https://doi.org/10.1080/13621025.2022.2040782>
- Portes, A., Guarnizo, L. E., & Landolt, P. (1999). The study of transnationalism: Pitfalls and promise of an emergent research field. *Ethnic and Racial Studies*, 22(2), 217-237. <https://doi.org/10.1080/014198799329468>
- Ratha, D., Mohapatra, S., & Silwal, A. (2016). Remittance flows to developing countries in 2015: Recent trends and outlook. World Bank.
- Ratha, D., Kim, E. J., Plaza, S., & Seshan, G. (2024). Migration and development brief 40: Remittances remain resilient. World Bank.
- Safran, W. (1991). Diasporas in modern societies: Myths of homeland and return. *Diaspora: A Journal of Transnational Studies*, 1(1), 83-99. <https://doi.org/10.1353/dsp.1991.0004>
- Tella, O., Adeyemi, S., & Nwosu, C. (2024). NiDCOM and the limits of diaspora governance: Between engagement and representation. *African Affairs*, 123(491), 1-19. <https://doi.org/10.1093/afraf/adae007>
- Tsourdi, E., & Zardo, F. (2025). Migration governance and the development nexus: Convergence, tensions and emerging frameworks. *Journal of Ethnic and Migration Studies*, 51(3), 501-518. <https://doi.org/10.1080/1369183X.2024.2345678>
- Turner, S., & Kleist, N. (2013). Agents of change? Staging and governing diasporas in Africa. *African Studies*, 72(2), 192-206. <https://doi.org/10.1080/00020184.2013.812876>
- Umpierrez de Reguero, S., & Navia, P. (2024). Enfranchisement without representation: The gap between external voting rights and diaspora political influence. *Comparative Migration Studies*, 12(1), 1-18. <https://doi.org/10.1186/s40878-024-00385-6>
- United Nations Department of Economic and Social Affairs (UN DESA). (2024). International migrant stock 2024. United Nations. <https://www.un.org/development/desa/pd/content/international-migrant-stock>
- Vaughan, O. (2011). Tradition and politics: Indigenous political structures in Africa. Africa World Press.
- Vintila, C. D., & Martiniello, M. (2021). Non-electoral political participation of immigrants and ethnic minorities: A conceptual overview. *Journal of Ethnic and Migration Studies*, 47(9), 1981-1997. <https://doi.org/10.1080/1369183X.2020.1800059>
- World Bank. (2024). Migration and development brief 40. World Bank Group

HOW INCLUSIVE EMPLOYMENT PRACTICE INFLUENCES EMPLOYEE TURNOVER INTENTION: THE ROLES OF JOB SATISFACTION AND ETHNIC IDENTITY

Bethlehem Abebe; Addis Ababa University; Addis Ababa, Ethiopia
 Marloes van Engen; Radboud University, Nijmegen, the Netherlands
 Konjit Hailu Gudeta; Addis Ababa University, Addis Ababa, Ethiopia

Abstract

Employee turnover intention has become a major concern in Ethiopian commercial banks. The aim of the study was to explore the chain of factors that lead to a reduced employee turnover intention. The analysis examined the inclusive employment practice as a cause of employee turnover intentions, while also considering the mediating role of job satisfaction and the moderating effect of employees' level of ethnic identity feelings. The study adopted a quantitative research approach with descriptive and explanatory research designs to investigate the relationships among the variables under examination. A sample of 344 employees drawn from three ethnically branded and four religiously affiliated banks was approached with the use of self-administered survey questionnaires. Both inclusive employment practice and job satisfaction are negatively associated with employee turnover intention. The result of a mediation analysis involving job satisfaction in the relationship between inclusive employment practice and turnover intention is found to be a full mediation. Further to this analysis, ethnic identity was incorporated into the model as a moderator into the mediation model, due to which it was found out that at a higher level of employees' feeling of ethnic identity, there will be a lesser mediation effect of the mediators. By integrating social exchange and identity perspectives, the study advances understanding of how and for whom inclusive employment practices reduce employees' intentions to leave, thereby enriching both inclusion and employee retention research.

Keywords: *Inclusive employment, turnover intention, ethnically and religiously branded banks, Sub-Saharan Africa, Ethiopia*

Introduction

Employee turnover is costly for organizations because it leads to substantial direct and indirect expenses, including recruitment, training, lost productivity, and reduced service quality, with estimates suggesting costs can reach 90–200% of an employee's salary (Jian et al., 2022). From the employee perspective, employee turnover can be costly for departing employees, as those who leave often report lower job satisfaction and poorer emotional well-being, indicating stress and instability around the transition (Rosen et al., 2011).

Together, these findings show that turnover creates a negative cycle: organizations incur financial and performance losses, while employees experience higher stress and lower morale, which can in turn drive further turnover (Lokhande, 2024). Furthermore, high turnover is often associated with increased work stress and burnout among remaining staff, which further increases turnover intentions and decreases well-being and performance (Salama et al., 2022). Towards controlling the prevalence of turnover intention, studies suggest that the employment practice of the employers have to be inclusive (Pandey & Risal, 2024; Sinisterra et al., 2024). Inclusive employment practices are often described as organizational efforts aimed at ensuring that all employees feel valued, respected, supported, and able to fully participate in workplace activities regardless of their differences (Ezeafulukwe et al., 2024). However, it is less likely that this single factor explains a significant level of the variation in the employees' turnover intention. Thus, there is a need to consider other factors, such as employee job satisfaction and their feelings of ethnic identity, as factors constituting the chain of influence that extends from the organizations' employment practices to employees' turnover intentions (Hur, 2020). Job satisfaction refers to the extent to which employees feel positively or negatively about their jobs and work experiences (Locke, 1976), and it is negatively associated with employees' turnover intention (Ali & Anwar, 2021; Chin, 2018; Mengistu, 2024). Inclusive employment practice creates a culture of inclusivity by modeling respectful behavior, encouraging diverse perspectives, and fostering a sense of belonging even in the said to-be-exclusive environment (Shore et al., 2011) and deemed to be important in religious or ethnically branded organizational contexts (Dogru, 2023).

Despite the growing importance of employee turnover intention in today's workplace, there is scarce research examining its antecedents in the banking sector, particularly in the context of ethnically and religiously branded banks (Gemechu, 2017; Jiru & Tadesse, 2019). As a result, empirical evidence remains very limited regarding turnover intention in ethnically and religiously branded banks, which implies an important contextual and empirical gap in the Ethiopian banking business. In the present study context, where ethnic and religious branding of banks is common, employment practices might rather be exclusive. This is due to the fact that the branding is primarily about target marketing and doesn't take into account the counterproductive effect of it on the inclusive employment practice (Demelash, 2021; Zewude, 2019).

Cultural biases and informal practices, such as preferential treatment of the majority group's religious festivals and holidays or workplace celebrations and rituals reflecting the dominant religion's traditions, can marginalize minority groups (Ayele, 2018; Workneh, 2019; Halkias et al., 2016). While these organizations play crucial roles in the financial sector, their inclusive employment practices often face challenges in promoting diversity, equity, and inclusion, which can significantly impact hiring, promotion, and other human resources management decisions and negatively impact employees' job satisfaction (Workneh, 2019; Desta, 2021; Wolde, 2021).

In addition to the gap in the contextual literature, there is also a significant methodological gap in the debate around the antecedents of turnover intentions. While the relationship between inclusive employment practices and turnover intention is often complicated with number of variables interacting in various ways, a significant number of scholars argue that the relationship is linear and simple (Likardo & Praningrum, 2024; Sumiyarsih et al., 2023). Nevertheless, the present study argues that inclusive employment practices don't just magically stop people from quitting; instead, they trigger a chain reaction so that inclusion leads to lower turnover by first boosting an internal feeling such as job satisfaction: "I like what I do and how I'm treated." The strength of this chain reaction isn't the same for everyone. As the study context is ethnically and religiously affiliated, the relationship between inclusive employment practices, job satisfaction, and turnover intention is most likely to be "moderated" by ethnic identity. An employee's ethnic background and how strongly they identify with it can change how much they value certain inclusive practices.

No previous studies explored the effect of inclusive employment practices on turnover intention by incorporating job satisfaction as a mediator and ethnic identity as a moderator. The gap is wider for developing countries' context, particularly in the context of ethnically or religiously branded banks. Thus, this study examines inclusive employment practices within organizations featuring distinct ethnic and religious affiliations. Particularly, it investigates how this practice influences employee turnover intention through the mediating effects of job satisfaction and the moderating effect of ethnic identity within this context.

Study Hypotheses

Inclusive employment practice and employee turnover intention

Inclusive employment practice encompasses a wide range of initiatives aimed at creating a workplace where everyone feels valued, respected, and empowered to contribute their best (Liu et al., 2023). These behaviors foster a sense of belonging within the group while also valuing each individual's uniqueness and promoting full participation (Randel et al., 2018). Inclusive employment practices include diverse recruitment and selection, inclusive onboarding and training, flexible work arrangements, inclusive performance management, and supporting the development and advancement of employees from underrepresented groups (Nishii & Mayer, 2009). Organizations that implement an inclusive employment approach would face fewer challenges in managing their human resources (Zhao & Ren, 2025). This is because employees who feel valued and included in the organization, without compromising their individual identities, are more likely to exhibit higher levels of performance and desirable work behaviors, ultimately leading to a better fit between individuals and their roles (Platania et al., 2025), which is in line with the social exchange theory (Homans, 1958; Blau, 1964).

According to the social exchange theory, relationships are viewed as transactions in which individuals or groups exchange resources based on cost-benefit considerations. The theory emphasizes reciprocity, fairness, and mutual dependence as key drivers of workplace interactions. In line with the arguments of the social exchange theory, employees remain committed to organizations when they perceive fair, supportive, and inclusive treatment (Blau 1964). Thus, when organizations practice inclusive employment, employees feel valued and reciprocate with loyalty and reduced turnover intention (Zeng et al., 2023). As an inclusive employment practice creates a positive and diverse work environment where everyone feels comfortable and is being themselves, it is likely to result in lower intention to leave (Khan and Nazir, 2021; Zeng et al., 2023). On the basis of the above arguments, the researcher proposed the following hypothesis:

H1: Inclusive employment practice is negatively associated with employee turnover intention.

Meditational role of job satisfaction

Job satisfaction is a complex measure of employees' satisfaction with their work and is crucial for the well-being of both individuals and organizations (Dziuba et al., 2020). It reflects an individual's emotional response to various aspects of their job, including tasks, work environment, colleagues, compensation, and growth opportunities (Scanlan & Still, 2019). This definition emphasizes the interplay of emotions and assessment, where positive feelings arise from a favorable appraisal of one's work. While various factors influence employee job satisfaction, research consistently demonstrates the crucial role of inclusive employment practice in enhancing this job satisfaction (Hur, 2020; Maj, 2023). In line with the social exchange theory, inclusive employment practice creates a workplace environment where everyone feels valued, respected, and empowered, contributing significantly to overall job satisfaction (Shore, Randel, Chung, Dean, Ehrhart, et al., 2011). Based on this argument, we formulate the following hypothesis:

H2: Inclusive employment practice is positively related to employee job satisfaction.

Studies also consistently show that job satisfaction is a strong predictor of employee turnover intention (Huang et al., 2017; Zeffane & Bani Melhem, 2017). Satisfied employees are less likely to leave their jobs due to factors such as organizational commitment, reduced stress, improved work-life balance, and recognition and rewards (Choi & Chiu, 2017). In conclusion, when employees are satisfied with their jobs and feel a sense of belonging, they are less likely to leave the organization. This leads to another hypothesis that needs to be proved.

H3: Job satisfaction is negatively related with employee turnover intention.

Nevertheless, it's important to note that the relationship between inclusive employment practice and employee turnover intention is not straightforward. Under an inclusive employment practice, employees feel valued, respected, and empowered, boosting their job satisfaction. Accordingly, a better feeling of job satisfaction due to inclusive hiring, promotion, participation and equal treatment creates a perception of organizational support which in turn helps employees develop a reduced employee turnover intention (Kaur, Mishra & Farooqi, 2022). In line with the ongoing arguments, we hypothesized:

H4: Job satisfaction mediates the negative relationship between inclusive employment practice and employee turnover intentions.

Moderating role of ethnic identity

Ethnic identity denotes an individual's feeling of association with a specific ethnic group, encompassing the emotions, beliefs, and actions connected to that group's membership (Waters, 1990). It involves the identification with and internalization of the cultural traditions, language, values, and norms of one's ethnic group (Yeh & Huang, 1996). Ethnic identity is a significant aspect of an individual's self-concept and can influence their interactions, experiences, and perceptions in various social contexts (Utsey et al., 2002). The significant feeling of inclusion and social support within one's ethnic community may moderate the adverse impacts of discrimination, thereby reducing intentions to leave (Cobb et al., 2019; Park et al., 2013). Therefore, as inclusive employment practice behaviors are perceived as authentically inclusive and respectful of ethnic diversity, they may have a stronger positive impact on employee job satisfaction, ultimately reducing employee turnover intentions among individuals with strong ethnic identities (Holmes, et al., 2021; Li, et al., 2019).

H5: Ethnic identity will positively moderate the relationship between inclusive employment practice, job satisfaction, and employee turnover intention, which implies that the negative impact of inclusive employment practice on employee turnover intention through job satisfaction will be stronger among individuals with strong ethnic identities.

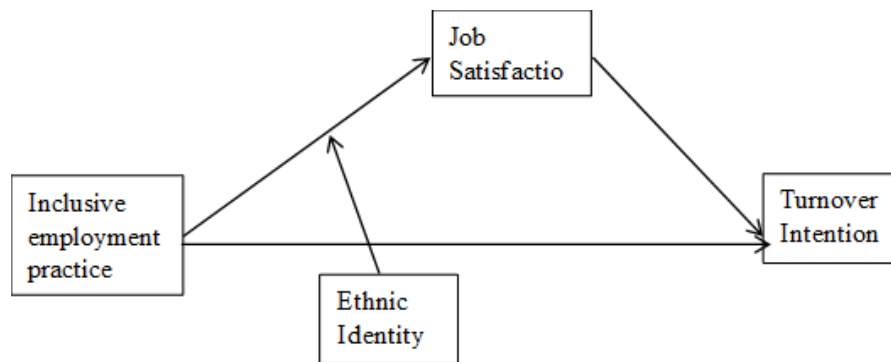


Figure 1: Conceptual Framework of the study

Source: Developed by the authors based on literature review

Sampling and participants

Given the large population size of 21, 238 employees, dispersed across various regions, it was imperative to employ probability sampling to arrive at a more representative sample of the population. Specifically, cluster sampling, a technique well-suited for large and geographically spread populations (Obilor, 2023), was utilized in the first stage. It was done by dividing the population into smaller clusters, based on a shared characteristic—in this case, region (Taherdoost, 2016). To select one of the fourteen regions of the country for in-depth sampling in the second stage, the lottery method was used, as a result of which Addis Ababa was selected. To determine an appropriate sample size from the population of 21,238, Yamane's formula (1967) was used, resulting in a sample size of 393 and approached with the use of convenience until the intended number of participants was reached. The researcher administered closed-ended structured questionnaires. The research participants for this part of the study are employees working in the seven selected ethnic or religious branded banks that are located in Addis Ababa. To ensure a diverse and representative sample, participants are selected from various work positions. We collected 344 valid questionnaires yielding a response rate of 86%.

Of all the respondents, 75% are male and 63.7% are from aged 26-33, with 52.6% of the respondents born in the Oromia region and 23.3% from the Amhara region. Furthermore, 57.6% are from the Oromo ethnic group, and 37.2% are from the Amhara ethnic group. Of the total respondents, 51.2% have their mother tongue in Afan Oromo and 45.3% in Amharic. Regarding religion, 55.5% are Orthodox and 28.5% are Protestant. Additionally, 50.9% of the respondents are single, with 54.1% of respondents having a bachelor's degree and 74.4% having 2-4 years of work experience.

Measure

Based on existing research, inclusive employment practices were assessed using 6 items adapted from Nishii (2013). For measuring ethnic and religious identity, a shortened 9 item version was adopted from Umaña-Taylor et al. (2004). Job satisfaction was measured by 4 items derived from Quinn & Shepard, 1974. Regarding turnover intention, the four items were adapted from Bothma & Roodt (2013). All items were measured based on a five-point Likert scale that ranged from 1 “strongly disagree” to 5 “strongly agree.” The reliability test results of turnover intention, job satisfaction, ethnic identity, and inclusive employment practice were .958, .949, .943, and .956, respectively. This signifies that the entire reliability value surpasses the minimum requirement of 0.70, (Hair et al., 2010), and therefore, the reliability of the data is not a concern.

Non-response bias test

In this research we used cross-sectional data that were collected using closed-ended structured questionnaires. A non-response bias test assesses if respondents who participate in the survey are different from those who do not participate and was conducted using a t-test (Rogelberg & Stanton, 2007). In terms of their response waves, the 344 respondents were categorized into two (first, $n=70$, 20%; and second, $n=274$, 80%). The results indicate that three of the variables, inclusive employment practice, ethnic identity, and turnover intention, showed no significant differences ($p < .05$). But job satisfaction showed significant differences ($p > .05$). Therefore, the results suggest that even if minor bias may exist for one of the variables, non-response bias was not an issue in this study.

Common method variance

Due to the fact that the data are collected for both dependent and independent factors, there is a possibility of common method bias. As a result of this fact and suggestions from various scholars (Podsakoff et al., 2003), we conducted Harman's single-factor test to assess the presence of common method variance. Accordingly, the unrotated factor solution shows that multiple factors have eigenvalues greater than 1, signifying that the data are not dominated by a single factor. From the results, it was observed that the first factor explains 37.687% of the total variance, which is well below the commonly used threshold of 50% (Dubey et al., 2019). Thus, it is apparent that there is no single factor that accounts for the majority of the covariance among the measures. On top of that, a total of four factors with eigenvalues greater than 1 were extracted, jointly explaining 71.5% of the total variance, further confirming the multidimensionality of the data.

Convergent and Discriminant validity

As all measurement items load strongly on their respective constructs with minimal cross-loadings, both convergent and discriminant validity were confirmed. The confirmatory factor analysis demonstrated that the measurement model is psychometrically sound and appropriate for further analysis.

Results

Based on Table 1, one can understand that the highest mean value score was inclusive employment practice with a mean value of 4.17, and the lowest was turnover intention with a mean value of 2.43. The overall inclusive employment practice, which is an aggregate of the twelve statements, tends to be towards agreement rating with a mean and standard deviation given as follows ($M=4.17$, $SD=0.7349$). This implies that on average, the majority of respondents have a positive attitude towards the inclusivity of the employment practice.

While job satisfaction is positively correlated to inclusive employment practices ($r = 0.325$, sig. is 0.000), turnover intention is negatively correlated with both inclusive employment practices and employee job satisfaction ($r = -0.145$, sig. is 0.007), and ($r = -.440$, sig is 0.000) respectively. Moreover, Table 1 shows the level of correlation between inclusive employment practices, ethnic identity, job satisfaction, and turnover intention. Accordingly, ethnic identity is positively correlated to inclusive employment practices ($r = 0.467$, sig. is 0.000 which is < 0.0), job satisfaction ($r = 0.189$, sig. is 0.000), and but not significantly associated with turnover intention ($r = 0.074$, sig. is 0.170).

Table 1: Descriptive statistics

Variables	Mean	Std. Deviation	Composite Reliability	Inclusive employment	Ethnic Identity	Job satisfaction	Turnover intention
Inclusive employment	4.17	0.73	0.956	1			
Ethnic Identity	3.98	0.78	0.943	.467**	1		
Job satisfaction	3.28	1.12	0.949	.325**	.189**	1	
Turnover intention	2.43	1.28	0.958	-.145**	0.074	-.440 **	1
**. Correlation is significant at the 0.01 level (2-tailed)., *. Correlation is significant at the 0.05 level (2-tailed).							

Source: Own survey, computed in SPSS, 2026

Hypothesis Testing

We first examined the direct effect of inclusive employment practices on the turnover intention. The hypothesis was that the inclusive practice is negatively associated with employees' turnover intention. Table 1 depicts that inclusive employment practice has a significant negative effect ($\beta = -.25$, $Se = .093$, $p < .01$) on employees' turnover intention. Hence, the hypothesis is supported. With $R^2 = .021$, only 2.1% of the variance in turnover intention is explained by the change in the inclusive employment practice.

To examine the direct effect of inclusive employment practice on employee job satisfaction, we employed a simple regression analysis. The result in Table 1 confirmed that inclusive employment practice has a significant positive effect on job satisfaction ($\beta = .50$, $SE = 0.08$, $p < .01$). With a $R^2 = .11$, implying that 11% of the variance in the job satisfaction is caused by the inclusive employment practice, that is fairly strong. Accordingly, the empirical results support hypothesis 2.

Furthermore, we tested that job satisfaction is negatively related with employee turnover intention. As indicated in Table 1, ($\beta = -.501$, $SE = 0.055$, $p < .01$), showing that job satisfaction had a significant negative effect on turnover intention. The $R^2 = 0.193$ also indicates that 19.3% of the variance of turnover intention is explained by the change in job satisfaction; thus, hypothesis 3 is supported.

Mediation analysis

In order to test the indirect effect of inclusive employment practice on turnover intention, the role of job satisfaction was incorporated. Accordingly, we proposed that job satisfaction mediates the relationship between inclusive employment practice and turnover intention. Table 2 shows that the direct effect of inclusive employment practice on turnover intention that existed before becomes non-significant after including job satisfaction in the model ($\beta = -.0029$, $SE = 0.0894$, $p = .9745$). Furthermore, the indirect effect of inclusive employment practice on turnover intention through job satisfaction was significant ($\beta = -.2483$, $LLCI = -.3743$, $ULCI = -.1466$). As the interval did not include zero, it indicates that job satisfaction fully mediates the relationship between inclusive employment practice and turnover intention. Thus, Hypothesis 4 is supported.

Moderated Mediation Analysis

We initially have proposed the hypothesis that the mediation is rather moderated by the employees' level of ethnic identity feelings. Accordingly, ethnic identity moderates the mediating effect of job satisfaction in the relationship between inclusive employment practice and turnover intention, such that the indirect effect of inclusive employment practice on turnover intention through job satisfaction varies depending on the level of ethnic identity. According to Table 2, the index of moderated mediation was significant, with an index of moderation = $-.1135$. $SE = 0.0395$, at 95% CI $[-0.1795, -0.0223]$, indicating that the indirect effect of inclusive employment practice on turnover intention through job satisfaction decreased as the average ethnic identity increased. Pertaining to this result, the above hypothesis 5 is supported. Otherwise, at a lower level of the feeling of ethnic identity, the employees' turnover intention would be more regardless of the mediation effect of job satisfaction.

Table 2: Process results for the regression analysis

Variables	Hypothesis 1: IEP-TI (β) (se)	Hypothesis 2: IEP-JS (β) (se)	Hypothesis 3: JS-TI(β) (se)	Hypothesis 4: TI(β) (se) (IEP-JS-TI)	Hypothesis 5: TI(β) (se) (IEP*EI-JS-TI)
Constant	3.478**(.394)	1.21**(.33)	4.075**(.192)	4.085**(.36)	4.1131**(.9284)
IEP	-.251**(.093)	.49**(.078)	-	-.0029(.0894)	-.3517 (.2458)
JS	-	-	-.500**(.058)	-.50**(.05)	-
EI	-	-	-	-	-.801**(.2587)
R2	0.021	0.1058	0.193	0.1935	0.1392
Index of mediation (Indirect effect of IEP-JS-TI)	β (Boot SE) Boot LLCI Boot ULCI -.2483 (.0559) -.3668 -.1500				
Index of moderated mediation	β (Boot SE) Boot LLCI Boot ULCI -.1135 (.0395) -.1795 -.0223				

Source: Own survey, computed in SPSS, 2026

Discussion

On the basis of evidence from the empirical data processed and analyzed with the use of various statistical tools and in line with the social exchange theory, we found the following facts about the effect of inclusive employment practices on the employee turnover intention. The level of employee turnover intention in those ethnically and religiously branded banks was found to be low, which implies that it is not a serious issue at the moment of the study. On the other hand, the reported level of employees' feeling of inclusive employment practice is found to be very high. Therefore, the finding is in line with the social exchange theory that employees feel a lower level of turnover intention that reciprocates the high level of inclusive employment practice.

According to the analysis of the direct linear relationship, we confirmed that inclusive employment practice and job satisfaction are negatively associated with employee turnover intention. Furthermore, a heightened inclusive employment practice is associated with greater job satisfaction. With regard to the mediation effect of job satisfaction in the relationship between inclusive employment practice and turnover intention, a full mediation was confirmed as the direct effect of inclusive employment practice disappeared when the aforementioned variable was incorporated into the model.

As a result of integrating ethnic identity into the mediation model as a moderator, the indirect effect of inclusive employment practice on turnover intention through the mediators decreased due to the increase in the average ethnic identity. Thus, at a higher level of employees' feelings of ethnic identity, there will be a lesser mediation effect of the mediators.

Theoretical Contribution

This study contributes to social exchange theory by demonstrating that inclusive employment practices function as valuable organizational resources that signal respect, fairness, and support towards employees. Consistent with social exchange principles, employees who perceive inclusive treatment develop positive attitudes towards the organization and reciprocate through stronger commitment and lower intentions to leave. By positioning inclusive employment practices as antecedents of employee retention, the study broadens the application of social exchange theory in diversity and inclusion research.

A key theoretical contribution is the identification of job satisfaction as a mediating mechanism linking inclusive employment practices and turnover intention. While previous studies often establish direct relationships between workplace inclusion and employee outcomes, this study explains how inclusive employment practices influence turnover intentions. The findings suggest that inclusive practices enhance employees' satisfaction with their work environment, which subsequently reduces their desire to leave the organization. This contributes to theory by clarifying the psychological process through which social exchange relationships translate into retention outcomes.

The study advances theory by incorporating ethnic identity as a boundary condition within the social exchange process. Traditional social exchange theory generally assumes that employees respond similarly to organizational support. However, this research argues that employees' ethnic identities shape how they interpret and react to inclusive employment practices. By introducing ethnic identity into the exchange framework, the study enriches the theory with insights from identity-based perspectives and highlights individual differences in reciprocity processes.

Another theoretical contribution lies in demonstrating a moderated mediation model in which ethnic identity influences the indirect effect of inclusive employment practices on turnover intention through job satisfaction. This finding moves beyond simple mediation models by showing that the strength of the satisfaction-based exchange process varies across employees with different levels of ethnic identity. Consequently, the study contributes to the growing literature on conditional indirect effects and provides a more nuanced understanding of employee retention dynamics.

The study also contributes by integrating two streams of literature that are often examined separately: inclusive employment practices and turnover intention. Through the Social Exchange Theory lens, it establishes a comprehensive framework that explains how organizational inclusion initiatives reduce turnover intentions via attitudinal outcomes and under what conditions these effects become stronger or weaker. This offers a more holistic explanation of employee retention in diverse workplaces.

Practical Contribution

Practically, this study will address the confusion surrounding people's perceptions of inclusive employment practices in organizations with ethnic or religious brand affiliations. It also has significant practical implications for organizations seeking to enhance employee retention and foster a more inclusive workplace. By identifying effective inclusive employment practices and understanding the mediating and moderating factors, organizations can implement targeted strategies to reduce turnover intention.

Furthermore, by examining the mediating effect of job satisfaction and the moderating effects of ethnic identity, this study offers valuable insights into the complex dynamics within the workplace. Towards understanding the factors that contribute to employee retention, this research informs policies and practices that promote diversity, equity, and inclusion in the workforce.

Limitations and Recommendations

Like any research study, this work has limitations that researchers and practitioners should consider, which may also present as opportunities for further investigation. As the study focuses specifically on employment inclusiveness approaches at religiously affiliated and ethnically branded private banks, it may not apply to all banks in Ethiopia. The research was conducted at the Addis Ababa branches; the result may not capture regional variations. In rural branches, employees may come from the local community, having strong social relationships; recruitment may be informal, and HR policies may be inconsistent. In addition, as the study is entirely cross-sectional, it's less likely to identify changes over time. In Ethiopia, issues involving religion and ethnicity are socially sensitive; participants may refrain from giving their honest views due to fear of harming their bank.

There is limited academic literature on religiously affiliated and ethnically branded banks, which makes the comparative analysis limited. Furthermore, to develop a comprehensive framework that illustrates employment inclusiveness approaches at the national level, future research should examine this issue across sectors.

Competing Interests

The authors declare that they have no financial or personal relationship that may have inappropriately influenced them in writing this article.

Ethical Consideration

Ethical clearance was obtained from Addis Ababa University's ethics committee, and informed consent was obtained before the interviews began. The researcher followed the general principles of qualitative research by protecting participants' identities and personal information, conducting data collection and analysis transparently, and reporting findings honestly and responsibly.

Authors' Contributions

The first author was responsible for the conception and design of the study, data collection, analysis, interpretation, and drafting of the manuscript. Through the research process, the main supervisor guides and critically revises the research. The co-supervisor supported the data interpretation and gave feedback on the manuscript. All authors contributed to the refinement of the manuscript, approved the final version for publication, and agreed to be accountable for all aspects of the work.

Funding Information

This work received no specific funding from any public, commercial, or not-for-profit funding agency. Thus, there are no financial or non-financial competing interests.

Data availability Statement

The data that support the findings of this study are available on request from the corresponding author, Bethlehem Abebe Getachew. The data are not publicly available due to the fact that they contain information that could compromise the privacy of participants.

Disclaimer

The views and opinions expressed in this article are those of the authors and are based on independent professional research conducted by the authors. They do not necessarily reflect the official policy, position, or views of any affiliated institution, organization, employer, funding agency, or the publisher. The authors take full responsibility for the accuracy, findings, interpretations, and content of this article.

References

- Ali, B. J., & Anwar, G. (2021). Employee turnover intention and job satisfaction. *International Journal of Advanced Engineering, Management and Science*, 7(6), 22–30. <https://doi.org/10.22161/ijaems.76.3>
- Ayele, M. (2018). Ethnic diversity and career advancement in Ethiopian banks. *African Journal of Management*, 10(2), 120–137.
- Blau, P. M. (1964). *Exchange and power in social life*. Wiley.
- Bothma, F. C., & Roodt, G. (2013). The validation of the turnover intention scale. *South African Journal of Human Resource Management*, 11(1), 1–12. <https://doi.org/10.4102/sajhrm.v11i1.507>
- Chin, C. L. (2018). The influence of job satisfaction on employee turnover intention in the manufacturing industry of Malaysia. *Journal of Arts & Social Sciences*, 1(2), 53–63.
- Choi, H., & Chiu, W. (2017). Influence of the perceived organizational support, job satisfaction, and career commitment on football referees' turnover intention. *Journal of Physical Education and Sport*, 17(Suppl. 3), 955–959. <https://doi.org/10.7752/jpes.2017.s3146>
- Cobb, C. L., Meca, A., Branscombe, N. R., Schwartz, S. J., Xie, D., Zea, M. C., & Sanders, G. L. (2019). Perceived discrimination and well-being among unauthorized Hispanic immigrants: The moderating role of ethnic/racial group identity centrality. *Cultural Diversity and Ethnic Minority Psychology*, 25(2), 280–292. <https://doi.org/10.1037/cdp0000234>
- Demelash, S. (2021). Factors affecting the intention to use ethnic branded banks: Empirical evidence from private banking sectors in Addis Ababa, Ethiopia (Master's thesis, Addis Ababa University). Addis Ababa University Institutional Repository. <http://etd.aau.edu.et/handle/123456789/27670>
- Desta, H. (2021). Examining the impact of religious branding strategies on employee engagement and satisfaction. *Journal of Organizational Psychology*.
- Dogru, C. (2023). Role of human resources for inclusive leadership, workplace diversity, and equity in organizations. *IGI Global*.
- Dubey, R., Gunasekaran, A., Childe, S. J., Blome, C., & Papadopoulos, T. (2019). Big data and predictive analytics and manufacturing performance: Integrating institutional theory, resource-based view and big data culture. *British Journal of Management*, 30(2), 341–361. <https://doi.org/10.1111/1467-8551.12355>

References

- Dziuba, S. T., Ingaldi, M., & Zhuravskaya, M. (2020). Employees' job satisfaction and their work performance as elements influencing work safety. *System Safety: Human-Technical Facility-Environment*, 2(1), 18–25.
- Ezeafulukwe, C., Onyekwelu, S. C., Onyekwelu, N. P., Ike, C. U., Bello, B. G., & Asuzu, F. O. (2024). Best practices in human resources for inclusive employment: An in-depth review. *International Journal of Science and Research Archive*, 11(1), 1286–1293. <https://doi.org/10.3389/fpsyg.2024.1439127>
- Gemechu, B. (2017). Factors influencing employee intention to turnover at Commercial Bank of Ethiopia (Master's thesis, Addis Ababa University). Addis Ababa University Institutional Repository. <https://etd.aau.edu.et/handle/123456789/12733>
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Pearson Education.
- Halkias, G., Davvetas, V., & Diamantopoulos, A. (2016). The interplay between country stereotypes and perceived brand globalness/localness as drivers of brand preference. *Journal of Business Research*, 69(9), 3621–3628. <https://doi.org/10.1016/j.jbusres.2016.01.021>
- Holmes, O., Jiang, K., Avery, D. R., McKay, P. F., Oh, I. S., & Tillman, C. J. (2021). A meta-analysis integrating 25 years of diversity climate research. *Journal of Management*, 47(6), 1357–1382. <https://doi.org/10.1177/0149206320934547>
- Homans, G. C. (1958). Social behavior as exchange. *American Journal of Sociology*, 63(6), 597–606. <https://doi.org/10.1086/222355>
- Hur, H. (2020). The role of inclusive work environment practices in promoting LGBT employee job satisfaction and commitment. *Public Money & Management*, 40(6), 426–436. <https://doi.org/10.1080/09540962.2019.1681640>
- Jian, Q., Wang, X., Al-Smadi, H. M., Waheed, A., Badulescu, A., & Samad, S. (2022). Proposing a robust model to reduce employees' turnover intentions in an ethical leadership framework: Empirical evidence from the healthcare sector. *International Journal of Environmental Research and Public Health*, 19(15), Article 8939. <https://doi.org/10.3390/ijerph19158939>
- Jiru, A. T., & Tadesse, W. M. (2019). Effects of human resource management practices on employee turnover intention: A case study of commercial banks in Ethiopia. *OPUS: HR Journal*, 10(1). <https://www.publishingindia.com/opus/53/effects-of-human-resource-management-practices-on-employee-turnover-intention-a-case-study-of-commercial-banks-in-ethiopia/797/554>
- Kaur, I., Mishra, G., & Farooqi, R. (2022). Diversity climate perceptions and turnover intentions: The sequential mediating effect of inclusion and job satisfaction. *International Journal of Human Capital and Information Technology Professionals*, 13(1), 1–17. <https://doi.org/10.4018/IJHCITP.300309>
- Khan, S. A., & Nazir, M. (2021). Inclusive leadership, job engagement, and turnover intention: The mediating role of employee self-efficacy in the hospitality industry. *Journal of Tourism, Hospitality, and Services Industries Research (JTHS)*, 1(1), 38–46.
- Likardo, D. D., & Praningrum, P. (2024). The effect of perceived organizational support and organizational commitment on turnover intention: Mediated by job satisfaction. *Jurnal Fokus Manajemen Bisnis*, 15(1). <https://doi.org/10.12928/fokus.v15i1.12562>
- Liu, J., Zhu, Y., & Wang, H. (2023). Managing the negative impact of workforce diversity: The important roles of inclusive HRM and employee learning-oriented behaviors. *Frontiers in Psychology*, 14, Article 1117690. <https://doi.org/10.3389/fpsyg.2023.1117690>
- Locke, E. A. (1976). The nature and causes of job satisfaction. In M. D. Dunnette (Ed.), *Handbook of industrial and organizational psychology* (Vol. 1, pp. 1297–1343). Rand McNally.
- Lokhande, A. (2024). Employee turnover: Causes, costs, and HR strategies for retention. *International Journal of Engineering Research & Management Technology*, 11(2), 273–280.
- Maj, J. (2023). The influence of an inclusive work environment and perceived diversity on job satisfaction: Evidence from Poland. *Central European Business Review*, 12(5), 105–122. <https://doi.org/10.18267/j.cebr.334>
- Mengistu, D. (2024). Factors affecting employee turnover intention: In case of some selected Oromia Bank branches under West Finfine District (Master's thesis, Ambo University). Ambo University Institutional Repository. <http://hdl.handle.net/123456789/3696>
- Mitchell, A. K., Apenteng, B. A., & Boakye, K. G. (2022). Examining factors associated with minority turnover intention in state and local public health organizations: The moderating role of race in the relationship among supervisory support, job satisfaction, and turnover intention. *Journal of Public Health Management and Practice*, 28(5), 768–777. <https://doi.org/10.1097/PHH.0000000000001527>
- Nishii, L. H., & Mayer, D. M. (2009). Do inclusive leaders help to reduce turnover in diverse groups? The moderating role of leader-member exchange in the diversity to turnover relationship. *Journal of Applied Psychology*, 94(6), 1412–1426. <https://doi.org/10.1037/a0017190>
- Obilor, E. I. (2023). Convenience and purposive sampling techniques: Are they the same? *International Journal of Innovative Social & Science Education Research*, 11(1), 1–7.
- Pandey, D., & Risal, N. (2024). Investigation of human resource practices, burnout and turnover intention. *Corporate Governance and Organizational Behavior Review*, 8(1), 222–231. <https://doi.org/10.22495/cgobrv8i1p19>
- Park, I. J. K., Schwartz, S. J., Lee, R. M., Kim, M., & Rodriguez, L. (2013). Perceived racial/ethnic discrimination and antisocial behaviors among Asian American college students: Testing the moderating roles of ethnic and American identity. *Cultural Diversity and Ethnic Minority Psychology*, 19(2), 166–176. <https://doi.org/10.1037/a0030880>

References

- Platania, S., Maggio, C., & Boccadamo, M. (2025). The impact of diversity inclusion practices in the workplace context: The effect of inclusive leadership. *European Journal of Investigation in Health, Psychology and Education*, 15(7), Article 121. <https://doi.org/10.3390/ejihpe15070121>
- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903. <https://doi.org/10.1037/0021-9010.88.5.879>
- Quinn, R. P., & Shepard, L. J. (1974). The 1972–1973 quality of employment survey. Institute for Social Research, University of Michigan.
- Randel, A. E., Galvin, B. M., Shore, L. M., Ehrhart, K. H., Chung, B. G., Dean, M. A., & Kedharnath, U. (2018). Inclusive leadership: Realizing positive outcomes through a focus on belongingness and being valued for uniqueness. *Human Resource Management Review*, 28(2), 190–203. <https://doi.org/10.1016/j.hrmr.2017.07.003>
- Rosen, J., Stiehl, E. M., Mittal, V., & Leana, C. R. (2011). Stayers, leavers, and switchers among certified nursing assistants in nursing homes: A longitudinal investigation of turnover intent, staff retention, and turnover. *The Gerontologist*, 51(5), 597–609. <https://doi.org/10.1093/geront/gnr025>
- Salama, W., Abdou, A. H., Mohamed, S. A. K., & Shehata, H. S. (2022). Impact of work stress and job burnout on turnover intentions among hotel employees. *International Journal of Environmental Research and Public Health*, 19(15), Article 9724. <https://doi.org/10.3390/ijerph19159724>
- Scanlan, J. N., & Still, M. (2019). Relationships between burnout, turnover intention, job satisfaction, job demands and job resources for mental health personnel in an Australian mental health service. *BMC Health Services Research*, 19, Article 62. <https://doi.org/10.1186/s12913-019-3919-2>
- Shore, L. M., Randel, A. E., Chung, B. G., Dean, M. A., Ehrhart, K. H., & Singh, G. (2011). Inclusion and diversity in work groups: A review and model for future research. *Journal of Management*, 37(4), 1262–1289. <https://doi.org/10.1177/0149206310385943>
- Sinisterra, L., Peñalver, J., & Salanova, M. (2024). Connecting organizational inputs and outcomes: A systematic review of the relationship between talent management, employee engagement, and turnover intention. *Frontiers in Psychology*, 15, Article 1439127. <https://doi.org/10.3389/fpsyg.2024.1439127>
- Steven G. Rogelberg, & Jeffrey M. Stanton. (2007). Introduction: Understanding and dealing with organizational survey nonresponse. *Organizational Research Methods*, 10(2), 195–209. <https://doi.org/10.1177/1094428106294693>
- Taherdoost, H. (2016). Sampling methods in research methodology: How to choose a sampling technique for research. *International Journal of Academic Research in Management*, 5(2), 18–27. <https://doi.org/10.2139/ssrn.3205035>
- Taherdoost, H. (2016). Validity and reliability of the research instrument: How to test the validation of a questionnaire/survey in a research. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3274824>
- Umaña-Taylor, A. J., Yazedjian, A., & Bámaca-Gómez, M. (2004). Developing the ethnic identity scale using Eriksonian and social identity perspectives. *Identity: An International Journal of Theory and Research*, 4(1), 9–38. https://doi.org/10.1207/S1532706XID0401_2
- Utsey, S. O., Chae, M. H., Brown, C. F., & Kelly, D. (2002). Effect of ethnic group membership on ethnic identity, race-related stress, and quality of life. *Cultural Diversity and Ethnic Minority Psychology*, 8(4), 367–378. <https://doi.org/10.1037/1099-9809.8.4.367>
- Waters, M. C. (1990). *Ethnic options: Choosing identities in America*. University of California Press.
- Wolde, T. (2021). Impact of religious branding on employee job satisfaction and organizational commitment: Evidence from the banking industry. *Journal of Applied Psychology*.
- Workneh, T. (2019). Religious diversity and workplace culture in Ethiopian banks. *Journal of Diversity Management*, 13(1), 45–60.
- Yamane, T. (1967). *Statistics: An introductory analysis* (2nd ed.). Harper & Row.
- Yeh, C. J., & Huang, K. (1996). The collectivistic nature of ethnic identity development among Asian-American college students. *Adolescence*, 31(123), 645–661.
- Zeffane, R., & Bani Melhem, S. J. (2017). Trust, job satisfaction, perceived organizational performance and turnover intention: A public–private sector comparison in the United Arab Emirates. *Employee Relations*, 39(7), 1148–1167. <https://doi.org/10.1108/ER-01-2017-0016>
- Zeng, D., Wang, B., & Chen, W. (2023). Inclusive leadership can improve nurses' psychological ownership and reduce their turnover intention under the normalization of COVID-19 prevention. *Frontiers in Psychology*, 13, Article 1100172. <https://doi.org/10.3389/fpsyg.2022.1100172>
- Zewude, B. (2019). The influence of ethnicity on customers' choice of banks: The case of selected banks in Shashemene Town, Oromia, Ethiopia. *Journal of Marketing and Consumer Research*, 60, 1–12. <https://doi.org/10.7176/JMCR/60-01>
- Zhao, Z., & Ren, J. (2025). Diverse and inclusive human resource practices and employee creativity: The psychological fit mechanisms and the role of inclusive leadership. *Frontiers in Psychology*, 16, Article 1679943. <https://doi.org/10.3389/fpsyg.2025.1679943>

ANALYSIS OF ENERGY RESILIENCE AND RISK MANAGEMENT IN SUPPLY CHAIN EFFECTIVENESS: THE CASE OF GHANA'S MEDIUM AND LARGE-SCALE ENTERPRISES

Elizabeth Asantewaa, Bernard Oforu Boateng; *University of the West of Scotland, UK*

Kwame Ntim Sekyere; *University of Leicester, UK*

Problem Statement

In recent years, the global energy sector has been exposed to increasing risks, such as geopolitical instability, shortages of materials, and shocks caused by climate change. According to the 2023 Energy Supply Chain Risk Report, companies identify raw-material scarcity, price fluctuations, and geopolitical tensions as major threats to supply chain stability (WTW, 2023). At the same time, pressures to meet sustainability goals and address climate change are increasing the need for resilient energy supply chains. Firms are forced to balance cost, environmental impact, and security when making decisions (Han & Um, 2024). Research on supply chain risk management highlights the need for strategies that can withstand unexpected disruptions. A recent bibliometric review notes that events like the COVID-19 pandemic exposed weaknesses in supply chains and encouraged new research focused on resilience (Madzík et al., 2024). These global trends underline the central role of energy resilience in managing supply chain risks and ensuring the continuous delivery of energy resources.

In Ghana, energy resilience presents particularly pressing challenges. The national power system is sensitive to fuel supply shocks, which can arise during periods of low water inflow, interruptions in natural gas supply, or fluctuations in global oil prices (Acakpovi & Boison, 2025). The electricity grid also suffers from frequent interruptions and poor reliability, as reflected in Ghana's performance on standard indicators such as SAIDI and SAIFI, which highlight ageing infrastructure, weak investment, and systemic weaknesses (Acakpovi & Boison, 2025). Small and medium-sized enterprises (SMEs) are especially affected, often adopting strategies such as generating their own power during outages, demonstrating the wider economic impact of weak energy supply chains (Arthur et al., 2023). These factors make the resilience of Ghana's energy system and the management of supply chain risk a vital area of study.

Research in the Ghanaian manufacturing and supply chain literature shows that resilience matters for firm performance, but it is often studied at the firm level without linking energy-sector capacities to supply-chain risk management (Hamidu et al., 2023). Studies on supply chain resilience emphasise adaptive, absorptive and restorative actions, but they rarely test how these specific energy-sector capacities translate into measurable risk management effectiveness across medium and large firms (Atta, 2022; Stadtfeld & Gruchmann, 2023). The gap is clear: we know supply chain resilience helps performance, and we know energy is fragile, but we lack a detailed, conceptual analysis that inspects absorptive capacity (AbC), adaptive capacity (AdC) and restorative capacity (RC) of the energy sector as predictors of risk management effectiveness in supply chains. This study builds that bridge using resilience and dynamic capability ideas to show what has been said and what still needs testing.

This paper makes an important contribution by linking three resilience capacities in the Ghanaian energy sector to risk management effectiveness in supply chains of medium and large-scale enterprises, a topic not well covered in existing energy and supply chain literature. By analysing absorptive capacity, adaptive capacity and restorative capacity, the study offers a clear frame for understanding how the energy sector prepares for, adjusts to and recovers from disruptions that affect supply chains, thus adding theoretical depth to supply chain risk management research in the context of energy resilience and developing economies.

This research therefore aims to investigate how energy sector resilience in Ghana influences the effectiveness of supply chain risk management.

Methodology:

In this research, a quantitative approach was employed to permit systematic measurement and statistical testing of relationships among the study variables (absorptive, adaptive and restorative capacities) and risk-management effectiveness. Quantitative methods enable hypothesis testing, objective measurement using standardized instruments (e.g. Likert scales), and multivariate analysis (regression, factor analysis) needed to estimate effect sizes and control for covariates — features that make them appropriate when the goal is to explain variance in an outcome across a population of firms (Saunders et al., 2019).

Contribution

This research will help medium and large enterprises, policy makers and energy regulators to strategize on how to prioritise investment in diversified energy sources and infrastructure upgrades, including renewable energy and backup systems, to reduce reliance on a single source and minimise disruption risk, as energy instability remains a persistent challenge nationally.

It will also help strengthen coordination mechanisms between energy planners, regulators and firms which will in the long term improve information sharing and early warning systems for supply interruptions, helping firms to adjust operations in real time when risks emerge.

Finally the outcome of the paper will enhance training and capacity building for supply chain managers on risk assessment tools and how to embed systematic monitoring and rapid response procedures within organisations, reducing vulnerabilities.

References

- WTW, (2023). Energy Supply Chain Risk Report 2023. [Online] Available at: <https://www.wtco.com/en-us/insights/2023/03/2023-energy-supply-chain-risk-report> [Accessed 12 October 2025].
- Han, N. & Um, J., (2024). Risk management strategy for supply chain sustainability and resilience capability. *Risk Manag*, 26(6).
- Madzík, P., Falát, L., Copuš, L. & Carnogurský, K., (2024). Resilience in supply chain risk management in disruptive world: rerouting research directions during and after pandemic. *Ann Oper Res*.
- Acakpovi, A. & Boison, D. K., (2025). Energy grids in Ghana and West Africa: Assessing access, reliability, and sustainability for actionable solutions. [Online] Available at: <https://theghanareport.com/energy-grids-in-ghana-and-west-africa-assessing-access-reliability-and-sustainability-for-actionable-solutions/> [Accessed 20 October 2025].
- Arthur, J. L., Owusu, E. & Arthur, S. D., (2023). Strategies for coping with energy security challenges in SMEs in Ghana. *Discov Environ*, 1(18).
- Hamidu, Z., Boachie-Mensah, F. O. & Issau, K., (2023). Supply chain resilience and performance of manufacturing firms: role of supply chain disruption. *Journal of Manufacturing Technology Management*, 34(3), pp. 361-382.
- Atta, P. S., (2022). Supply chain resilience strategies and operational performance: the mediating role of information technology, s.l.: University of Cape Coast thesis.
- Stadtfeld, G. & Gruchmann, T., (2023). Dynamic capabilities for supply chain resilience: a meta-review. *The International Journal of Logistics Management*, Volume 35.
- Saunders, M. N. K., Lewis, P. & Thornhill, A., (2019). *Research Methods for Business Students*. 8th ed. New York: Pearson.

LEAN MANAGEMENT AS LIVED PRACTICE: WORKER AGENCY, INFORMALITY, AND SAFETY TRADE-OFFS IN RESOURCE-CONSTRAINED ORGANISATIONS

Dr Emeka Smart Oruh; *Brunel University of London*
Dr Chianu Dibia; *University of Southampton*
Dr Arthur Egwuonwu; *University of Westminster*
Dr Opeyemi Faith Titus; *Nottingham Trent University*

Abstract

Lean Management Strategy (LMS) is widely promoted as an integrated management philosophy capable of simultaneously improving operational efficiency, quality, and workplace health and safety (H&S). However, existing research has largely examined Lean through a managerial and outcome-oriented lens, conceptualising safety as a formal organisational outcome measured through accident rates, injury statistics, or ergonomic indicators. Such perspectives pay insufficient attention to how Lean is experienced by workers, particularly in institutional contexts characterised by weak regulatory enforcement, labour market precarity, and limited worker voice. Drawing on Labour Process Theory and an institutional voids perspective, this study explores how employees experience and negotiate health and safety under Lean implementation in the Nigerian manufacturing sector. The study adopts a qualitative research design based on semi-structured interviews with 24 managerial and non-managerial employees working in Lean-oriented manufacturing organisations. Data were analysed using reflexive thematic analysis to examine how workers make sense of production pressures, safety responsibilities, and everyday organisational practices. The findings demonstrate that Lean is experienced less as an integrated management system than as a mechanism of work intensification centred on speed, output, and performance targets. Rather than being secured through formal organisational systems, workplace safety is produced through workers' informal practices, including peer support, tacit adaptations to formal procedures, practical judgement, and moral rationalisation of risk. These findings suggest that Lean redistributes responsibility for health and safety from organisations to workers, who undertake what this paper conceptualises as compensatory safety labour—the often invisible work required to sustain production while managing organisational risks. The paper makes three contributions. First, it reconceptualises workplace safety as a socially negotiated and distributed practice rather than a fixed organisational outcome. Second, it introduces the concept of compensatory safety labour to explain how workers absorb and manage risks generated through Lean implementation in resource-constrained environments. Third, it demonstrates that the relationship between Lean and H&S is fundamentally shaped by institutional context, cautioning against the uncritical transfer of Lean "best practices" into developing economies without corresponding investments in regulatory capacity, worker participation, and organisational safety systems. By foregrounding worker voice, the study extends Lean and occupational health and safety scholarship beyond its predominantly Global North focus and contributes a contextually grounded understanding of Lean implementation in the Global South.

Keywords: *Lean Management Strategy; Health and Safety; Worker Agency; Informality; Institutional Voids; Nigeria*

1. Introduction

Ensuring safe and healthy working conditions remains one of the most significant challenges confronting organisations and policymakers, particularly within developing economies. Although the right to safe work is embedded in international labour standards and recognised as a fundamental component of decent work, occupational injuries, illnesses, and work-related psychosocial harm continue to disproportionately affect workers in low- and middle-income countries (International Labour Organization [ILO], 2023, 2024; World Health Organization [WHO], 2025). The ILO estimates that millions of workers worldwide continue to suffer occupational accidents and diseases each year, with the burden falling most heavily on countries where regulatory institutions, labour inspection systems, and organisational resources are comparatively weak. Consequently, workplace health and safety (H&S) remains not only a technical or managerial issue but also a broader social, institutional, and developmental concern.

Nigeria exemplifies many of these challenges. Despite legislative provisions intended to safeguard employees, enforcement capacity remains constrained by limited labour inspection resources, inconsistent regulatory oversight, and substantial informal employment (Johanes et al., 2022). Organisations frequently operate within highly competitive and economically uncertain environments characterised by fluctuating market conditions, infrastructural deficiencies, and persistent pressure to reduce operational costs. Within such contexts, maintaining high standards of occupational health and safety often competes with organisational imperatives to maximise productivity and organisational survival. As a result, formal H&S policies may coexist alongside workplace practices that expose employees to significant physical and psychological risks.

Against this backdrop, Lean Management Strategy (LMS) has become increasingly influential among organisations seeking to improve operational performance and remain competitive within both domestic and global markets (Abioye & Bello, 2012; Hamja et al., 2019). Originating from the Toyota Production System, Lean is commonly described as a comprehensive management philosophy aimed at eliminating waste, improving process efficiency, enhancing product quality, and creating value for customers through continuous improvement and employee involvement (Ohno, 1988; Womack et al., 1990; Liker, 2004). Central to Lean is the proposition that efficiency and quality are mutually reinforcing rather than competing organisational objectives. From this perspective, standardised work processes, problem-solving routines, visual management systems, and employee participation should contribute not only to improved productivity but also to safer and more reliable workplaces.

Yet the relationship between Lean implementation and occupational health and safety remains one of the most contested issues within operations management and employment relations scholarship. While proponents argue that Lean reduces workplace hazards through improved housekeeping, standardisation, process discipline, and continuous improvement, critics contend that Lean frequently increases work intensity, accelerates production pace, reduces recovery time, and intensifies managerial control over labour (Conti et al., 2006; Longoni et al., 2013; Koukoulaki, 2014). Consequently, empirical evidence remains inconclusive, with studies reporting both positive and negative health and safety outcomes depending on organisational context, implementation practices, and measurement approaches.

Importantly, much of this literature has emerged from manufacturing organisations in developed economies where institutional conditions differ substantially from those found in many developing countries. Existing studies generally assume relatively strong regulatory enforcement, established occupational safety systems, stable employment relationships, and organisational resources capable of supporting comprehensive Lean implementation. These assumptions, however, cannot be readily transferred to contexts characterised by regulatory weakness, labour market precarity, and institutional uncertainty. In developing economies such as Nigeria, Lean is frequently introduced within organisations that simultaneously face resource constraints, skills shortages, limited regulatory oversight, and intense competitive pressures. Under such conditions, Lean may be selectively implemented, locally adapted, or operationalised in ways that differ considerably from its original philosophy.

This observation highlights an important limitation within existing Lean-H&S scholarship. Much of the literature conceptualises Lean primarily as a coherent managerial intervention whose effectiveness can be assessed through measurable organisational outcomes such as injury rates, absenteeism, or ergonomic performance. While such outcome-based approaches have generated valuable insights, they tend to privilege managerial intentions over workers' lived experiences and often overlook the informal processes through which safety is actually achieved in everyday organisational life. In doing so, they implicitly treat safety as an organisational property embedded within management systems rather than as an ongoing social accomplishment negotiated by workers themselves.

This managerial bias becomes particularly problematic within contexts characterised by institutional fragility. Where formal organisational systems are incomplete or inconsistently enforced, workers frequently become active participants in managing workplace risks. They adapt procedures, coordinate informally with colleagues, exercise practical judgement, and negotiate competing demands between production and personal safety. These forms of everyday adaptation remain largely invisible within conventional Lean research despite being fundamental to understanding how occupational safety is produced under conditions of organisational and institutional constraint. Accordingly, this paper argues that understanding the relationship between Lean and workplace health and safety requires moving beyond questions of whether Lean improves or worsens safety outcomes. Instead, attention should be directed towards how workers experience, interpret, negotiate, and respond to the organisational realities created by Lean implementation. Such a perspective shifts the analytical focus from formal management systems towards worker agency, informal organisational practices, and the broader institutional environments within which Lean is enacted.

In response to these gaps, the study aims to explore how workers exercise agency in navigating, negotiating, and compensating for health and safety risks under Lean management in developing-country workplaces, with particular reference to Nigeria. The study is guided by the following central research question:

How do workers in Lean-oriented organisations in Nigeria interpret, negotiate, and respond to health and safety risks in contexts of weak institutional protection?

To address this question, the study further examines: **(1)** how Lean management is enacted in practice rather than formally designed within Nigerian workplaces; **(2)** what informal safety practices workers develop in response to Lean-driven work intensification and operational pressures; **(3)** how power relations, job insecurity, and economic precarity influence workers' willingness and ability to raise safety concerns; **(4)** the organisational and institutional conditions under which Lean silences, shifts, externalises, or redistributes responsibility for workplace safety; **(5)** how workers reconcile production demands with concerns for personal wellbeing and safety; and **(6)** how institutional weaknesses shape the relationship between Lean implementation, worker agency, and health and safety outcomes.

Drawing upon qualitative evidence from semi-structured interviews with employees working in Lean-oriented manufacturing organisations in Nigeria, this study examines how workers make sense of health and safety under conditions of work intensification and economic insecurity. The paper adopts an interpretive perspective informed by Labour Process Theory and the institutional voids literature to explore the interaction between managerial control, worker agency, and institutional context. In doing so, it contributes to three interrelated bodies of scholarship.

First, it extends Lean Management research by demonstrating that Lean implementation is fundamentally shaped by institutional conditions rather than operating as a universally transferable management system. Second, it contributes to occupational health and safety literature by reconceptualising safety as a socially negotiated and collectively enacted practice rather than a fixed organisational outcome. Third, it advances Labour Process Theory by introducing the concept of compensatory safety labour to explain how workers undertake largely invisible forms of safety work that compensate for organisational and institutional deficiencies while simultaneously sustaining production.

By foregrounding workers' lived experiences rather than managerial intentions, the study offers a contextually grounded understanding of Lean implementation within the Global South and responds to growing calls for management research that moves beyond universalist assumptions by recognising the importance of local institutional contexts and worker voice. The paper therefore contributes not only to debates surrounding Lean Management and occupational health and safety but also to broader discussions concerning decent work, organisational sustainability, and the future of work in developing economies.

2. Lean Management Strategy: Conceptual Foundations and Diffusion

Lean Management Strategy (LMS) has become one of the most influential management philosophies in contemporary operations management, shaping organisational practices across manufacturing, service industries, healthcare, logistics, and public administration. Although definitions vary, Lean is generally understood as an integrated socio-technical approach that seeks to maximise customer value while minimising waste through continuous improvement, standardised work processes, and employee involvement (Shah & Ward, 2007; Bicheno & Holweg, 2023). Unlike traditional production systems that emphasise economies of scale, Lean focuses on improving organisational performance by eliminating activities that do not add value and by continuously refining operational processes.

The origins of Lean are commonly traced to the Toyota Production System (TPS), developed in post-war Japan under the leadership of Taiichi Ohno. Responding to severe resource constraints and highly variable customer demand, Toyota developed a production philosophy centred on flexibility, quality, and continuous learning rather than mass production (Ohno, 1988). This philosophy was subsequently popularised by Womack, Jones, and Roos (1990), whose comparative study of the global automotive industry presented Lean production as a superior alternative to traditional manufacturing systems. Since then, Lean has evolved from a production methodology into a broader management philosophy influencing organisational strategy, leadership, supply chain management, and organisational culture (Liker, 2004). Rather than representing a single management technique, Lean consists of an interconnected system of complementary practices. Among the most widely adopted are Just-in-Time (JIT), Kaizen, 5S, Total Productive Maintenance (TPM), and Value Stream Mapping (VSM).

Just-in-Time production seeks to synchronise production with customer demand, thereby reducing inventory costs, minimising waste, and improving organisational responsiveness (Choi et al., 2023). Continuous Improvement (Kaizen) emphasises incremental organisational learning through the active participation of employees at all organisational levels (Imai, 2012). The 5S methodology, Sort, Set in Order, Shine, Standardise, and Sustain, aims to create organised and disciplined workplaces that support both operational efficiency and workplace safety (Al-Aomar, 2011). Total Productive Maintenance encourages proactive equipment maintenance by integrating operators into routine maintenance activities, thereby reducing machine failures and production interruptions (Dibia, 2017). Complementing these practices, Value Stream Mapping enables organisations to visualise production processes, distinguish between value-adding and non-value-adding activities, and identify opportunities for continuous improvement (Rother & Shook, 1999).

Collectively, these practices are intended to function as mutually reinforcing components of an integrated production system rather than as isolated management tools. Central to Lean philosophy is the assumption that operational efficiency, product quality, employee engagement, and organisational learning are complementary objectives that can be pursued simultaneously.

Over the past three decades, Lean has diffused far beyond its manufacturing origins. Organisations across healthcare, financial services, logistics, construction, education, and public administration have increasingly adopted Lean principles to improve service quality, reduce operational costs, and enhance organisational responsiveness (Dickson et al., 2009; Secchi & Camuffo, 2021). This widespread diffusion has elevated Lean to the status of a dominant managerial paradigm, frequently promoted as a universal solution to organisational inefficiency.

Much of the mainstream Lean literature reinforces this positive narrative. Numerous studies associate Lean implementation with improved operational performance, reduced process variability, higher product quality, enhanced employee participation, and sustained competitive advantage (Flynn et al., 1995; Melton, 2005; Fullerton et al., 2014). Within this perspective, Lean is typically portrayed as a rational, evidence-based management system capable of generating mutually beneficial outcomes for organisations and employees alike.

However, this optimistic account has increasingly been questioned by critical scholars. Drawing on Labour Process Theory and critical management studies, researchers argue that Lean cannot be understood solely as a technical production system because it simultaneously restructures workplace control, employee autonomy, and managerial surveillance (Conti et al., 2006). From this perspective, Lean is viewed not simply as a mechanism for eliminating waste but as a means of intensifying labour through tighter performance monitoring, increased work standardisation, and heightened production expectations. Consequently, Lean becomes both a technical and a political system, simultaneously shaping operational efficiency and employment relations.

These competing perspectives suggest that Lean is neither inherently beneficial nor inherently detrimental. Rather, its organisational consequences depend upon how Lean is implemented, interpreted, and enacted within particular institutional contexts. This observation becomes particularly important when examining Lean implementation within developing economies, where organisations frequently operate under conditions of resource scarcity, regulatory weakness, and labour market insecurity. Under such circumstances, Lean may become selectively implemented, with greater emphasis placed on productivity-enhancing tools than on the participatory and developmental principles that originally underpinned the Toyota Production System.

3. Lean Management Strategy and Workplace Health and Safety: What Do We Know?

The relationship between Lean Management Strategy and workplace health and safety has become one of the most debated issues within operations management and occupational health research. While Lean is frequently promoted as contributing simultaneously to productivity and worker wellbeing, empirical findings remain inconsistent and, at times, contradictory.

A substantial body of research reports positive relationships between Lean implementation and workplace safety. Lean practices such as workplace standardisation, visual management, and 5S have been associated with improved housekeeping, reduced clutter, better organisation of workspaces, and fewer opportunities for accidents (Chiarini & Vagnoni, 2014). Standardised work procedures may reduce unnecessary movement and process variation, while improved workflow design can decrease ergonomic hazards associated with excessive manual handling, awkward postures, and inefficient workplace layouts (Koukoulaki, 2014). From this perspective, Lean contributes to safer work environments by reducing operational uncertainty and improving process discipline.

Conversely, an equally substantial body of literature highlights unintended negative consequences. Researchers have documented increased work intensity, tighter production schedules, reduced opportunities for recovery, and elevated levels of psychological stress following Lean implementation (Conti et al., 2006). By eliminating operational buffers and increasing dependence on tightly coordinated production systems, Lean may inadvertently increase workers' exposure to physical and psychosocial risks. Koukoulaki (2014) concludes that the relationship between Lean and occupational health and safety remains fundamentally "controversial," with outcomes varying considerably according to implementation practices, organisational context, and sectoral characteristics. Similarly, Longoni et al. (2013) demonstrate that Lean practices can adversely affect employee health and safety when introduced without adequate organisational safeguards, despite simultaneously improving operational performance.

Although these studies have significantly advanced understanding of Lean and workplace safety, they also reveal several important limitations. First, existing research overwhelmingly conceptualises health and safety as an organisational outcome rather than as an ongoing organisational process. Measures such as accident frequency, injury rates, absenteeism, musculoskeletal disorders, or ergonomic indicators dominate empirical investigations. While valuable, these indicators reveal relatively little about how safety is actually achieved or compromised in the course of everyday work. Second, much of the literature adopts a managerial perspective that implicitly assumes organisations possess coherent safety systems capable of implementing Lean as intended. Consequently, relatively little attention has been paid to workers' own experiences of navigating production pressures, interpreting organisational expectations, and managing workplace risks.

Third, the existing evidence is heavily concentrated within developed economies characterised by comparatively strong regulatory institutions, established health and safety governance systems, and relatively stable employment relationships. Such contexts differ markedly from many developing economies, where regulatory enforcement may be inconsistent, organisational resources constrained, and labour market insecurity widespread. Consequently, assumptions regarding the implementation and consequences of Lean may not readily transfer across institutional environments.

These limitations point towards a broader conceptual issue within Lean-H&S scholarship. Existing research largely assumes that safety is designed into organisational systems through formal management practices. Far less attention has been given to the possibility that, under conditions of institutional weakness, workplace safety may instead emerge through workers' own informal practices, practical judgement, and collective agency. Understanding these everyday processes requires shifting analytical attention from formal organisational systems towards workers' lived experiences of Lean implementation.

4. Theoretical Framework: Labour Process, Agency, and Institutional Voids

To address the limitations of existing research on Lean management and workplace safety, this study adopts an integrated theoretical framework combining Labour Process Theory (LPT), perspectives on worker agency and informality, and the institutional voids perspective. Together, these approaches move beyond managerial accounts of Lean as a purely technical system of efficiency improvement and instead locate workplace safety within broader relations of power, worker adaptation, and institutional context. The framework enables an examination of how Lean practices are experienced and negotiated by workers in developing-country workplaces where regulatory protections may be weak, economic insecurity is widespread, and informal work practices frequently shape everyday organisational life.

Rather than assuming that safety outcomes are determined solely by management systems or formal organisational policies, this framework conceptualises safety as an ongoing social process produced through interactions between managerial control, worker responses, and institutional conditions. It therefore provides a lens through which to understand how workers navigate competing demands for productivity, efficiency, and self-preservation within Lean-oriented organisations.

4.1 Labour Process Theory and Lean

Labour Process Theory provides a critical lens for understanding Lean management as a contemporary mechanism for organising and controlling work. Originating from Braverman's (1974) analysis of capitalist labour processes, LPT examines how management seeks to maximise labour productivity while maintaining control over the workforce. Rather than viewing organisational practices as neutral efficiency tools, Labour Process Theory highlights the underlying tensions between managerial objectives of cost reduction and worker interests in autonomy, wellbeing, and security.

From this perspective, Lean management can be understood as an advanced form of labour control that combines direct supervision with self-regulating mechanisms embedded within work processes. Lean techniques such as standardised work procedures, performance metrics, visual management systems, continuous improvement programmes, and just-in-time production are designed to eliminate inefficiencies and increase productivity. However, scholars have argued that these practices can also intensify work by reducing slack, increasing monitoring, and placing greater responsibility on workers to meet demanding performance targets (Conti et al., 2006).

Within Lean environments, the pursuit of waste elimination often extends to labour utilisation, creating pressure to maintain high levels of output with limited resources. This can reduce opportunities for recovery from physical or psychological strain and may encourage workers to prioritise productivity over safety. As a result, safety becomes intertwined with the labour process itself rather than remaining a separate organisational concern. Workers may find themselves negotiating a tacit labour bargain in which compliance with demanding production requirements is exchanged for continued employment or perceived job security.

Labour Process Theory is particularly valuable for this study because it draws attention to the power relations embedded within Lean systems. It provides a framework for examining how organisational efforts to improve efficiency may simultaneously reshape safety responsibilities, transfer risks to workers, and normalise hazardous working conditions. Consequently, understanding workplace safety requires not only an assessment of formal safety procedures but also an analysis of how managerial control is enacted through everyday work practices.

4.2 Worker Agency and Informality

While Labour Process Theory highlights managerial control, it has sometimes been criticised for portraying workers as passive recipients of organisational power. In contrast, perspectives on worker agency emphasise that employees actively interpret, negotiate, resist, and adapt to workplace demands. Workers are not merely subject to Lean systems; they continuously shape how these systems operate in practice.

In developing-country workplaces such as Nigeria, worker agency frequently manifests through informal practices that emerge in response to organisational constraints and safety challenges. Faced with production pressures, limited resources, and inadequate safety protections, workers often develop practical strategies to manage risk and maintain operational continuity. These strategies may include relying on peer networks for safety information, modifying work procedures, slowing down tasks perceived as dangerous, selectively complying with formal rules, or drawing on experiential knowledge to avoid hazards.

Importantly, such practices are not necessarily forms of open resistance. Instead, they often represent pragmatic adaptations that enable workers to balance managerial expectations with concerns for personal safety. In environments characterised by precarious employment and limited alternative job opportunities, workers may avoid directly challenging unsafe conditions. Rather than voicing concerns through formal channels, they may engage in subtle forms of accommodation, negotiation, or collective coping.

Informality therefore becomes a critical mechanism through which workplace safety is produced. Safety is not simply implemented through official policies, procedures, or training programmes; it is continually recreated through everyday interactions among workers. What workers regard as safe behaviour may differ significantly from formal organisational definitions of safety, particularly when official procedures are perceived as impractical or incompatible with production demands.

By foregrounding worker agency, this study seeks to understand how workers themselves interpret risk, exercise discretion, and develop informal safety practices within Lean environments. This perspective shifts attention from management intentions to lived workplace experiences and highlights the important role workers play in sustaining, modifying, or challenging Lean practices.

4.3 Institutional Voids in Nigeria

The institutional voids perspective provides a broader contextual lens for understanding how workplace health and safety is shaped by the wider regulatory and governance environment in Nigeria. Institutional voids refer to weaknesses or gaps in the formal structures that govern economic and organisational activity, including regulatory enforcement mechanisms, labour inspection systems, legal institutions, and mechanisms for worker representation and protection. In the Nigerian context, these voids are reflected in persistent challenges relating to the implementation and enforcement of labour legislation, limited inspection capacity, resource constraints within regulatory agencies, and the coexistence of formal employment with extensive informal and precarious forms of work (Johanes et al., 2022).

Although Nigeria possesses a range of statutory provisions intended to protect workers through instruments such as the Labour Act, the Employees' Compensation Act, and various occupational health and safety regulations, implementation and enforcement remain uneven across sectors and regions. Regulatory agencies frequently face financial, administrative, and logistical constraints that limit their ability to conduct routine workplace inspections and ensure compliance with safety standards. Consequently, formal regulatory requirements may coexist with workplace practices that fall considerably short of prescribed safety expectations. For many workers, particularly in highly competitive industries, access to effective mechanisms for reporting unsafe conditions or seeking legal redress may be limited in practice.

These institutional realities are further reinforced by broader socioeconomic conditions. High levels of unemployment and underemployment, widespread economic insecurity, and limited alternative employment opportunities can weaken workers' bargaining power and reduce their willingness to challenge unsafe working conditions. In such circumstances, workers may prioritise income security over safety concerns, while employers may face relatively limited external pressure to invest in comprehensive health and safety systems. As a result, workplace safety often becomes dependent not only on organisational policies but also on workers' own efforts to identify, manage, and mitigate risk in their daily activities.

Within this context, Lean management assumes significance that extends beyond its conventional role as a productivity-enhancing management philosophy. Lean systems may partially compensate for weak institutional oversight by introducing standardised procedures, performance monitoring systems, visual controls, and structured work processes. However, these mechanisms are primarily designed to improve efficiency, reduce waste, and enhance organisational performance rather than to address the structural causes of occupational risk. Consequently, there is no guarantee that Lean practices will strengthen worker protection. Instead, Lean may create new tensions in which productivity objectives and cost-reduction pressures take precedence over employee wellbeing, particularly where external regulatory scrutiny is weak.

The institutional voids perspective therefore highlights that the relationship between Lean management and workplace safety cannot be understood solely at the organisational level. Health and safety outcomes are shaped by the interaction between organisational practices and the broader institutional environment within which they operate. In Nigeria, weaknesses in regulatory enforcement, labour market precarity, economic uncertainty, and uneven governance structures influence both managerial decision-making and worker behaviour. These conditions may encourage organisations to externalise aspects of safety responsibility while simultaneously compelling workers to develop informal coping mechanisms to manage workplace hazards.

For this study, the institutional voids perspective provides an essential framework for understanding how Lean practices are enacted within the specific realities of Nigerian workplaces. It enables an examination of how worker agency, managerial control, and safety practices are shaped by the institutional constraints and opportunities that characterise the Nigerian employment environment. By situating workplace safety within this broader context, the study moves beyond organisation-centred explanations and recognises that safety outcomes are co-produced by organisational practices and the institutional conditions in which they are embedded.

4.4 Theoretical Integration and Conceptual Positioning

Taken together, these three perspectives provide a multi-level framework for analysing workplace safety under Lean management. Labour Process Theory explains how Lean operates as a system of managerial control and work intensification. The worker agency perspective illuminates how employees actively navigate and respond to these pressures through informal practices and everyday negotiation. The institutional voids perspective situates both managerial actions and worker responses within the broader regulatory and economic environment of developing countries.

The framework therefore conceptualises workplace safety as the outcome of dynamic interactions between managerial control, worker agency, and institutional context. Rather than viewing safety as a fixed organisational outcome, this study examines how it is continuously constructed, negotiated, and contested in Lean workplaces. Such an approach is particularly relevant for understanding the experiences of workers in Nigeria, where Lean practices are increasingly adopted within organisational settings that are shaped by regulatory challenges, labour market precarity, and significant institutional constraints.

5. Research Aim and Questions

Research Aim

To explore how workers exercise agency in navigating, negotiating, and compensating for health and safety risks under Lean management in developing-country workplaces, with particular reference to Nigeria.

6. Methodology

This study adopts a qualitative research design to explore employees' lived experiences of Lean implementation and its implications for health and safety (H&S) within a developing-country context. A qualitative approach is particularly appropriate because the study seeks to understand how employees interpret, negotiate, and respond to the tensions between productivity demands and workplace safety, rather than measuring predefined variables or testing causal relationships (Bryman & Bell, 2011). Given the limited empirical evidence on Lean implementation in developing economies, an interpretive methodology enables a richer understanding of organisational realities that may not be captured through quantitative measures alone.

The study is underpinned by an interpretivist research philosophy, which assumes that organisational phenomena are socially constructed through employees' experiences, interactions, and meanings. This perspective is well suited to examining how workers make sense of Lean practices, organisational expectations, and everyday safety decisions within resource-constrained environments.

Sampling and Participants

Purposive sampling was employed to recruit participants with direct experience of working in Lean-oriented manufacturing organisations in Nigeria. Participants were selected because they possessed first-hand knowledge of Lean practices and their implications for operational performance and workplace safety. To capture a range of perspectives, the sample included employees from different organisational levels and functional roles, including production operatives, supervisors, line managers, and senior managers.

In total, 24 semi-structured interviews were conducted across multiple manufacturing organisations operating Lean production systems. Participants represented both managerial and non-managerial positions, enabling the study to compare strategic organisational perspectives with the day-to-day experiences of frontline employees.

Data Collection

Data were collected through semi-structured interviews, which are widely recognised as an effective method for exploring complex organisational experiences while allowing sufficient flexibility for participants to discuss issues they considered important (Saunders et al., 2009). The interview guide consisted of open-ended questions designed to encourage participants to reflect on their experiences of Lean implementation, health and safety practices, organisational culture, production pressures, and decision-making.

Specific areas of discussion included participants' experiences of workplace accidents and near misses, perceptions of workload and fatigue, production targets, reporting of safety concerns, informal coping strategies, management support, and the trade-offs employees encountered between maintaining productivity and ensuring safe working practices. Follow-up questions were used to probe participants' responses and obtain richer contextual information where appropriate.

Interviews lasted between 45 and 75 minutes and were conducted either face-to-face or via secure online platforms, depending on participants' availability and organisational access arrangements. With participants' informed consent, all interviews were audio-recorded and subsequently transcribed verbatim to ensure analytical accuracy.

Data Analysis

The interview data were analysed using reflexive thematic analysis informed by Braun and Clarke's (2006) six-stage analytical framework. The analysis began with repeated reading of the transcripts to achieve familiarity with the data, followed by systematic coding of meaningful units relating to Lean implementation, health and safety practices, organisational pressures, and employee responses. Initial codes were then grouped into broader categories and refined into higher-order themes that captured recurring patterns across participants' accounts.

Consistent with the interpretivist orientation of the study, the analysis focused not only on formal organisational policies but also on employees' sensemaking processes, informal workplace practices, and individual agency in responding to competing demands. Particular attention was paid to how workers negotiated the tensions between Lean efficiency objectives and health and safety priorities, and how these tensions influenced everyday behaviours and organisational outcomes. Throughout the analytical process, themes were continually reviewed against the original transcripts to ensure that interpretations remained grounded in participants' accounts (Yin, 2014).

Trustworthiness and Ethical Considerations

To enhance the trustworthiness of the findings, the study adopted established qualitative quality criteria, including credibility, dependability, confirmability, and transferability. An audit trail documenting coding decisions and theme development was maintained throughout the analysis, while frequent comparison across interviews helped ensure consistency of interpretation. Participants' identities and organisational affiliations were anonymised to protect confidentiality, and all participants provided informed consent prior to participation. Ethical approval for the study was obtained from the relevant institutional ethics committee, and all data were stored securely in accordance with institutional data protection requirements.

7. Findings: Safety as Informal and Moral Work under Lean

The analysis reveals that participants rarely experienced Lean Management Strategy (LMS) as the integrated production philosophy portrayed in management literature. Rather than associating Lean with continuous improvement, employee empowerment, or systematic waste reduction, participants overwhelmingly described it as a mechanism for increasing production intensity, accelerating work pace, and achieving demanding performance targets. Consequently, health and safety (H&S) was not perceived as an organisational outcome embedded within Lean practices but as something employees were required to negotiate and produce themselves through everyday decisions and informal practices.

Across the interviews, workers consistently described safety as a form of hidden labour. Protecting themselves and their colleagues required continuous vigilance, practical judgement, peer coordination, and, at times, deliberate departures from formal operating procedures. In effect, workers assumed responsibility for managing risks that they believed should have been addressed through organisational systems. These findings suggest that within the Nigerian manufacturing context, Lean creates not only operational efficiencies but also additional forms of invisible safety work that remain largely unrecognised by management.

Four interconnected themes emerged from the analysis: (1) Lean as work intensification rather than an integrated management system; (2) informal safety practices as collective survival strategies; (3) silence, fear, and the individualisation of safety responsibility; and (4) the moral normalisation of workplace risk.

7.1 Lean as Work Intensification Rather Than an Integrated System

Although most participants were familiar with the term "Lean," few demonstrated an understanding of its wider philosophy of continuous improvement, employee involvement, or process optimisation. Instead, Lean was almost universally interpreted through its operational consequences—higher productivity expectations, increased surveillance, tighter production schedules, and relentless pressure to meet output targets.

As JF3 production operator explained:

"They say it is Lean, but what we feel is speed. Everything is faster now. Targets are higher, time is shorter, and if you slow down, they will ask questions."

Similarly, a warehouse EDT operative observed:

"Lean just means you must meet the numbers. How you do it is your problem. They don't really explain the system; they only check the output."

These accounts illustrate a significant disconnect between Lean as a managerial philosophy and Lean as experienced by frontline employees. Rather than perceiving Lean as a holistic organisational system, workers understood it primarily as intensified labour. Several participants commented that performance measurement had become increasingly visible, while opportunities for consultation or participation in continuous improvement remained limited.

Managers interviewed acknowledged the importance of Lean tools such as performance monitoring and standardisation but recognised that production demands frequently overshadowed safety objectives. One production supervisor noted that operational targets were "non-negotiable," whereas safety discussions often occurred only after incidents or audits. Consequently, workers interpreted organisational priorities through everyday managerial practices rather than formal policy statements. The findings therefore suggest that Lean implementation was selective, with organisations adopting those elements most directly associated with productivity improvement while paying considerably less attention to employee participation and continuous learning. This selective implementation reinforces concerns that Lean may become a mechanism of labour intensification rather than organisational improvement, particularly in institutional environments characterised by weak regulatory oversight and intense competitive pressures.

7.2 Informal Safety Practices as Collective Survival Strategies

Faced with increasing production demands, participants described developing numerous informal practices to maintain safe working conditions. These practices were rarely documented within formal organisational procedures but emerged collectively through experience, trust, and shared understandings among workers.

A machine operator in GRT manufacturing organisation explained:

"Officially, you must do it fast. But if you do it fast, you can injure yourself. So we pretend we are following the speed, but we manage it in our own way."

Rather than openly resisting managerial expectations, employees quietly adapted work processes to balance productivity with personal safety. Workers described deliberately pacing certain activities, modifying sequences of tasks, or assisting colleagues during high-risk operations despite these actions reducing measured efficiency.

Peer support emerged as a particularly important mechanism for maintaining safety. Experienced employees frequently assumed responsibility for protecting less experienced colleagues, not because such behaviour was formally required, but because accidents were understood to have collective consequences.

As a senior technician in TYE manufacturing organisation explained:

"If someone is new, we watch them closely. Not because management told us, but because if they make mistake, it can affect all of us. So we guide them quietly."

Across several organisations, participants referred to informal mentoring, warning systems, and shared practical knowledge that operated independently of official training programmes. Workers relied heavily on accumulated experience to identify hazards, anticipate problems, and compensate for deficiencies in formal safety systems.

Importantly, participants did not describe these practices as acts of organisational resistance. Instead, they portrayed them as practical necessities required to complete work safely within existing production constraints.

A maintenance technician in ERG company reflected:

"It's not that we want to break rules. It's that the rules don't really protect us here. So we protect ourselves."

These accounts demonstrate that workers exercise considerable agency within Lean environments. However, this agency is primarily protective rather than transformational. Employees adapt to organisational constraints instead of challenging them, creating informal systems that enable production to continue while reducing immediate risks.

7.3 Silence, Fear and the Individualisation of Safety Responsibility

Another dominant finding concerned employees' reluctance to report unsafe conditions or challenge production expectations. Participants repeatedly described a workplace climate in which raising safety concerns was perceived as potentially damaging to one's employment prospects.

A logistics operative from WES organisation explained:

"If you complain too much, they will say you don't want to work. In this country, many people are looking for jobs. So you keep quiet and manage it."

Likewise, a manufacturing supervisor in EDW commented:

"Sometimes you see danger, but you think twice before reporting. You ask yourself, will this help me, or will it put me in trouble?"

These narratives suggest that workers constantly weighed physical safety against economic security. Rather than viewing accident reporting as a shared organisational responsibility, participants frequently framed it as an individual risk requiring careful judgement.

Several participants linked this silence directly to wider labour market conditions in Nigeria, emphasising that high unemployment reduced workers' willingness to question management decisions. Consequently, organisational silence was sustained not only through managerial authority but also through broader socio-economic insecurity.

This finding indicates that responsibility for health and safety becomes progressively individualised within Lean environments. Although organisations formally maintained health and safety policies, participants believed that responsibility for avoiding accidents ultimately rested with individual workers. Employees therefore became responsible not only for meeting production targets but also for managing the risks generated by those targets.

7.4 Moral Normalisation of Workplace Risk

Perhaps the most striking finding concerns the extent to which participants morally normalised exposure to workplace hazards. Rather than describing unsafe conditions as exceptional organisational failures, workers frequently interpreted risk as an unavoidable feature of working life.

A factory employee from INQ2 company remarked:

"This is Nigeria. You know the system. If you wait for everything to be safe, you will not work."

Similarly, another participant stated:

"We know it is risky, but what choice do we have? Feeding your family is also a risk."

These narratives reveal that workers did not simply tolerate unsafe conditions; they actively incorporated them into broader moral understandings of responsibility, employment, and survival. Economic necessity frequently outweighed concerns regarding physical safety, resulting in a form of moral accommodation whereby exposure to danger became accepted as an inevitable condition of earning a livelihood.

Across the interviews, participants rarely expressed expectations that organisations would eliminate workplace hazards entirely. Instead, they focused on developing personal resilience, exercising caution, and supporting colleagues. Such narratives suggest that institutional weaknesses and limited employment opportunities have become deeply embedded within workers' understandings of occupational risk.

Consequently, workplace safety becomes less a formal organisational guarantee than an ongoing moral accomplishment achieved through workers' own vigilance, experience, and collective responsibility. In this sense, Lean does not simply reorganise production processes; it redistributes responsibility for managing workplace risk from the organisation to the individual employee, while simultaneously normalising this transfer as an inevitable aspect of work.

8. Discussion: Reframing Lean, Safety, and Worker Agency

This study contributes to the growing debate surrounding Lean Management Strategy (LMS) and occupational health and safety (H&S) by demonstrating that the relationship between Lean and safety is far more contingent than is commonly assumed in the operations management literature. While Lean has frequently been presented as a management philosophy capable of simultaneously enhancing productivity, quality, and employee wellbeing (Womack & Jones, 1996), the experiences of workers in Nigerian manufacturing organisations reveal a markedly different reality. Rather than functioning as an integrated socio-technical system, Lean was experienced as a fragmented collection of production pressures centred on speed, output, and efficiency. Within this environment, responsibility for maintaining workplace safety was increasingly transferred from organisational systems to individual workers and their informal networks.

The findings therefore suggest that understanding Lean's implications for H&S requires moving beyond technical explanations of process design to consider the institutional, organisational, and social contexts within which Lean is implemented. The study argues that Lean does not produce uniform outcomes across contexts; instead, its effects are shaped by labour market conditions, regulatory capacity, organisational culture, and workers' ability to exercise voice. Consequently, the relationship between Lean and safety should be understood as socially constructed rather than technologically determined.

8.1 Lean as Risk-Shifting Rather Than Risk-Reducing

A central contribution of this study is the reconceptualisation of Lean as a mechanism of risk redistribution rather than simply one of operational improvement. Existing Lean literature frequently assumes that standardisation, continuous improvement, and waste elimination will reduce operational variability and consequently improve workplace safety (Shah & Ward, 2007). However, the empirical findings suggest that this assumption does not necessarily hold within resource-constrained environments. Participants consistently described production targets becoming increasingly formalised while responsibility for managing the risks associated with those targets became progressively informal. In practice, organisations appeared to institutionalise performance expectations while leaving workers to negotiate the unintended safety consequences of intensified work. Thus, rather than eliminating operational risk, Lean frequently displaced that risk onto employees, who assumed responsibility for balancing efficiency with personal safety.

This finding extends Longoni et al.'s (2013) argument that Lean may negatively affect H&S when appropriate safeguards are absent. Rather than viewing institutional conditions simply as moderating variables that weaken or strengthen Lean implementation, this study argues that institutional context fundamentally shapes what Lean becomes in practice. Within the Nigerian context, characterised by constrained regulatory enforcement, limited organisational resources, and economic insecurity, Lean was enacted less as an integrated production philosophy than as a managerial mechanism for increasing productivity under conditions of institutional uncertainty.

This perspective helps explain why many participants recognised Lean primarily through its consequences, higher workloads, tighter deadlines, and increased monitoring, rather than through its underlying philosophy of employee involvement and continuous improvement. Lean, therefore, became experienced not as a comprehensive production system but as intensified managerial control.

8.2 Worker Agency as Compensatory Safety Labour

A second theoretical contribution concerns the reconceptualisation of worker agency. Previous studies often frame employee agency under Lean either as empowerment through participation or resistance through informal rule-breaking. The findings presented here suggest a more nuanced interpretation.

Participants were neither passive recipients of managerial control nor active organisational resisters. Instead, they engaged in what this study conceptualises as compensatory safety labour, the continuous, often invisible work undertaken to prevent accidents, protect colleagues, and sustain production despite organisational shortcomings.

This compensatory labour involved adapting formal procedures, moderating work pace, mentoring inexperienced colleagues, sharing tacit safety knowledge, and making ongoing situational judgements regarding acceptable levels of risk. Importantly, these activities were not recognised within organisational performance systems, despite being essential to maintaining operational continuity. The concept of compensatory safety labour extends Labour Process Theory by illustrating how contemporary forms of managerial control increasingly rely upon workers' discretionary efforts to resolve organisational contradictions. Employees were expected not only to meet demanding production targets but simultaneously to absorb and manage the risks generated by those very targets. Consequently, worker agency became an organisational resource that substituted for formal safety systems rather than complementing them.

These findings also challenge managerial interpretations that frequently classify informal practices as procedural non-compliance or deviant behaviour. From workers' perspectives, informal practices represented rational responses to organisational realities rather than deliberate acts of resistance. In many cases, deviating from prescribed procedures was viewed as the safest means of completing work under prevailing production conditions. Informality therefore emerged not as evidence of poor employee discipline but as evidence of organisational adaptation to systemic constraints.

8.3 Silence, Institutional Context and the Moral Economy of Risk

The study further demonstrates that health and safety cannot be understood solely through organisational practices because workers' responses are deeply embedded within broader institutional environments.

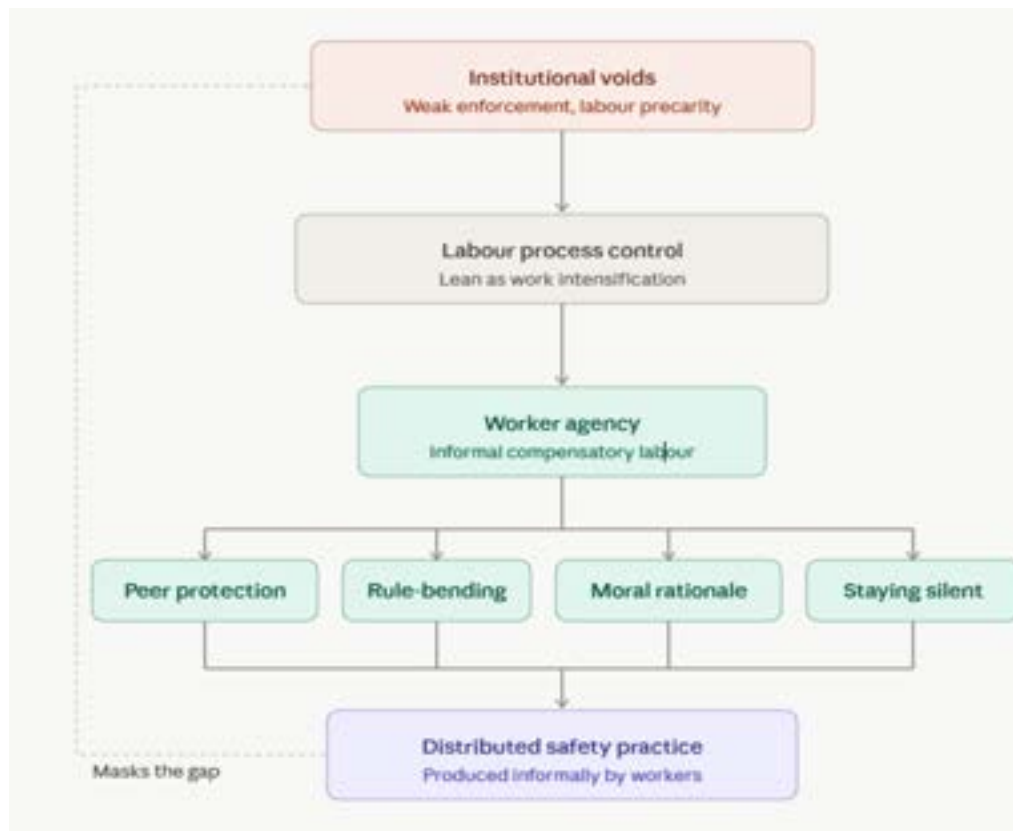
Participants' reluctance to report unsafe conditions reflected more than fear of managerial sanctions. It reflected an awareness of labour market insecurity, high unemployment, and limited opportunities for alternative employment. Decisions regarding whether to raise safety concerns therefore became moral and economic calculations in which protecting one's livelihood frequently outweighed concerns regarding physical risk.

This finding resonates with Labour Process Theory but also suggests that institutional theory provides an important complementary perspective. Worker silence was sustained not simply through workplace control mechanisms but through wider institutional arrangements that constrained employees' capacity to exercise voice. Consequently, organisational safety cultures cannot be separated from the economic and regulatory environments in which organisations operate.

Perhaps the most significant finding concerns the moral normalisation of workplace risk. Rather than expecting organisations to eliminate hazards, participants frequently interpreted exposure to danger as an unavoidable condition of employment. Such narratives indicate that institutional weakness has become internalised within workers' understandings of occupational life. Risk was not merely tolerated; it was morally rationalised as the price of economic survival.

This moral normalisation represents an important conceptual contribution because it demonstrates how organisational risks become socially legitimised through everyday narratives of necessity, resilience, and responsibility. Lean therefore operates not only through formal management systems but also through workers' own moral understandings of what constitutes acceptable work.

This is captured in the conceptual framework in figure 1 below:



Source: Authors

This diagram maps the paper's theoretical integration as a single causal chain rather than three parallel theories: institutional voids remove the regulatory constraint on managerial control, Lean's intensification pressure then lands on workers, and workers respond through the four informal mechanisms from your findings, which together produce safety as something distributed and informally made, not organisationally guaranteed.

8.4 Implications for Theory, Practice and Policy

The study makes several contributions to theory. First, it advances Lean scholarship by demonstrating that Lean implementation cannot be evaluated independently of institutional context. Rather than assuming universal relationships between Lean practices and H&S outcomes, researchers should conceptualise Lean as contextually enacted and institutionally mediated.

Second, the paper contributes to Labour Process Theory by identifying compensatory safety labour as an overlooked form of employee work that enables Lean systems to function despite organisational deficiencies. This concept shifts attention from visible production activities towards the hidden forms of labour that sustain organisational performance.

Third, the findings contribute to occupational health and safety scholarship by demonstrating that worker agency is central to understanding safety outcomes. Safety is not produced solely through formal systems, procedures, or regulations but is continually negotiated through workers' practical judgement, collective experience, and informal cooperation.

From a practical perspective, the findings caution organisations against assuming that Lean implementation automatically improves workplace safety. Managers should recognise that employees frequently compensate for deficiencies in formal safety systems through invisible forms of safety work that remain unrecognised by organisational performance measures. Organisations should therefore strengthen worker participation, encourage psychological safety, and create reporting systems that reward rather than discourage the communication of safety concerns.

At the policy level, the findings suggest that promoting Lean practices in developing economies like Nigeria without simultaneously strengthening labour inspection, regulatory enforcement, and worker voice mechanisms risks transferring operational risks onto employees. Policymakers should therefore view Lean implementation and occupational safety governance as complementary rather than independent policy agendas.

9. Conclusion

This paper has argued that Lean Management Strategy should be understood not as a universally applicable efficiency system but as a socially situated organisational practice whose consequences are fundamentally shaped by institutional context. Drawing on qualitative evidence from workers employed in Nigerian manufacturing organisations, the study demonstrates that Lean frequently operates through intensified production demands while simultaneously redistributing responsibility for workplace safety from organisational systems to individual employees.

Rather than experiencing safety as an outcome embedded within Lean processes, workers described safety as something they continuously produced through informal cooperation, practical judgement, and moral decision-making. These forms of compensatory safety labour remained largely invisible within organisational systems despite being essential for preventing accidents and maintaining production. Consequently, worker agency emerged not as empowerment but as an organisational necessity through which employees absorbed the risks generated by Lean implementation.

The paper therefore challenges universalist assumptions within the Lean literature by demonstrating that Lean's relationship with occupational health and safety is contingent upon institutional conditions, organisational practices, and workers' capacity to exercise voice. It also introduces the concept of compensatory safety labour to explain how employees sustain production under conditions where formal safety systems are insufficient.

Future research should examine whether similar patterns emerge in other developing economies and across different industrial sectors, while comparative studies between developed and developing institutional contexts would further illuminate how regulatory environments shape workers' experiences of Lean. Such research would contribute to a more context-sensitive understanding of Lean implementation and help inform organisational policies that genuinely reconcile productivity with decent work.

Ultimately, if Lean is to fulfil its promise as a system of continuous improvement, organisations must recognise that sustainable productivity cannot be achieved by transferring responsibility for health and safety onto workers. Instead, meaningful Lean implementation requires institutional support, genuine worker participation, and organisational commitment to ensuring that efficiency is pursued alongside, not at the expense of, employee wellbeing.

References

- Abdulmalek, F.A. and Rajgopal, J. (2007) 'Analysing the benefits of lean manufacturing and value stream mapping via simulation: A process sector case study', *International Journal of Production Economics*, 107(1), pp. 223–236.
- Abioye, T.E. and Bello, E.I. (2012) 'A review of awareness and implementation of lean manufacturing within Nigerian small-scale manufacturing companies', *Journal of Mechanics Engineering and Automation*, 2, pp. 374–380.
- Al-Aomar, R.A. (2011) 'Applying 5S lean technology: An infrastructure for continuous process improvement', *World Academy of Science, Engineering and Technology*, 60, pp. 1606–1611.
- Bicheno, J. and Holweg, M. (2023) *The Lean Toolbox: A Sourcebook for Process Improvement*. 6th edn. Buckingham: PICSIE Books.
- Bryman, A. and Bell, E. (2011) *Business Research Methods*. 3rd edn. Oxford: Oxford University Press.

References

- Chiarini, A. and Vagnoni, E. (2014) 'Lean production, job satisfaction and motivation in the Italian manufacturing industry', paper presented at the XXVI Convegno annuale di Sinergie.
- Choi, T., Netland, T., Sanders, N., Sodhi, M. and Wagner, S. (2023) 'Just-in-time for supply chains in turbulent times', *Production and Operations Management*, 32(7), pp. 2331–2340.
- Conti, R., Angelis, J., Cooper, C., Faragher, B. and Gill, C. (2006) 'The effects of lean production on worker stress', *International Journal of Operations & Production Management*, 26(9), pp. 1013–1038.
- Dickson, E.W. et al. (2009) 'Use of lean in the emergency department', *Annals of Emergency Medicine*, 54(4), pp. 504–510.
- Dibia, C.H. (2017) *Lean manufacturing and employee working conditions in Nigeria*. Doctoral thesis.
- Flynn, B.B., Sakakibara, S. and Schroeder, R.G. (1995) 'Relationship between JIT and TQM', *Academy of Management Journal*, 38(5), pp. 1325–1360.
- Fullerton, R.R. et al. (2014) 'Lean manufacturing and firm performance', *Journal of Operations Management*, 32(7–8), pp. 414–428.
- Hamja, A., Maalouf, M. and Hasle, P. (2019) 'The effect of lean on occupational health and safety', *Production & Manufacturing Research*, 7(1), pp. 316–334.
- Hughes, P. and Ferrett, E. (2021) *Introduction to Health and Safety at Work*. 7th edn. Abingdon: Routledge.
- ILO (2023; 2024) *Occupational Safety and Health*. Geneva: ILO.
- Johanes, M., Mark, M. and Steven, J. (2022) 'A global review of OSH systems', *International Journal of Occupational Safety and Ergonomics*, 29(2), pp. 821–836.
- Koukoulaki, T. (2014) 'The impact of lean production on risks', *Applied Ergonomics*, 45(2), pp. 198–212.
- Liker, J. (2004) *The Toyota Way*. New York: McGraw-Hill.
- Longoni, A. et al. (2013) 'When does lean hurt?', *International Journal of Production Research*, 51(11), pp. 3300–3320.
- Ohno, T. (1988) *The Toyota Production System*. Portland: Productivity Press.
- Oruh, E.S. and Dibia, C. (2020) 'Employee stress and high-power distance culture', *Employee Relations*, 42(6), pp. 1381–1400.
- Rother, M. and Shook, J. (1999) *Learning to See*. Brookline, MA: Lean Enterprise Institute.
- Saunders, M., Lewis, P. and Thornhill, A. (2009) *Research Methods for Business Students*. 5th edn. Harlow: Pearson.
- Shah, R. and Ward, T.P. (2007) 'Defining and developing measures of lean production', *Journal of Operations Management*, 25(4), pp. 785–805.
- WHO (2025) *Themes*. Geneva: World Health Organization.
- Womack, J.P., Jones, D.T. and Roos, D. (1990) *The Machine that Changed the World*. New York: HarperCollins.
- Womack, J.P. and Jones, D.T. (2003) *Lean Thinking*. London: Simon & Schuster.

UNPACKING BOARD DYNAMICS: HOW GOVERNANCE STRUCTURES SHAPE BANK PERFORMANCE IN VIETNAM

Huy Hoang Pham; *University of Greater Manchester*
 Prof Christian Harrison; *University of Greater Manchester*
 Dr Mathew Shafaghi

Abstract

This study investigates the impact of board structure on the performance of commercial banks in Vietnam, where empirical research remains limited despite growing interest in corporate governance. Drawing on agency theory and resource dependency theory, the study examines how specific board attributes, such as board size, independence, CEO duality, gender diversity, and AI acceptance, affect financial and operational outcomes, with sustainability disclosure examined as a contextual control accounting for legitimacy pressures shaping these relationships. Addressing gaps in both global and local literature, the research employs a qualitative methodology and conducts 10 in-depth interviews with senior management, including board members, executives, and senior branch leaders from Vietnamese commercial banks.

Thematic analysis, supported by NVivo software, is applied to analyse interview data and uncover patterns in board governance practices. The findings reveal mixed perceptions of board size, varying impacts of CEO duality, and differing views on the value of gender diversity and independent directors, especially in light of Vietnam's cultural and institutional context. The study also highlights the growing significance of AI acceptance and sustainability disclosure in shaping modern governance practices.

The research contributes to theory by situating board-performance relationships within the context of an emerging market. Practically, it provides strategic recommendations for bank executives and regulators striving to enhance governance effectiveness. Additionally, it guides policymakers by proposing governance reforms aligned with Vietnam's regulatory and economic development goals. The study emphasises the need for locally adapted governance models that reflect the complexities of transitional economies.

Research problem/question:

The central research question is: How do board structure attributes affect the performance of commercial banks in Vietnam? Sub-questions include the specific impacts of board size, independence, CEO duality, gender diversity, and AI acceptance level, as well as the practical and policy strategies that can enhance board effectiveness and bank performance, with sustainability disclosure considered a contextual factor conditioning these relationships.

Research methods:

A qualitative design was adopted, comprising semi-structured interviews with 10 senior executives, board members, CEOs, a CFO, and senior branch managers, drawn from six private and four state-owned commercial banks in Vietnam, recruited through purposive and snowball sampling until data saturation was reached. Transcripts were analysed thematically in NVivo, following Braun and Clarke's (2006) six-phase framework. Full details of the research philosophy, sampling, analysis, and trustworthiness procedures are presented in Section 3.

Main results:

The study reveals varied perspectives on how board structure influences the performance of commercial banks in Vietnam. Board size elicited mixed views; some participants believed larger boards brought diverse expertise, while others noted the risks of slower decision-making and reduced accountability. Board independence was recognised as valuable in principle but often undermined by informal relationships, especially in state-owned banks. CEO duality also elicited conflicting opinions: some saw it as enabling strong leadership, while others raised concerns about concentrated power and weak oversight. Gender diversity was acknowledged as beneficial but remains limited in practice. A new finding was the importance of AI acceptance at the board level, which appeared to enhance strategic responsiveness, especially in private banks. Notably, private banks were seen as more adaptive and performance-driven, while public banks prioritised compliance and stability.

Main implications:

The findings suggest that Vietnamese banks should pursue a board structure that balances diversity with agility. Boards need members who possess both governance expertise and digital awareness, particularly regarding AI and sustainability. Gender diversity and genuine independence should be enhanced to improve oversight. For policymakers, the study underscores the need to update governance codes to address new challenges, including digital transformation and ESG expectations. Promoting training, transparency in appointments, and clearly defined roles for board members can enhance effectiveness. Stronger regulatory guidance on board independence and CEO duality would also support improved performance outcomes.

Keywords: *Corporate Governance, Board structure, Banking sector, Vietnam*

1. Introduction

The relationship between corporate governance and firm performance has attracted significant scholarly attention, particularly within economics and finance (Mateus and Belhaj, 2016; Olayinka, 2021). The urgency of this enquiry is underscored by a series of high-profile governance failures in Vietnam's banking sector over the past decade, culminating in the Saigon Joint Stock Commercial Bank (SCB) scandal, in which fraud totalling approximately US\$44 billion exposed profound weaknesses in board oversight (Chen, 2024). These failures reflect systemic shortcomings in boards that lack either the independence to monitor or the authority to restrain dominant insiders, rather than isolated instances of individual misconduct. Among governance elements, the structure of the board of directors plays a pivotal role in shaping long-term organisational success, especially in the banking sector. However, despite global interest, inconsistencies persist in the effects of board composition on bank performance, particularly in emerging markets such as Vietnam. Many studies apply theoretical frameworks developed in advanced economies without adapting them to local contexts, limiting their relevance and explanatory power.

Empirical research on the link between board characteristics and financial performance, such as the works by Merendino and Melville (2019) and Saygili et al. (2022), remains relatively sparse, especially in developing countries. Vietnam's fast-evolving banking sector represents a critical research gap, where the board-performance relationship remains underexplored. This study addresses that gap by investigating how board structure influences the performance of Vietnamese commercial banks.

At the heart of this enquiry lies an unresolved theoretical tension: Agency Theory prescribes independent boards that monitor management at arm's length (Jensen and Meckling, 1976), whereas Resource Dependency Theory values directors embedded in external networks who secure critical resources (Pfeffer and Salancik, 1978). Vietnam's banking sector, characterised by concentrated ownership, state influence, and relationship-based business practices, constitutes a particularly acute site for this tension, as the qualities that make directors effective monitors can limit their effectiveness as resource providers, and vice versa.

The governance role of boards, particularly the dual functions of the CEO and/or Chairperson, is both crucial and complex. Boards must not only monitor executives but also collaborate with them to shape the strategic direction (Langan et al., 2022). This dual role raises the contentious issue of CEO duality, in which the same person holds both CEO and Chair positions, a topic that has long sparked debate (Uyar et al., 2022). Yet, in Vietnam's banking sector, research examining this specific governance structure remains limited.

Research aim

This research seeks to analyse the effect of board structure on the performance of commercial banks in Vietnam.

Research objectives

To achieve the research aim, the study sets out to:

- Examine critical board structure characteristics, including board size, independence, CEO duality, gender diversity, and AI acceptance level, and their roles in bank governance, with sustainability disclosure considered as a contextual factor.
- Assess the influence of these attributes on financial performance using a qualitative perspective.
- Recommend strategies to enhance board effectiveness in improving bank outcomes.
- Offer policy-level recommendations for refining board governance frameworks in Vietnam's banking industry.
- Propose a conceptual model integrating Agency Theory and Resource Dependency Theory to explain how board structure influences bank performance in Vietnam's transitional context.

Research questions

In line with the objectives, the study addresses the following questions:

RQ1: Which board attributes (e.g., size, independence, CEO duality, gender diversity, AI acceptance) most significantly impact commercial bank performance in Vietnam, and how does sustainability disclosure condition these relationships?

RQ2: How do these board characteristics influence banks' financial and operational results?

RQ3: What strategic improvements can strengthen board functioning and enhance performance?

RQ4: What governance and policy recommendations could improve board oversight in Vietnamese banks?

Research Methodology

This study adopts a qualitative research approach, which is particularly well-suited for analysing complex and context-dependent issues. Unlike quantitative methods, which rely on numerical data, qualitative research enables a deeper exploration of subjective experiences and institutional practices (Flick, 2014; Fitzpatrick, 2020). This flexibility is particularly beneficial when conducting interviews with experts in the banking sector, as it offers rich, detailed insights (Smith and Sparkes, 2016).

Ten in-depth interviews were conducted with senior bank executives, including board members, CEOs, CFOs, and senior branch managers. This sample size is justified by the concept of data saturation, where no new insights emerge despite additional interviews (Guest, Bunce, and Johnson, 2006). Research suggests that between 5 and 15 participants are often sufficient for thematic analysis in focused qualitative studies. Selecting experienced leaders ensured that responses were contextually relevant and insightful.

NVivo software was used to support data management and analysis. The study applied thematic analysis, a widely accepted method for identifying, interpreting, and reporting patterns within qualitative data (Braun and Clarke, 2006). Thematic analysis enabled the researcher to maintain analytical flexibility, making it an ideal approach for understanding how the board structure functions and impacts bank outcomes in Vietnam. This method is recognised for its rigour and reliability in organisational research (Nowell et al., 2017), ensuring that findings are both systematic and grounded in real-world practices.

Research Contribution

This study aims to contribute on three fronts:

-Theoretical Contribution: It adds to the limited literature on corporate governance in Vietnam, offering insights into how board structures relate to performance in the commercial banking sector.

-Practical Contribution: The findings are expected to inform banking professionals and boards about structural attributes that enhance performance, and the proposed model may be applicable to other financial institutions.

-Policy Contribution: The study could guide regulators in refining corporate governance codes and practices by offering evidence-based recommendations tailored to the Vietnamese context.

2. Literature review

Corporate Governance

Corporate governance refers to the structure and processes by which companies are directed and controlled (Tihanyi et al., 2014). Key players include the board of directors, shareholders, and auditors, all of whom ensure the firm's strategic oversight and direction. Shleifer and Vishny (1997) emphasise governance as the mechanism by which capital providers ensure returns on their investments. Governance is especially critical in mitigating agency conflicts, disputes arising from misaligned goals and limited transparency among stakeholders (McCahery et al., 2016).

Corporate governance mechanisms are typically categorised into internal and external controls (Sardo and Serrasqueiro, 2017). Internal governance refers to structures such as board composition and ownership, whereas external governance encompasses institutional factors, including legal frameworks and market regulations (Lu and Wang, 2021). Since this study focuses on Vietnam, a single-country context, the emphasis is on internal mechanisms, particularly board characteristics.

Board of Directors

The board serves a central function in supervising management and resolving agency problems. According to agency theory, conflicts arise when managers (agents) act in their own interest rather than in alignment with shareholders (principals), leading to costs such as monitoring, bonding, and residual losses (Jensen and Meckling, 1976). A strong board reduces such costs by overseeing executives and strategic decisions (Liu and Fong, 2010).

The board holds authority to appoint or dismiss top management, authorise key actions, and ensure alignment with shareholder interests (Fama and Jensen, 1983). An independent board is widely regarded as a cornerstone of effective governance, providing objective oversight (Fama, 1980). Resource dependency theory suggests that boards can align firms with their external environments by providing access to resources and networks (Solomon, 2010).

Key indicators of board effectiveness include director diversity, integrity, and risk awareness (Walker, 2005; Ingley and Walt, 2002). Director roles are typically classified into control, advisory, and resource-access functions (Johnson and Daily, 1996). Non-executive directors (NEDs) strengthen independence and internal monitoring, especially in succession planning and CEO oversight (Hermalin and Weisbach, 1998). The presence of NEDs can mitigate managerial dominance and improve performance.

To maintain a balance of power, separating the roles of CEO and board chair (avoiding CEO duality) is often recommended. A proportion of at least one-third NEDs enhances board independence. Thus, in this study, board size, CEO duality, and the share of NEDs are selected as the primary board-structure variables.

Board Size and Bank Performance

A widely debated aspect of board structure is its size. Larger boards are thought to incorporate broader expertise and diverse perspectives, which could enhance decision-making and oversight. However, empirical evidence challenges this assumption. Larger boards may suffer from diminished coordination and increased difficulty in reaching consensus, reducing their effectiveness in monitoring management (Eisenberg et al., 1998; Lipton and Lorsch, 1992). Jensen (1993) suggested that beyond seven or eight members, boards tend to be less efficient and incur higher monitoring costs.

Agency theory posits that an increase in board size exacerbates the free-rider problem among directors (Hermalin and Weisbach, 1998). This leads to more symbolic involvement in governance rather than active oversight. Additional research by Puni and Anlesinya (2020) and Alabdullah et al. (2019) noted that large boards can hinder swift decision-making and suppress innovative contributions due to internal conflicts and diluted accountability.

In contrast, the resource dependency theory advocates for larger boards, highlighting their external networks and adaptability during periods of instability (Goodstein et al., 1994). Arosa et al. (2010) argue that broader membership brings richer knowledge and enhanced access to external resources. However, Yermack (1996) found an inverse correlation between board size and firm value, suggesting diminishing returns from oversized boards. In the Vietnamese context, where power tends to be centralised and participatory governance is limited, larger boards may compound inefficiencies (Truong et al., 1998; Duc and Thuy, 2013).

Notably, board size in Vietnamese banking is not purely a strategic choice: the Law on Credit Institutions mandates that commercial bank boards comprise between five and eleven members (National Assembly of Vietnam, 2024), meaning the size–performance relationship operates within regulatory bounds rarely present in the Western studies from which most evidence derives.

Board Independence and Bank Performance

Independent directors are considered vital in mitigating agency issues by providing unbiased oversight and ensuring transparency. Muchiri and Njoka (2021) asserted that firms with more independent directors face lower risks of financial distress. Likewise, Adams and Jiang (2016) demonstrated that independent directors can reduce agency costs through their monitoring role and improve value for both shareholders and creditors. However, not all studies support a direct impact on performance. Duc and Thuy (2013) found no significant relationship between board independence and performance among Vietnamese firms.

Adams and Jiang (2016) also found that while independence improves governance, financial performance is more strongly tied to financial expertise rather than independence alone. Conversely, Naseem et al. (2017) reported a negative correlation between board independence and performance, suggesting that unqualified independent directors may dilute board effectiveness.

Vietnam's corporate landscape, characterised by concentrated ownership and family ties, poses additional challenges for the effectiveness of independent directors. Relationships between independent directors and dominant shareholders may compromise objectivity, undermining governance quality. Thus, while independence is widely regarded as essential, its impact in Vietnam requires closer scrutiny.

CEO Duality and Bank Performance

CEO duality refers to the scenario in which one individual occupies both the CEO and board chair roles. Agency theory critiques this dual role, arguing it compromises board independence and leads to unchecked managerial power (Jensen, 1993). On the other hand, stewardship theory contends that combining these roles fosters unified leadership and strategic coherence (Finkelstein and D'Aveni, 1994).

Empirical findings are divided. Boyd (1995) argued that CEO duality improves performance in competitive markets, while Duru et al. (2016) and Trang (2016) found negative correlations due to conflicts of interest and weakened oversight. In Vietnam, results are similarly inconsistent: Duc and Thuy (2013) reported a positive relationship, whereas Trang (2016) observed adverse effects on financial outcomes.

Given Vietnam's evolving regulatory environment and cultural preference for centralised authority, CEO duality may offer operational benefits at the expense of governance quality. Consequently, this structure requires critical evaluation within Vietnam's banking sector.

Gender Diversity and Bank Performance

Gender diversity in corporate governance has been increasingly recognised as a factor influencing the quality of decision-making and risk management. Bear et al. (2010), Harjoto et al. (2015), and Issa and Fang (2019) argued that gender-diverse boards provide more comprehensive oversight due to varying experiences and perspectives. Issa, Zaid, and Hanaysha (2022) observed that female directors' human capital, education, social influence, and professional expertise significantly support sustainability initiatives.

Within the Vietnamese context, however, findings remain mixed. Some view gender diversity as a symbolic gesture with limited impact on core financial performance, while others link it to improved governance and risk management. The nuanced perspectives between public and private banks further reflect differing expectations and operational goals regarding diversity.

Board AI Acceptance and Bank Performance

As artificial intelligence (AI) becomes embedded in banking, board-level attitudes toward AI acceptance can influence strategic decisions, operational efficiency, and long-term competitiveness. Kaur et al. (2020) emphasised the role of AI in streamlining operations, reducing costs, and enhancing customer experiences. In Vietnam, the banking industry is gradually incorporating AI into core functions, such as risk management, customer service, and data analytics (Jewandah, 2018). User acceptance is crucial to realising the full benefits of technology. Boards that endorse AI integration are more likely to enable innovation and agility in responding to market changes. The literature, however, lacks a comprehensive analysis of how the board's openness to AI directly affects financial performance, particularly in Vietnam, where tech adoption remains uneven.

Sustainability Disclosure and Bank Performance

Sustainability disclosure involves reporting a company's impact on economic, environmental, and social dimensions, aligning with stakeholder theory, which mandates transparency and accountability (Nobanee and Ellili, 2016). Despite global emphasis on environmental, social, and governance (ESG) reporting, empirical studies in the banking sector remain limited. Halabi and Samy (2009) found that banks often favour qualitative over quantitative disclosures, especially in developing markets.

Research by Sobhani et al. (2012) comparing Islamic and conventional banks in Bangladesh found that Islamic banks tend to disclose more on sustainability issues. In Vietnam, regulatory emphasis on ESG practices is rising, but the link between disclosure and bank performance remains underexplored. A proactive board that supports sustainability disclosure may not only enhance reputation but also promote long-term profitability.

3. Research methods

This study is grounded in an interpretivist philosophy, which holds that governance is not an objective structure to be measured but a set of practices enacted and given meaning by those who perform them (Saunders, Lewis and Thornhill, 2019). Consistent with this stance, the study adopts an inductive approach to theory development: patterns and themes were generated from participants' accounts rather than deduced from pre-formulated hypotheses. Agency Theory and Resource Dependency Theory functioned as sensitising concepts (Bowen, 2006), an interpretive lens orienting the enquiry, rather than as a deductive apparatus to be tested against the data.

A multiple-case study strategy was employed, examining board governance across public and private commercial banks in Vietnam. The case study design is appropriate where a contemporary phenomenon is investigated within its real-world context and the boundaries between phenomenon and context are blurred (Yin, 2018), precisely the situation of board governance embedded in Vietnam's institutional, political and regulatory environment. The study is deliberately bounded to internal governance mechanisms; external mechanisms such as the legal system and the market for corporate control are effectively held constant, since all banks examined operate within Vietnam's single regulatory framework. The design is cross-sectional: each participant was interviewed once during a six-month fieldwork period from January to June 2024.

Research Approach

This study employs a qualitative research methodology, selected for its ability to explore complex, context-specific phenomena (Omeihe and Harrison, 2024). While quantitative and mixed methods were considered, they were not well-suited to uncover the nuanced interpretations, values, and practices of corporate governance in a transitional economy like Vietnam. In emerging markets, governance structures are often shaped by informal norms, political relationships, and internal hierarchies, factors that cannot be easily captured through numerical data alone. Therefore, a qualitative approach allows the researcher to gain deeper insights into how board members and executives perceive and enact governance responsibilities in practice.

By focusing on subjective interpretations, this method facilitates the examination of how governance frameworks are experienced, challenged, and adapted by individuals in leadership positions. The qualitative lens is particularly valuable in the Vietnamese context, where formal rules may be in place, but their implementation often varies with interpersonal dynamics and cultural expectations. Thus, qualitative research is both appropriate and necessary to examine the real-world governance practices that influence bank performance.

Data Collection Strategy

To gather relevant data, semi-structured interviews were chosen as the primary method of data collection. This approach is widely recognised for its ability to produce rich and detailed insights, especially when exploring complex organisational behaviours and executive perspectives (Smith and Sparkes, 2016). Semi-structured interviews strike a balance between structure and flexibility. They allow the researcher to maintain a coherent line of inquiry while also exploring emerging topics through follow-up questions and probes (Kallio et al., 2016).

The interview guide used in this study was developed through a three-step process. First, a comprehensive review of the literature helped identify key themes, including board composition, AI acceptance, and sustainability disclosure. Second, this draft was evaluated by governance scholars and industry experts, whose feedback was used to refine the questions' clarity, flow, and relevance. The final guide facilitated structured yet open conversations, enabling the exploration of participant insights in both depth and breadth.

This design enabled real-time adaptation of the conversation, allowing interviewers to delve into interesting or unexpected areas as they arose. It also ensured consistency across interviews, allowing for meaningful comparison while respecting the individual experiences of each participant.

Third, the refined guide was pilot-tested with two bank directors before the main fieldwork began (Van Teijlingen and Hundley, 2001). As only minor adjustments to wording and sequencing were required, these two interviews were retained within the final ten-participant sample.

Sampling Design and Participant Selection

The sample consisted of senior executives from ten commercial banks in Vietnam, comprising four public and six private banks, selected from a total of 31 institutions nationwide. The study adopted a combination of purposive and snowball sampling. Purposive sampling ensured that selected individuals met specific criteria: participants needed to be current or former board members, CEOs, CFOs, or C-suite executives with at least five years of direct involvement in governance-related roles. Senior branch-level managers were also included, since their operational vantage point complements the strategic perspective of board members and head-office executives. This selection criterion was crucial in securing respondents who possessed both strategic oversight and operational experience relevant to the study.

Snowball sampling was subsequently used to access additional qualified participants through professional referrals. This method proved especially useful in the Vietnamese context, where access to high-level executives is often restricted due to organisational hierarchies and confidentiality practices. Personal referrals helped establish credibility and trust, encouraging more candid and reflective discussions during the interviews.

The researcher's background in Vietnam's banking sector also facilitated initial access, reinforcing trust and enhancing the authenticity of the data. This dual sampling method effectively navigated cultural sensitivities and institutional access barriers, ensuring the participation of highly knowledgeable individuals.

Although the study initially aimed for an even balance between public- and private-sector banks, the final sample comprised four public-sector and six private-sector participants. Fifteen executives were approached in total; the five who declined or withdrew were concentrated in state-owned banks and coincided with the heightened sensitivity surrounding the SCB Bank investigation, during which senior figures felt unable to speak on governance matters. This departure from the intended design therefore reflects documented fieldwork constraints rather than a methodological compromise. All interviews were conducted face-to-face; each meeting lasted approximately two hours, with the first hour devoted to building rapport, consistent with Vietnam's relationship-based business culture, in which senior figures tend to be candid only once trust is established (Mikecz, 2012; Harvey, 2011), and the second hour comprising the formal semi-structured interview from which the data were drawn.

The researcher occupied a dual position in relation to the field: an insider by virtue of years of professional experience in Vietnam's banking sector, which enabled access and rapport, yet an outsider to the boards studied, holding no position within the banking hierarchy (Dwyer and Buckle, 2009). To guard against the risk that sector familiarity might prime the researcher towards expected readings, the interview guide was built around open, non-leading questions, and a reflexive journal was maintained throughout fieldwork and analysis, recording assumptions surfaced by the data and the reasoning behind each analytic decision (Finlay, 2002; Berger, 2015).

Data Analysis

The study employed thematic analysis as the primary method for interpreting the qualitative data. Thematic analysis enables the identification and examination of recurring patterns and meaningful themes within textual data, while offering analytical flexibility (Braun and Clarke, 2006). This approach was chosen for its compatibility with the study's objectives and its adaptability to exploratory research in under-researched settings, such as Vietnam.

The analysis followed Braun and Clarke's six-step model. First, the researcher became familiar with the data through repeated reading of transcripts and preliminary note-taking. Next, initial codes were generated using NVivo software, which allowed systematic categorisation of key concepts. These codes were then reviewed and grouped into broader themes reflecting dimensions of board governance, such as board independence, gender diversity, and CEO duality.

Themes were subsequently reviewed and refined to ensure internal coherence and alignment with the research questions. Once finalised, themes were clearly named and described, forming the basis for a coherent narrative. The analysis was supported by direct participant quotes, which were used to illustrate key findings and preserve the authenticity of respondents' voices.

NVivo software enhanced the analytical process by enabling efficient organisation, coding, and visualisation of data. The tool also ensured transparency and consistency throughout the interpretation process. Thematic analysis's flexibility further allowed the researcher to blend inductive and deductive reasoning, developing themes both from the data and in relation to existing theoretical frameworks.

Constructing Meaning from the Data

Understanding in qualitative research emerges through an iterative process of interpretation and reflection. As emphasised by Yazan (2015), data analysis involves more than just organising information; it is about discovering patterns in what initially appears unstructured. Through active engagement with the material and conceptual openness, the researcher uncovered key insights into the social, cultural, and organisational factors influencing governance in Vietnamese banks.

This sense-making process requires not only technical rigour but also sensitivity to context, as meanings are often embedded in cultural and institutional subtleties. Interpretation, therefore, involved not only recognising patterns but also understanding why these patterns emerged and how they reflected the broader context of corporate governance in Vietnam.

The study received formal ethical approval and adhered to institutional guidelines throughout. All participants provided written informed consent, were assured of their right to withdraw at any stage, and personal identifiers were removed at transcription, with anonymised data stored on encrypted, password-protected systems. Given the seniority of participants and the sensitivity of governance topics, anonymity was essential to eliciting candid responses.

Rather than the quantitative criteria of validity and reliability, the trustworthiness of the findings was addressed through credibility, dependability, transferability and confirmability (Lincoln and Guba, 1985). Credibility was strengthened by triangulating accounts across participants in different roles and across public and private banks (Patton, 1999), and by member checking, whereby participants reviewed summaries of their responses to confirm accuracy (Birt et al., 2016). Dependability was supported by a detailed audit trail documenting coding strategies and analytical decisions; transferability by thick description of Vietnam's institutional and regulatory context; and confirmability by reflexive notes and systematic cross-referencing between raw data, codes and interpretations. Data saturation was confirmed when the final interviews yielded no substantially new themes (Guest, Bunce and Johnson, 2006).

4. Results and discussion

Participant Profile Overview

The 10 interviewees in this study represent a well-diversified sample, strengthening the reliability and depth of qualitative analysis. Below is the consolidated table of interviewee demographics based on the profiles from the provided interviews, followed by a brief analysis:

Interviewee ID	Gender	Age	Work Sector	Position	Years in Banking	Years at Current Bank
P01	Female	38	Private Sector	CFO	16	2
P02	Male	40	Private Sector	Director	18	3
P03	Male	42	Private Sector	Director	20	4
P04	Female	54	Private Sector	Branch Manager	20	10
P05	Female	43	Private Sector	Deputy Branch Director	18	1
P06	Male	60	State Sector	Director	36	36
P07	Male	40	State Sector	Member of the BoD	18	18
P08	Male	60	State Sector	Member of the BoD	25	5
P09	Male	41	Private Sector	Director	18	17
P10	Male	55	State Sector	Member of the BoD	25	10

The diversity of their backgrounds, encompassing gender, age, work sector, leadership positions, and years of experience, ensures that the insights gathered are comprehensive and reflective of varied perspectives within Vietnam's banking sector.

Qualitative Data Processing and Analysis

The qualitative data collected through in-depth interviews were analysed using NVivo 14 software to ensure systematic thematic coding and robust pattern identification. All interviews were transcribed verbatim to preserve authenticity. Once cleaned and anonymised, the transcripts were imported into NVivo to begin the coding process.

Themes were initially identified through open coding, followed by axial coding to cluster related concepts into broader categories. These categories aligned with the study's focus on board structure attributes, namely, board size, independence, CEO duality, gender diversity, and AI acceptance, together with sustainability disclosure as a contextual dimension. Each theme was examined both within individual interviews and across cases to capture convergences and divergences in opinion. NVivo's visualisation tools, such as node frequency and matrix coding, further assisted in mapping relationships among codes, enhancing thematic coherence and analytical rigour.

The final stage involved interpreting the findings in relation to the research questions, using direct quotations to provide illustrative depth and support thematic clarity.

Analysis of Key Themes

Board Size and Performance Implications

Board size emerged as a nuanced theme, with no universal agreement on whether a larger or smaller board leads to better performance. Several interviewees from private banks believed that compact boards enhance responsiveness and cohesion, especially in rapidly changing environments. As one CFO from a private bank noted, “Smaller boards move faster. We can align quickly on decisions, particularly when the market shifts.”

Conversely, public-sector respondents often valued the diversity of expertise that larger boards provide. A state-owned bank’s board member emphasised, “Having a bigger board allows us to cover more ground, risk, compliance, policy, but yes, sometimes it slows down urgent decisions.” This reflects the classic trade-off in governance literature: larger boards offer varied skills and stakeholder representation, but may impede agility.

The findings suggest that while board size alone does not directly determine performance, its effect is mediated by contextual factors such as sector type, governance maturity, and strategic priorities.

CEO Duality: Perceptions and Consequences

Opinions on CEO duality, where the CEO also serves as board chair, were similarly divided. Some respondents advocated for separation of roles to preserve checks and balances, arguing that consolidation of power undermines board independence. As one director from a private bank observed, “When one person wears both hats, there’s less challenge to executive decisions, and it risks turning governance into rubber-stamping.”

However, other respondents believed that CEO duality streamlines leadership and provides a clear vision. This was especially evident in banks undergoing digital transformation, where swift strategic execution was considered essential. A public-sector board member defended duality by stating, “Sometimes, having one clear leader speeds things up, especially when facing digital disruptions.”

Overall, the interviews underscore that the effectiveness of CEO duality depends on the strength of other governance mechanisms and the maturity of organisational culture.

Gender Diversity and Strategic Value

Gender diversity on boards was seen as a critical factor in promoting balanced decision-making, though female representation remained low. Female leaders in the study emphasised the added value that gender-diverse boards bring, particularly in terms of empathy, risk sensitivity, and collaborative communication. A female branch manager noted, “Our input often focuses on long-term relationships, customer trust, and team cohesion.”

In contrast, some male respondents acknowledged the symbolic value of gender diversity but downplayed its impact on performance. “It looks good in reports,” one remarked, “but I’m not sure it changes outcomes unless women are truly empowered in decision-making.”

The interviews reflect an evolving recognition of gender equity in leadership, but also highlight the persistence of tokenism. The study suggests that the presence of women alone is insufficient, true impact depends on influence, voice, and inclusion in core decisions.

Independent Directors and Monitoring Role

There was consensus across participants that independent directors are vital for reducing conflicts of interest and improving oversight. However, implementation challenges persist. Many interviewees expressed concern that independent directors in state-owned banks are often appointed to satisfy legal requirements, with limited involvement in strategic governance.

One senior leader noted, “In name, they are independent. But in practice, they’re aligned with major shareholders or political interests.” By contrast, private-sector banks were more likely to select independent directors for their domain expertise, particularly in finance and technology. These directors were seen as “value-adding advisors” who challenged executive assumptions and brought market perspectives into the boardroom.

The interviews suggest that board independence must go beyond formal status, it requires real authority, clarity of role, and accountability.

AI Acceptance Among Board Members

The role of AI in bank governance is emerging as a significant theme, especially among younger and private-sector respondents. These participants highlighted the growing importance of AI tools in risk management, customer analytics, and compliance monitoring. “AI helps us reduce errors, predict risks, and make faster credit decisions,” remarked one private bank director.

However, skepticism persists, particularly among senior leaders with limited digital exposure. A state-sector board member admitted, “We still rely on traditional reporting, AI feels like a black box. There’s trust to build.”

The findings indicate that the effectiveness of AI integration hinges on the board’s digital literacy and openness to change. Training and onboarding programs may be necessary to bridge the generational and technological divide in boardrooms.

Sustainability Disclosure: Ethics Meets Strategy

Sustainability disclosure was universally acknowledged as beneficial, though motivations varied by gender. Male participants emphasised its strategic importance in building investor trust and meeting regulatory expectations. “Transparent ESG reporting gives us credibility with long-term investors,” one male board member explained.

Female respondents, meanwhile, viewed sustainability as a customer engagement tool. A female manager stated, “Customers today care about our environmental and social practices. It builds loyalty.” These perspectives reveal that sustainability serves dual roles: it satisfies investor scrutiny while also enhancing customer retention.

Together, the interviews highlight that robust sustainability disclosure enhances both reputation and operational alignment, reinforcing bank performance through trust-building and differentiation.

Summary of Key Insights

The qualitative findings reveal that no single attribute of board structure unilaterally dictates commercial bank performance in Vietnam. Instead, performance outcomes are shaped by the interplay of various board characteristics: size, independence, diversity, role clarity, and digital readiness, in relation to contextual factors such as sector norms, regulatory environment, and institutional culture.

Crucially, the interviews expose gaps between governance theory and on-the-ground practices, particularly in public-sector banks. While principles such as board independence and gender diversity are widely endorsed, their practical execution is often hindered by entrenched norms, regulatory ambiguity, or limited empowerment.

Read through the study's theoretical lens, these findings illustrate the Agency–Resource Dependence tension in operation: state-owned banks lean towards the resource-dependency imperative, boards structured for political alignment and stakeholder representation, at the cost of genuine monitoring independence, while private banks more actively balance oversight with strategic resource access. The compromised independence of directors "aligned with major shareholders or political interests" is precisely the failure mode that arises when the monitoring function prescribed by Agency Theory is subordinated to resource and legitimacy imperatives.

This part illustrates that effective governance requires more than structural compliance. It demands intentional leadership, skill development, and cultural transformation to align board attributes with strategic objectives and stakeholder expectations. The findings set the stage for further analysis and recommendations in the subsequent part.

5. Conclusion, limitations, and implications

Conclusion

This study set out to explore the relationship between board structure attributes and the performance of commercial banks in Vietnam, with particular emphasis on five board attributes: board size, board independence, CEO duality, gender diversity, and AI technology acceptance, with sustainability disclosure examined as a contextual control accounting for legitimacy pressures shaping how these attributes translate into performance outcomes.

The findings underscore that no single board attribute acts as a universal determinant of performance. Instead, the impact of board structure is shaped by the organisational context, cultural factors, leadership orientation, and sectoral dynamics. Board size, for instance, offered a classic trade-off between diversity of expertise and operational efficiency. While smaller boards in private banks enabled faster decision-making, larger boards in public institutions provided broader oversight, albeit at the cost of agility. Similarly, opinions on CEO duality revealed competing values: unity of leadership versus independent oversight.

Gender diversity is recognised as an asset for inclusive decision-making; however, its strategic impact remains limited by low female representation and systemic gender norms. Independent directors were widely regarded as crucial for oversight; however, their practical effectiveness was hindered by their affiliations with controlling stakeholders, particularly in state-owned banks. The integration of AI tools and the embrace of sustainability reporting represented emerging trends, with younger executives and private banks more enthusiastic about leveraging these for strategic advantage.

These findings contribute to the growing literature on corporate governance in emerging markets, reaffirming that governance effectiveness is not solely a function of formal structures. It requires an enabling culture, institutional integrity, and the willingness of leaders to transcend compliance in favour of faithful stewardship.

Limitations of the Study

Despite the value of the findings, the study has several limitations that should be acknowledged. First, the qualitative methodology, while advantageous for gaining an in-depth understanding, limits the generalisability of the results. The insights are context-specific and shaped by the perspectives of a relatively small purposive sample of ten banking executives. As such, caution must be exercised when extrapolating the conclusions to the broader population of Vietnamese banks or to institutions in other emerging markets.

Second, participant responses may be influenced by social desirability or organisational loyalty. Given their senior positions, respondents might have framed their answers to align with their institution's preferred narrative or avoided sharing more critical perspectives. Although the interviews were anonymous, Vietnam's hierarchical culture may still constrain full disclosure, especially on sensitive topics such as power dynamics and regulatory weaknesses.

Third, the study primarily focused on internal governance mechanisms and did not extensively address the influence of external governance variables, such as regulatory changes, ownership concentration, or legal enforcement. These external factors undoubtedly shape board effectiveness and institutional performance, especially in transitional economies where regulatory enforcement may be inconsistent or politically influenced.

Finally, while the thematic analysis captured patterns across participants, it did not triangulate with quantitative data on actual performance metrics such as return on assets, loan default rates, or ESG ratings. A mixed-methods design might have provided stronger empirical support for validating or challenging participants' perceptions.

Implications for Practice and Policy

Despite its limitations, the study offers important implications for both practitioners and policymakers in the Vietnamese banking sector. For bank leaders and board members, the findings highlight the need to move beyond symbolic compliance with governance codes and focus instead on substantive improvements in board dynamics. This includes ensuring that independent directors are empowered to challenge management decisions, enhancing digital literacy to integrate AI tools responsibly, and promoting meaningful gender diversity not just in numbers but in influence.

At the organisational level, banks should invest in board development programs to equip directors with strategic, technological, and ethical competencies. The evolving landscape of financial services, shaped by digital transformation, ESG mandates, and stakeholder capitalism, requires boards to be more adaptive, informed, and collaborative.

For policymakers and regulators, the study underscores the importance of refining corporate governance codes to reflect the realities of Vietnam's banking sector. Formal requirements should be accompanied by clearer enforcement mechanisms and incentives that promote genuine transparency, board independence, and inclusive leadership. Regulatory bodies could also facilitate training and certification programs for board members, particularly in emerging domains such as AI governance and sustainability reporting.

In conclusion, this study reaffirms the central role of board governance in shaping bank performance and advocates a more dynamic, context-sensitive approach to reform. As Vietnam's banking sector continues to evolve, strengthening board practices with attention to cultural realities and strategic foresight will be crucial for enhancing institutional resilience and stakeholder trust.

References

- Adams, M. and Jiang, W. (2016) 'Do outside directors influence the financial performance of risk-trading firms? Evidence from the United Kingdom (UK) insurance industry.' *Journal of Banking and Finance*, 64 pp. 36-51.
- Alabdullah, T. T. Y., Ahmed, E. R. and Muneerali, M. (2019) 'Effect of board size and duality on corporate social responsibility: what has improved in corporate governance in Asia?.' *Journal of Accounting Science*, 3(2) pp. 121-135.
- Arosa, B., Iturralde, T. and Maseda, A. (2010) 'Ownership Structure and Firm Performance in Non-Listed Firms: Evidence from Spain.' *Journal of Family Business Strategy*, 1(2) pp. 88-96.
- Bear, S., Rahman, N. and Post, C. (2010) 'The impact of board diversity and gender composition on corporate social responsibility and firm reputation.' *Journal of Business Ethics*, 97(2) pp. 207-221.
- Berger, R. (2015) 'Now I see it, now I don't: Researcher's position and reflexivity in qualitative research.' *Qualitative Research*, 15(2) pp. 219-234.
- Birt, L., Scott, S., Cavers, D., Campbell, C. and Walter, F. (2016) 'Member checking: A tool to enhance trustworthiness or merely a nod to validation?.' *Qualitative Health Research*, 26(13) pp. 1802-1811.
- Bowen, G. A. (2006) 'Grounded theory and sensitizing concepts.' *International Journal of Qualitative Methods*, 5(3) pp. 12-23.
- Boyd, B. K. (1995) 'CEO duality and firm performance: A contingency model.' *Strategic Management Journal*, 16(4) pp. 301-312.
- Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology.' *Qualitative research in psychology*, 3(2) pp. 77-101.

References

- Chen, H. (2024) 'Tycoon's death penalty in \$12.5 billion fraud case highlights Vietnam's corruption crisis', CNN, 12 April. [Online] [Accessed on 16 April 2026] <https://edition.cnn.com/2024/04/12/business/truong-my-lan-vietnam-corruption-crisis-hnk-intl/index.html>
- Duc, V. H. and Thuy, P. B. G. (2013) 'Corporate governance and corporate performance: Empirical evidence from companies listed on the Ho Chi Minh Stock Exchange.' *Journal of Economics Development*, 275 pp. 01-15.
- Duru, A., Iyengar, R. J. and Zampelli, E. M. (2016) 'The dynamic relationship between CEO duality and firm performance: The moderating role of board independence.' *Journal of Business Research*, 69(10) pp. 4269-4277.
- Dwyer, S. C. and Buckle, J. L. (2009) 'The space between: On being an insider-outsider in qualitative research.' *International Journal of Qualitative Methods*, 8(1) pp. 54-63.
- Eisenberg, T., Sundgren, S. and Wells, M. T. (1998) 'Larger Board Size and Decreasing Firm Value in Small Firms.' *Journal of Financial Economics*, 48(1) pp. 35-54.
- Fama, E.F. (1980) 'Agency problems and the theory of the firm.' *Journal of Political Economy*, 88(2) pp. 288-307.
- Fama, E. F. and Jensen, M. C. (1983) 'Separation of Ownership and Control.' *Journal of Law and Economics*, 26(2) pp. 301-325.
- Finkelstein, S. and D'aveni, R. A. (1994) 'CEO duality as a double-edged sword: How boards of directors balance entrenchment avoidance and unity of command.' *Academy of Management journal*, 37(5) pp. 1079-1108.
- Finlay, L. (2002) 'Negotiating the swamp: The opportunity and challenge of reflexivity in research practice.' *Qualitative Research*, 2(2) pp. 209-230.
- Fitzpatrick, K. R. (2020) 'Mixed methods research in music education.' *Approaches to Qualitative Research: An Oxford Handbook of Qualitative Research in American Music Education*, Volume 1 p. 171.
- Flick, U. (2014) 'An introduction to qualitative research (5th ed.).' London: Sage Publications.
- Goodstein, J., Gautam, K. and Boeker, W. (1994) 'The Effects of Board Size and Diversity on Strategic Change.' *Strategic Management Journal*, 15(3) pp. 241-250.
- Guest, G., Bunce, A. and Johnson, L. (2006) 'How many interviews are enough? An experiment with data saturation and variability.' *Field Methods*, 18(1) pp. 59-82.
- Halabi, A. K. and Samy, M. (2009) 'Corporate social responsibility (CSR) reporting: a study of selected banking companies in Bangladesh.' *Social responsibility journal*, 5(3) pp. 344-357.
- Harjoto, M., Laksmana, I. and Lee, R. (2015) 'Board diversity and corporate social responsibility.' *Journal of Business Ethics*, 132(4) pp. 641-660.
- Harvey, W. S. (2011) 'Strategies for conducting elite interviews.' *Qualitative Research*, 11(4) pp. 431-441.
- Hermlin, B. E. and Weisbach, M. S. (1998) 'Boards of Directors as an Endogenously Determined Institution: A Survey of the Economic Literature.' *National Bureau of Economic Research*.
- Ingley, C. and Van Der Walt, N. (2002) 'Board Dynamics and the Politics of Appraisal.' *Corporate Governance: An International Review*, 10(3) pp. 163-174.
- Issa, A. and Fang, H. X. (2019) 'The impact of board gender diversity on corporate social responsibility in the Arab gulf states.' *Gender in Management: An International Journal*, 34(7) pp. 577-605.
- Issa, A., Zaid, M.A. and Hanaysha, J.R. (2022) 'Exploring the relationship between female directors' profile and sustainability performance: evidence from the Middle East', *Managerial and Decision Economics*, 43(6) pp. 1980-2002.
- Jensen, M. C. (1993) 'The Modern Industrial Revolution, Exit, and the Failure of Internal Control Systems.' *The Journal of Finance*, 48(3) pp. 831-880.
- Jensen, M. C. and Meckling, W. H. (1976) 'Theory of the firm: managerial behavior, agency costs and ownership structure.' *Journal of Financial Economics*, 3 pp. 305-360.
- Jewandah, S. (2018) 'How artificial intelligence is changing the banking sector-A case study of top four commercial Indian banks.' *International Journal of Management, Technology And Engineering*, 8(7) pp. 525-530.
- Johnson, J. L., Daily, C. M. and Ellstrand, A. E. (1996) 'Boards of Directors: A Review and Research Agenda.' *Journal of Management*, 22(3) pp. 409-438.
- Kallio, H., Pietilä, A. M., Johnson, M. and Kangasniemi, M. (2016) 'Systematic methodological review: developing a framework for a qualitative semi-structured interview guide.' *Journal of advanced nursing*, 72(12) pp. 2954-2965.
- Kaur, D., Sahdev, S.L., Sharma, D. and Siddiqui, L. (2020) 'Banking 4.0: the influence of artificial intelligence on the banking industry & how AI is changing the face of modern day banks.' *International Journal of Management*, 11(6).
- Langan, R., Krause, R. and Menz, M. (2022) 'Executive Board Chairs: Examining the Performance Consequences of a Corporate Governance Hybrid.' *Journal of Management*, 49(7) pp. 2218-2253.
- Lincoln, Y. S. and Guba, E. G. (1985) 'Naturalistic inquiry.' Beverly Hills, CA: Sage.
- Lipton, M. and Lorsch, J. W. (1992) 'A Modest Proposal for Improved Corporate Governance.' *The Business Lawyer*, pp. 59-77.
- Liu, H. and Fong, M. W. (2010) 'Board Characteristics of Medium and Large Chinese Companies.' *Corporate Governance*, 10(2) pp. 163-175.
- Lu, J. and Wang, J. (2021) 'Corporate governance, law, culture, environmental performance and CSR disclosure: A global perspective.' *Journal of International Financial Markets, Institutions and Money*, 70 p. 101264.

References

- Mateus, C. and Belhaj, S. (2016) 'Corporate governance impact on bank performance: Evidence from Europe.' *Corporate Ownership and Control*, 13(4) pp. 583-597.
- McCahery, J.A., Sautner, Z. and Starks, L.T. (2016) 'Behind the scenes: The corporate governance preferences of institutional investors.' *The Journal of Finance*, 71(6) pp. 2905-2932.
- Merendino, A. and Melville, R. (2019) 'The board of directors and firm performance: empirical evidence from listed companies.' *Corporate Governance: The international journal of business in society*.
- Mikecz, R. (2012) 'Interviewee elite: Access and rapport.' *Qualitative Inquiry*, 18(6) pp. 482-493.
- Muchiri, E. W. and Njoka, C. (2021) 'Corporate Governance and Financial Performance of Reinsurance Corporations in Kenya.' *The International Journal of Business and Management*, 9(3).
- Naseem, M. A., Xiaoming, S., Riaz, S. and Rehman, R. U. (2017) 'Board attributes and financial performance: the evidence from an emerging economy.' *The journal of developing areas*, 51(3) pp. 281-297.
- National Assembly of Vietnam (2024) Law on Credit Institutions No. 32/2024/QH15. [Online] [Accessed on 1 March 2026] <https://thuvienphapluat.vn/van-ban/Tien-te-Ngan-hang/Law-32-2024-QH15-Credit-institutions-606780.aspx>
- Nobanee, H. and Ellili, N. (2016) 'Corporate sustainability disclosure in annual reports: Evidence from UAE banks: Islamic versus conventional.' *Renewable and Sustainable Energy Reviews*, 55 pp. 1336-1341.
- Nowell, L. S., Norris, J. M., White, D. E. and Moules, N. J. (2017) 'Thematic analysis: Striving to meet the trustworthiness criteria.' *International journal of qualitative methods*, 16 pp. 1-13.
- Olayinka, O. M. (2021) 'Corporate governance and economic sustainability reporting in Nigeria.' *Journal of Accounting and Taxation*, 13(4) pp. 243-254.
- Omeihe, K. O. and Harrison, C. (2024) *Qualitative research methods for business students: a global approach*. London: SAGE Publications.
- Patton, M. Q. (1999) 'Enhancing the quality and credibility of qualitative analysis.' *Health Services Research*, 34(5) pp. 1189-1208.
- Pfeffer, J. and Salancik, G.R. (1978) *The external control of organizations: a resource dependence approach*. New York: Harper & Row.
- Puni, A. and Anlesinya, A. (2020) 'Corporate governance mechanisms and firm performance in a developing country.' *International Journal of Law and Management*, 62(2) pp. 147-169.
- Sardo, F. and Serrasqueiro, Z. (2017) 'A European empirical study of the relationship between firms' intellectual capital, financial performance and market value.' *Journal of Intellectual Capital*.
- Saunders, M., Lewis, P. and Thornhill, A. (2019) 'Research methods for business students (8th ed.)'. Harlow: Pearson.
- Saygili, E., Arslan, S. and Birkan, A. O. (2022) 'ESG practices and corporate financial performance: Evidence from Borsa Istanbul.' *Borsa Istanbul Review*, 22(3) pp. 525-533.
- Shleifer, A. and Vishny, R. W. (1997) 'A survey of corporate governance.' *The journal of finance*, 52(2) pp. 737-783.
- Smith, B. and Sparkes, A. C. (2016) 'Interviews: Qualitative interviewing in the sport and exercise sciences.' In *Routledge handbook of qualitative research in sport and exercise*, Routledge pp. 125-145.
- Sobhani, F. A., Amran, A. and Zainuddin, Y. (2012) 'Sustainability disclosure in annual reports and websites: a study of the banking industry in Bangladesh.' *Journal of Cleaner Production*, 23(1) pp. 75-85.
- Solomon, J. (2010) 'Corporate Governance and Accountability.' Wiley.com.
- Tihanyi, L., Graffin, S. and George, G. (2014) 'Rethinking governance in management research.' *Academy of Management Journal*, 57(6) pp. 1535-1543.
- Trang, P. T. K. (2016) 'Research on the relationship between corporate governance and firm performance: empirical evidence from companies listed on the stock exchange in Vietnam.' *International journal of management and applied research*, 3(4) pp. 172-183.
- Truong, Q., Swierczek, F. W. and Dang, C. (1998) 'Effective Leadership in Joint Ventures in Vietnam: A Crosscultural Perspective.' *Journal of Organizational Change Management*, 11(4) pp. 357-372.
- Uyar, A., Kuzey, C., Kilic, M. and Karaman, A. S. (2022) 'Does firms' CSR engagement support tourism sector development? Moderation effect of CSR committee and CEO duality.' *Tourism Economics*, 28(8) pp. 1973-1997.
- Van Teijlingen, E. and Hundley, V. (2001) 'The importance of pilot studies.' *Social Research Update*, 35 pp. 1-4.
- Walker, D. (2005) 'Restoring Trust after Recent Accountability Failures.' *Governing the Corporation: Regulation and Corporate Governance in an Age of Scandal and Global Markets*, pp. 21-34.
- Yazan, B. (2015) 'Three approaches to case study methods in education: Yin, Merriam, and Stake.' *The qualitative report*, 20(2) pp. 134-152.
- Yermack, D. (1996) 'Higher market valuation of companies with a small board of directors.' *Journal of financial economics*, 40(2) pp. 185-211.
- Yin, R. K. (2018) *Case study research and applications: Design and methods (6th ed.)*. Thousand Oaks, CA: Sage.

ARTIFICIAL INTELLIGENCE AND THE EVOLVING ROLE OF EXTERNAL ACCOUNTANTS: A SYSTEMATIC REVIEW OF IMPLICATIONS FOR UK MICRO-ENTREPRENEUR

Ibrahim Sadick; and Ahmed Beloucif; *University of the West of Scotland, UK*

Abstract

Artificial Intelligence (AI) is transforming the accounting profession by automating routine tasks, enhancing decision-making and reshaping the delivery of professional services. However, limited understanding exists regarding how AI is redefining the role and value proposition of external accountants serving SMEs, micro-enterprises and micro-entrepreneurs, particularly within the United Kingdom. This chapter presents a systematic literature review to examine how AI-enabled technologies are influencing external accounting practice, identify emerging opportunities and constraints, and highlight gaps for future research. The review adopted a Systematic Literature Review (SLR) methodology guided by the PICOC framework and reported in accordance with the PRISMA 2020 guidelines. Following two structured Scopus searches, manual refinement and a rigorous screening process, 27 peer-reviewed studies were included in the final synthesis. The evidence was analysed using qualitative thematic synthesis. Four interconnected themes emerged. First, AI acts as a catalyst for accounting transformation by automating routine activities and improving analytical capability. Second, AI is reshaping the role and value proposition of external accountants, enabling a transition from compliance-focused services towards AI-enabled advisory and strategic business support. Third, while AI offers significant opportunities through enhanced efficiency, productivity and client engagement, its successful implementation remains constrained by digital capabilities, organisational readiness and governance challenges. Finally, the review identifies SMEs, micro-enterprises and micro-entrepreneurs as key beneficiaries of AI-enabled advisory services but reveals a significant lack of UK-focused empirical evidence. The chapter concludes that AI is augmenting rather than replacing external accountants and that the future competitiveness of the profession depends on integrating AI capabilities with professional judgement, ethical reasoning and trusted advisory relationships. It also establishes a research agenda for examining AI-enabled advisory service transformation within the UK accounting profession.

Keywords: *Artificial Intelligence; External Accountants; AI-Enabled Advisory Services; SMEs; Micro-entrepreneurs; United Kingdom; Systematic Literature Review.*

Introduction

Artificial Intelligence (AI) is increasingly recognised as one of the most transformative technologies influencing professional service industries, with accounting among the disciplines experiencing the most significant change. Recent advances in machine learning, robotic process automation (RPA), intelligent accounting systems and generative AI have transformed how financial information is processed, analysed and communicated, enabling accounting firms to improve efficiency while expanding their analytical and advisory capabilities (Moll & Yigitbasioglu, 2019; Leitner-Hanetseder et al., 2021; Gotthardt et al., 2020). As AI technologies become more embedded within accounting practice, attention has shifted from whether AI will affect the profession to how it is redefining the work of accountants and the value they create for clients.

Historically, accountants have derived professional value from compliance-oriented services, including bookkeeping, financial reporting, taxation and regulatory reporting. However, increasing automation of routine accounting activities has fundamentally altered this traditional service model. Evidence from recent studies suggests that AI-enabled technologies now perform many repetitive accounting tasks with greater speed, consistency and accuracy, enabling accountants to redirect their expertise towards financial interpretation, strategic analysis and client advisory services (Leitner-Hanetseder et al., 2021; Ameen et al., 2022; Gotthardt et al., 2020). Rather than diminishing the profession, AI is reshaping how accountants contribute to organisational performance and client decision-making.

The growing adoption of AI has therefore generated an important shift in the professional identity of accountants (Assidi, S., Omran, M., Rana, T., & Borgi, H. (2025). Contemporary studies consistently argue that future accounting practice will depend less on routine transactional processing and more on accountants' ability to integrate technological capability with professional judgement, ethical reasoning and business advisory expertise. This transformation reflects a broader evolution from technical compliance specialists to trusted strategic advisers who combine AI-generated insights with contextual knowledge to support organisational decision-making (Leitner-Hanetseder et al., 2021; Sukoharsono et al., 2025; Ameen et al., 2022). Consequently, the profession's competitive advantage increasingly lies in the ability to create value through advisory relationships rather than through the production of financial information alone.

These developments are particularly significant for small and medium-sized enterprises (SMEs), micro-enterprises and micro-entrepreneurs, which often rely on external accountants as their principal source of financial and strategic advice. Unlike larger organisations with dedicated finance functions, smaller businesses frequently depend on external accountants for compliance, financial management, business planning and performance improvement. The integration of AI into accounting practice therefore has implications that extend beyond operational efficiency, influencing how external accountants deliver advisory services, strengthen client relationships and support business resilience.

The United Kingdom provides an especially relevant context for this review. SMEs account for most UK businesses, with micro-enterprises representing the largest proportion of the business population. As digital transformation accelerates across the UK economy, external accountants are expected to play an increasingly important role in supporting smaller businesses through AI-enabled advisory services. Despite this practical importance, the existing literature provides relatively limited empirical evidence examining how AI is reshaping the role and value proposition of external accountants serving SMEs, micro-enterprises and micro-entrepreneurs within the UK. Most studies focus on AI adoption in accounting more broadly or examine organisational contexts outside the UK, leaving uncertainty regarding the implications for UK professional practice.

Although scholarly interest in AI within accounting has grown considerably, existing research remains fragmented. Much of the literature concentrates on technological adoption, automation or auditing applications, while comparatively less attention has been given to the transformation of external accountants' advisory roles and the value they create for smaller businesses. Furthermore, evidence specifically addressing SMEs, micro-enterprises and micro-entrepreneurs within the UK remains limited. This gap is particularly important because these organisations frequently depend on external accountants not only for regulatory compliance but also for strategic advice that supports business growth, resilience and long-term sustainability.

Against this background, this systematic literature review synthesises evidence from twenty-seven peer-reviewed studies to examine how AI is reshaping the role and value proposition of external accountants serving SMEs, micro-enterprises and micro-entrepreneurs, with consideration of the UK context. By integrating evidence relating to AI adoption, professional role transformation, advisory service evolution, opportunities, constraints and research gaps, the review provides a comprehensive understanding of the emerging AI-enabled accounting landscape. In doing so, it contributes to the growing body of knowledge on digital transformation within accounting while identifying priorities for future research and professional practice in the United Kingdom.

Research Question

This systematic literature review addresses the following research question:

How does the adoption of Artificial Intelligence reshape the role and value proposition of external accountants serving micro-entrepreneurs in the UK, and what opportunities, constraints and research gaps emerge from this transformation?

To ensure that the broader business ecosystem is adequately considered, the review also examines evidence relating to SMEs and micro-enterprises where relevant.

Review Objectives

The review is guided by the following objectives:

1. To examine the nature and extent of AI adoption within accounting practice.
2. To investigate how AI influences the roles, responsibilities, and professional identity of external accountants.
3. To explore how AI reshapes advisory services and the value proposition offered to SMEs, micro-enterprises, and micro-entrepreneurs.
4. To find opportunities associated with AI-enabled accounting services.
5. To examine the constraints and challenges affecting AI adoption and implementation.
6. To find gaps in the existing literature and propose directions for future research, particularly within the UK context.
- 7.

Contribution of the Review

This review contributes to the emerging literature on AI and accounting in several ways. First, it synthesises evidence from twenty-seven studies examining AI adoption, professional transformation, advisory service evolution, and accounting firm adaptation. Second, it moves beyond discussions of automation by focusing specifically on the changing role and value proposition of external accountants. Third, it highlights the implications of AI-enabled accounting services for SMEs, micro-enterprises and micro-entrepreneurs, groups that are still underrepresented within the existing literature.

Finally, the review identifies significant gaps relating to UK-based evidence, AI-enabled advisory services, human–AI collaboration and value creation within micro-enterprise environments. By merging these findings, the study provides a foundation for future research and contributes to understanding how external accountants can continue to create value in an increasingly AI-enabled business environment.

Literature Review and Theoretical Foundations

Artificial Intelligence (AI) has emerged as a transformative force within the accounting profession, fundamentally changing how accounting information is generated, analysed and utilised. Advances in machine learning, robotic process automation (RPA), predictive analytics and generative AI have accelerated the digital transformation of accounting by automating routine processes while enhancing analytical capabilities and decision-making (Moll & Yigitbasioglu, 2019; Leitner-Hanetseder et al., 2021). Rather than representing a purely technological development, AI is increasingly viewed as an organisational capability that reshapes professional practice, service delivery and value creation.

Artificial Intelligence in Accounting

The literature consistently demonstrates that AI adoption extends beyond improving operational efficiency. Intelligent accounting systems now support transaction processing, reconciliations, financial reporting and predictive analysis with greater speed and accuracy than traditional manual processes. As a result, accounting firms are increasingly able to redirect professional effort towards interpretation, strategic analysis and advisory activities (Leitner-Hanetseder et al., 2021; Gotthardt et al., 2020). Recent studies further suggest that successful AI adoption depends not only on technological capability but also on organisational readiness, leadership support, digital maturity and continuous professional development, highlighting the socio-technical nature of accounting transformation.

Transformation of Accountant Roles and Professional Identity

The most significant consequence of AI adoption is the transformation of the external accountant's role. Traditionally, accountants created value through bookkeeping, taxation, financial reporting and regulatory compliance. However, increasing automation of routine accounting activities has shifted professional expectations towards advisory, analytical and strategic responsibilities (Ameen et al., 2022). Rather than replacing accountants, AI augments professional expertise by enabling practitioners to combine data-driven insights with human judgement, ethical reasoning and contextual business knowledge.

This transition has contributed to a redefinition of the profession's value proposition. Contemporary evidence indicates that accounting firms increasingly differentiate themselves through advisory services, business planning, financial forecasting and strategic decision support rather than compliance activities alone. Studies examining professional identity similarly argue that future accountants will require hybrid competencies encompassing digital literacy, communication, critical thinking and client relationship management alongside traditional accounting expertise (Leitner-Hanetseder et al., 2021; Sukoharsono et al., 2025). Consequently, AI-enabled advisory services are emerging as a primary source of competitive advantage within professional accounting practice.

Implications for SMEs, Micro-Enterprises and Micro-Entrepreneurs

The transformation of external accounting practice has particular significance for SMEs, micro-enterprises and micro-entrepreneurs. These organisations frequently lack internal financial expertise and therefore depend on external accountants not only for compliance but also for strategic guidance, financial planning and business support. AI-enabled technologies provide opportunities for accountants to deliver more proactive, timely and data-driven advisory services, improving financial visibility and supporting informed decision-making.

Despite these opportunities, the literature identifies several barriers affecting AI adoption among smaller businesses, including financial constraints, limited digital capabilities, implementation costs and concerns relating to governance and cybersecurity. Furthermore, while AI adoption within accounting has received growing international attention, relatively few studies specifically investigate how external accountants serving SMEs, micro-enterprises and micro-entrepreneurs are adapting within the UK. This gap provides the primary justification for the present review.

Theoretical Foundations

This review is informed by four complementary theoretical perspectives that explain the adoption of AI and the transformation of professional accounting practice. The Technology Acceptance Model (TAM) explains how perceived usefulness and perceived ease of use influence accountants' willingness to adopt AI-enabled technologies. Diffusion of Innovations Theory extends this understanding by explaining how technological innovations spread across organisations and professional communities.

At the organisational level, Dynamic Capabilities Theory suggests that accounting firms create competitive advantage by continuously adapting resources and capabilities in response to technological change. Complementing this perspective, the Resource-Based View (RBV) proposes that sustainable advantage arises from valuable organisational resources that are difficult to imitate. Within accounting, these resources include professional judgement, advisory expertise, client relationships and ethical decision-making, all of which become increasingly important as AI automates routine technical activities.

Collectively, these theoretical perspectives provide a robust conceptual foundation for understanding how AI adoption reshapes the role and value proposition of external accountants while explaining why successful transformation depends upon the integration of technological capability with human expertise. They also provide the analytical lens through which the findings of this systematic literature review are interpreted.

METHODOLOGY

Research Design

This study adopted a Systematic Literature Review (SLR) to examine how Artificial Intelligence (AI) is reshaping the role and value proposition of external accountants serving SMEs, micro-enterprises and micro-entrepreneurs, with consideration of the United Kingdom (UK). An SLR was selected because it provides a transparent, rigorous and reproducible approach for identifying, evaluating and synthesising existing evidence, thereby minimising selection bias and strengthening the reliability of the review findings. Unlike traditional narrative reviews, an SLR follows a structured protocol that enables researchers to critically evaluate the current state of knowledge while identifying areas of consensus, inconsistency and future research opportunities.

The review followed internationally recognised guidance for conducting systematic reviews and was reported in accordance with the PRISMA 2020 (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework. The methodological process comprised five sequential stages: (1) formulation of the research question, (2) development of the search strategy using the PICOC framework, (3) systematic study identification and selection, (4) quality assessment and evidence extraction, and (5) thematic synthesis of the included studies. Together, these stages ensured that the review remained transparent, reproducible and aligned with the study's objectives.

PICOC Framework

To ensure methodological alignment between the research question, search strategy and eligibility criteria, this review adopted the **Population, Intervention, Comparison, Outcome and Context (PICOC)** framework. PICOC is widely recognised within systematic review methodology as an effective tool for structuring research questions and developing comprehensive search strategies.

The framework guided the identification of the key concepts underpinning this review and informed the construction of the Boolean search strategy, inclusion criteria and final eligibility assessment.

Table PICOC Framework

PICOC Element	Application in this Review
Population (P)	External accountants, accounting firms, accounting professionals serving SMEs, micro-enterprises, and micro-entrepreneurs.
Intervention (I)	Adoption of Artificial Intelligence technologies, including machine learning, robotic process automation (RPA), intelligent accounting systems, predictive analytics and generative AI.
Comparison (C)	Traditional accounting practices compared with AI-enabled accounting practices, including changes in professional roles, competencies and advisory services.
Outcome (O)	Transformation of accountant roles, changes in advisory service delivery, evolving value proposition, opportunities, constraints and emerging research gaps.
Context (C)	Accounting practice within the UK, interpreted through international evidence with particular emphasis on SMEs, micro-enterprises and micro-entrepreneurs.

The PICOC framework informed the construction of the Boolean search strings, inclusion and exclusion criteria and evidence extraction process, ensuring that all stages of the review remained aligned with the research question.

Research Question

The research question was guided by the following research question

How does the adoption of artificial intelligence reshape the role and value proposition of external accountants serving SMEs, micro-enterprises, and micro-entrepreneurs in the United Kingdom, and what opportunities, constraints and research gaps emerge from this transformation?

Search Strategy

A structured search strategy was developed to identify peer-reviewed studies relevant to the research question. Following an initial exploratory search, a refined search strategy was implemented using the Scopus database. Scopus was selected as the sole bibliographic database because of its comprehensive coverage of high-quality peer-reviewed journals across accounting, business, management and information systems. The database also provides advanced search functionality and indexing features that support transparent and reproducible systematic literature reviews.

The search strategy was implemented in two stages. The first stage involved a broad exploratory search to identify key concepts, terminology and relevant keywords relating to AI, accounting and advisory services. Insights gained from this stage informed the development of a second, more focused search that incorporated Boolean operators, truncation symbols and predefined eligibility criteria. Manual refinement using subject area, document type and language filters further improved the relevance of the retrieved studies while reducing the inclusion of unrelated records.

The final search strategy combined keywords associated with Artificial Intelligence, accounting professionals, advisory services and role transformation to maximise retrieval of relevant literature. Boolean operators ("AND" and "OR") were used to combine related concepts and improve search precision.

Final Boolean Search Strategy

PICOC Component	Search Terms
Artificial Intelligence	"Artificial Intelligence" OR AI OR "Machine Learning" OR "Generative AI" OR "Large Language Models" OR "Robotic Process Automation" OR RPA
Accounting Profession	accountant* OR "external accountant*" OR accounting OR "accounting firm*" OR "accounting profession"
Role Transformation	"role transformation" OR "professional identity" OR "business partner" OR consultant* OR advisory OR "value proposition"
Business Context	SME* OR "small and medium enterprises" OR "micro-enterprise*" OR "micro entrepreneur*" OR "micro business"

These concepts were combined using Boolean operators to produce the final search string applied within Scopus. The search was limited to peer-reviewed journal articles published in English and relevant to the accounting, business and management disciplines.

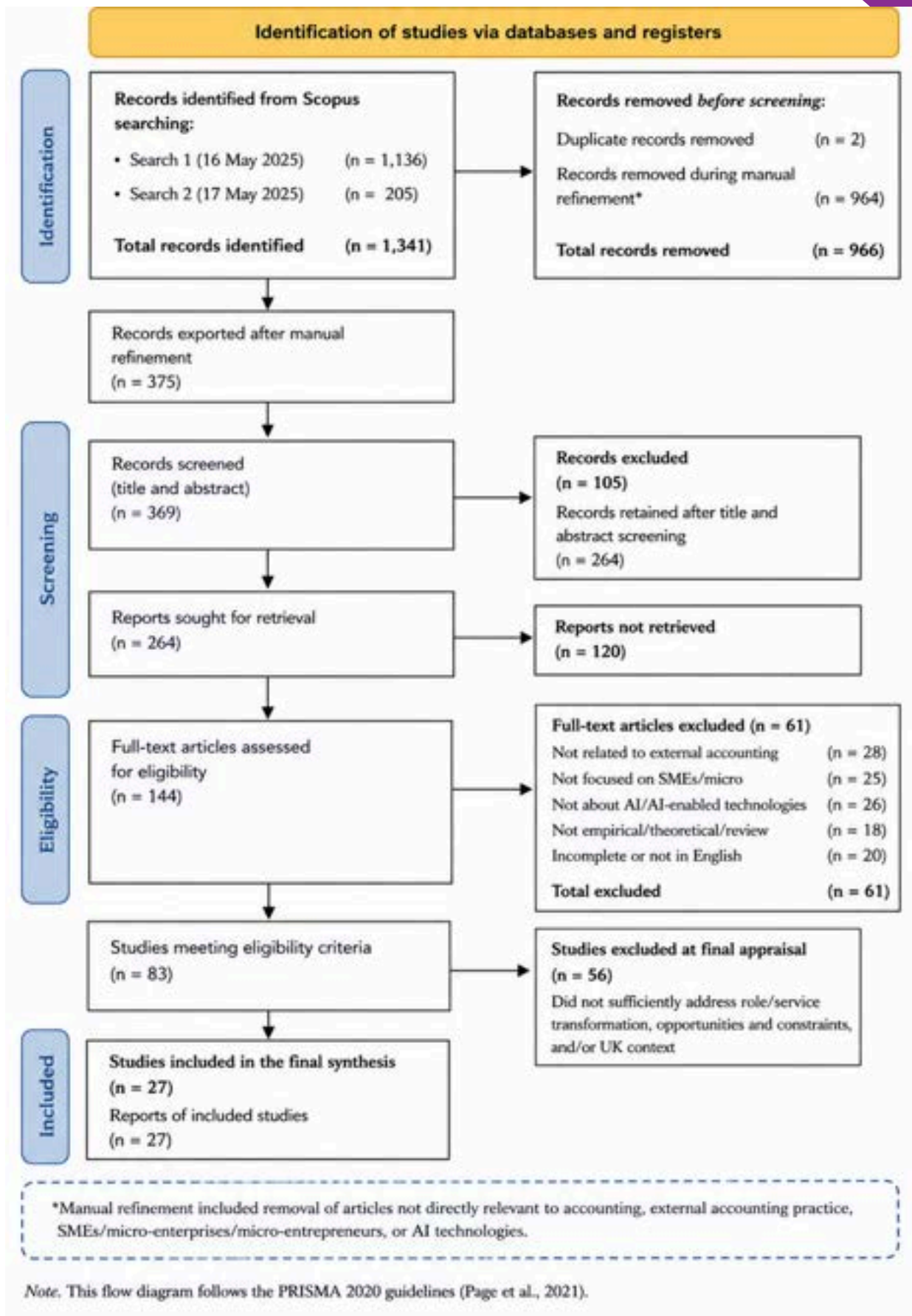
Following the initial retrieval, manual refinement was undertaken using predefined filters to improve the relevance of the results. Subject area filters, document type restrictions and language criteria were applied to remove unrelated publications while retaining studies directly aligned with the objectives of the review. This structured approach ensured that the final dataset reflected the most relevant evidence available for investigating the impact of AI on the evolving role and value proposition of external accountants.

Study Selection

The study selection process followed the PRISMA 2020 (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework to ensure a transparent and reproducible approach to identifying, screening and selecting relevant studies. The review employed a two-stage Scopus search strategy comprising an initial exploratory search followed by a refined search using predefined Boolean search strings and database filters.

The initial searches identified **1,341 records** (1,136 from the first search and 205 from the second search). Following manual refinement using subject area, document type and language filters, **375 records** were exported to Zotero for reference management. Duplicate screening identified two duplicate records, resulting in **373 unique records**. A further manual review removed four records that did not satisfy the predefined search criteria, producing a final screening dataset of **369 studies**.

Title and abstract screening were conducted against the predefined eligibility criteria, resulting in the exclusion of **105 studies** and the retention of **264 studies** for full-text assessment. During the full-text screening stage, **144 studies** were assessed in detail, of which **83 studies** initially met the inclusion criteria. A final eligibility assessment, applying stricter criteria relating to AI adoption, external accountants, advisory services, SMEs, micro-enterprises, micro-entrepreneurs and UK relevance, resulted in the inclusion of **27 high-quality studies** for thematic synthesis.



Eligibility Criteria

The eligibility criteria were established before the screening process and derived from the PICOC framework to ensure consistency throughout the review. These criteria guided title and abstract screening, full-text assessment and the final relevance assessment.

Table Inclusion and Exclusion Criteria

Inclusion Criteria	Exclusion Criteria
Peer-reviewed journal articles	Conference papers, editorials, book reviews and non-peer-reviewed publications
English-language publications	Non-English publications
Studies examining AI or AI-enabled technologies within accounting	Studies focusing solely on algorithm development or technical computing applications without accounting implications
Research involving accountants, accounting firms or accounting services	Studies unrelated to accounting practice
Studies addressing professional role transformation, advisory services or value creation	Studies focused exclusively on auditing without discussion of broader role transformation or advisory services
Research discussing SMEs, micro-enterprises, micro-entrepreneurs or small business contexts	Studies with no relevance to SMEs, micro-enterprises or external accounting practice
Studies identifying opportunities, constraints or implications associated with AI adoption	Studies lacking relevance to the review objectives

Quality Assessment

Following full-text screening, all eligible studies were critically appraised to assess their methodological quality and relevance to the research question. The appraisal considered the clarity of the study objectives, appropriateness of the research design, methodological transparency, relevance to AI adoption within accounting, contribution to understanding external accountant role transformation and applicability to SMEs, micro-enterprises, micro-entrepreneurs and the UK context.

Studies demonstrating methodological weaknesses, insufficient relevance or limited contribution to the review objectives were excluded during the final eligibility assessment. This rigorous appraisal process strengthened the credibility of the review by ensuring that only high-quality evidence informed the thematic synthesis.

Data Extraction

A structured data extraction process was undertaken to ensure consistency across the included studies. Information extracted from each article included bibliographic details, study objectives, geographical context, research methodology, AI technologies examined, theoretical perspectives, principal findings, opportunities, constraints and implications for external accountants serving SMEs, micro-enterprises and micro-entrepreneurs.

The extracted information was organised within a structured evidence extraction matrix to facilitate systematic comparison across studies. This process enabled the identification of recurring concepts, methodological similarities and emerging patterns that informed the subsequent thematic analysis.

A structured evidence-based extraction matrix was developed to ensure consistency during the data synthesis. The complete matrix is presented in Appendix.

Data Synthesis

The extracted evidence was analysed using qualitative thematic synthesis. This approach enabled the integration of findings from studies employing diverse methodological designs while identifying recurring concepts and relationships across the literature.

The thematic analysis followed an iterative coding process in which individual findings were compared, grouped and refined into broader analytical categories. Four overarching themes emerged from the synthesis:

1. AI adoption as the catalyst for accounting transformation.
2. Transformation of external accountant roles and AI-enabled advisory services.
3. Opportunities and constraints associated with AI adoption.
4. Implications for SMEs, micro-enterprises and micro-entrepreneurs within the UK.

These themes formed the analytical framework for the themes and provided a structured basis for interpreting how AI is reshaping the role and value proposition of external accountants.

Methodological Rigour

Methodological rigour was enhanced through the systematic application of the PICOC framework, adherence to the PRISMA 2020 reporting guideline and the use of predefined eligibility criteria throughout the review process. The structured search strategy, transparent study selection procedure and consistent quality assessment reduced selection bias while improving the transparency and reproducibility of the review.

Furthermore, the structured evidence extraction process and iterative thematic synthesis strengthened the credibility and dependability of the findings by ensuring that conclusions were derived from systematically analysed evidence rather than individual studies. Collectively, these methodological procedures provide a robust foundation for understanding how AI is transforming the role and value proposition of external accountants serving SMEs, micro-enterprises and micro-entrepreneurs, while highlighting opportunities, constraints and research gaps within the UK context.

FINDINGS AND THEMATIC ANALYSIS

The final sample comprised eight core studies and nineteen supporting studies published between 2019 and 2026. The studies represented diverse geographical contexts, including Europe, Asia, the Middle East and Africa, and employed a range of methodological approaches such as qualitative case studies, survey research, conceptual analyses, framework development and mixed-methods investigations. Although the reviewed literature demonstrated increasing scholarly interest in AI-enabled accounting, relatively few studies specifically examined external accountants serving SMEs, micro-enterprises and micro-entrepreneurs within the United Kingdom. This finding highlights an important contextual gap that underpins the rationale for this review.

The evidence collectively examined several interrelated aspects of AI adoption, including digital transformation, robotic process automation (RPA), machine learning, intelligent accounting systems, professional identity, organisational change and advisory service innovation. While individual studies differed in their theoretical perspectives and empirical settings, common patterns emerged regarding the transformative influence of AI on accounting practice. The thematic synthesis identified four overarching themes that address the research question:

Theme one: AI Adoption as the Catalyst for Accounting Transformation.

Artificial Intelligence adoption emerged as the foundational theme across the reviewed literature and represents the principal driver of change within the accounting profession. Twenty-six of the twenty-seven studies examined AI adoption either directly or indirectly, demonstrating broad agreement that AI has progressed from an emerging technological innovation to a strategic capability reshaping accounting practice. Rather than viewing AI as a discrete technological tool, the literature consistently positions it as part of a wider process of digital transformation that is changing organisational processes, professional competencies and service delivery (Moll & Yigitbasioglu, 2019).

The core studies indicate that AI adoption is characterised by the increasing integration of machine learning, robotic process automation (RPA), intelligent accounting systems and, more recently, generative AI into accounting workflows. A Profession in Transition: Actors, Tasks and Roles in AI-Based Accounting demonstrates that AI redistributes accounting tasks between intelligent systems and human professionals, enabling routine activities to be automated while increasing demand for higher-order cognitive skills. Similarly, The Role of AI Adoption in Transforming the Accounting Profession argues that AI implementation extends beyond technology adoption and requires organisational learning, digital capability development and strategic adaptation within accounting firms. Together, these studies suggest that AI adoption is not merely improving existing accounting processes but fundamentally altering the nature of accounting work.

Supporting studies reinforce this interpretation by demonstrating that AI technologies enhance efficiency, accuracy and responsiveness across a range of accounting functions. Routine activities such as transaction processing, reconciliations, bookkeeping and financial reporting are increasingly supported by automation technologies, reducing processing time and minimising human error. The literature consistently associates these developments with improved productivity, greater analytical capacity and enhanced decision support, allowing accountants to focus on activities requiring professional judgement and client interaction.

Theme two: Transformation of External Accountant Roles and AI-Enabled Advisory Services

The most significant finding emerging from this review concerns the transformation of the role and value proposition of external accountants following the adoption of Artificial Intelligence. While AI adoption provides the technological foundation for change, the reviewed literature consistently demonstrates that its greatest impact lies in redefining the nature of professional accounting work. Across the core studies, AI is portrayed not as a substitute for accountants but as a catalyst that enables the profession to transition from compliance-oriented service delivery towards strategic, advisory and value-adding roles.

Traditionally, external accountants have been associated with bookkeeping, financial reporting, taxation, payroll administration and regulatory compliance. These services have historically centred on the preparation, verification and reporting of financial information. However, advances in AI, robotic process automation (RPA), machine learning and intelligent accounting systems increasingly automate many of these routine and rule-based activities. Consequently, the reviewed studies indicate that the comparative advantage of external accountants is shifting away from transactional processing towards analytical interpretation, strategic advice and client relationship management (Leitner-Hanetseder et al., 2021).

This transformation is most clearly illustrated in *(Bean Counter to Value-Adding Business Partner)*, which argues that technological innovation is fundamentally changing how accountants create value for their clients. Rather than measuring professional performance through the efficient completion of compliance tasks, the profession is increasingly expected to deliver business intelligence, financial interpretation, strategic planning and decision support. Similarly, *How Close is AI to Replacing Accounting Consultants?* concludes that although AI systems can automate analytical tasks and generate recommendations, they cannot replicate the contextual judgement, interpersonal communication and trusted relationships that characterise effective advisory services. These findings suggest that AI complements rather than replaces professional expertise.

The transformation of professional identity also emerged as a recurring theme across the reviewed literature. *Collective Professional Role Identity in the Age of Artificial Intelligence* demonstrates that AI challenges traditional perceptions of accounting expertise by redefining what constitutes professional competence. Historically, technical accounting knowledge and regulatory compliance formed the core of professional identity. However, the literature increasingly suggests that future accountants will derive their value from combining technological capability with critical thinking, ethical judgement, communication and strategic decision-making. Consequently, professional identity is evolving from technical specialist towards digitally enabled business adviser.

Supporting studies reinforce this interpretation by highlighting the growing importance of hybrid competencies. The successful external accountant is no longer expected to possess only accounting knowledge but also digital literacy, data analytics capabilities, problem-solving skills and the ability to interpret AI-generated insights for clients. This transition reflects a broader movement towards knowledge-intensive professional services in which human judgement remains central despite increasing levels of technological automation.

The review further demonstrates that AI is reshaping the value proposition of accounting firms. Historically, clients engaged external accountants primarily for statutory compliance, taxation and financial reporting. While these services remain essential, automation increasingly reduces the time and resources required to deliver them. As a result, accounting firms are expanding their service portfolios to include financial forecasting, performance analysis, business planning, risk assessment and strategic consultancy. AI-enabled technologies facilitate this transition by providing accountants with real-time financial information, predictive analytics and enhanced decision-support capabilities that improve the quality and timeliness of client advice.

Importantly, the evidence indicates that advisory service transformation is particularly relevant for SMEs, micro-enterprises and micro-entrepreneurs. Unlike large organisations with internal finance departments, smaller businesses frequently depend on external accountants as trusted advisers across a wide range of financial and strategic issues. The reviewed studies suggest that AI enables external accountants to provide more proactive and personalised support through continuous monitoring, predictive insights and data-driven recommendations. Rather than replacing the accountant–client relationship, AI appears to strengthen it by enabling accountants to spend less time on routine administration and more time engaging directly with clients.

However, the literature also emphasises that technological capability alone does not redefine professional value. Several supporting studies argue that AI-generated outputs require interpretation within organisational, regulatory and commercial contexts. Human judgement therefore remains indispensable when evaluating complex financial information, communicating uncertainty, addressing ethical considerations and supporting strategic decision-making. Consequently, the emerging value proposition of external accountants lies not in producing financial information but in translating AI-generated insights into practical business solutions that reflect the unique circumstances of individual clients.

Despite the positive outlook presented by most studies, the transformation of professional roles also generates uncertainty. Concerns relating to role ambiguity, changing competency requirements and resistance to organisational change were identified across several studies. Some practitioners remain concerned that increased automation may reduce demand for traditional accounting services or require significant investment in retraining and technological infrastructure. Nevertheless, the overall evidence suggests that these challenges represent transitional issues rather than indicators of professional decline.

Theme three: Opportunities and Constraints Associated with AI Adoption.

Across the reviewed studies, the most frequently reported opportunity relates to the automation of routine accounting processes. AI-enabled technologies such as robotic process automation, machine learning and intelligent accounting systems reduce the time required for transaction processing, reconciliations, financial reporting and data management. Consequently, external accountants can redirect their expertise towards higher-value activities, including financial interpretation, strategic planning, business consultancy and client relationship management. Several studies further report that AI improves the accuracy, consistency and timeliness of financial information, thereby strengthening decision-making and enabling more proactive advisory services.

The literature also suggests that AI creates opportunities for accounting firms to diversify their service portfolios. By leveraging predictive analytics, real-time reporting and intelligent decision-support systems, firms can provide more personalised and data-driven advice to clients. This transition supports the emergence of new revenue streams centred on advisory and consultancy services while strengthening long-term client relationships. For SMEs, micro-enterprises and micro-entrepreneurs, these developments have the potential to improve financial visibility, business planning and organisational resilience.

Despite these benefits, the reviewed studies identify several constraints that may limit successful AI adoption. Skills shortages emerged as one of the most frequently reported barriers, with many accountants lacking the digital competencies required to utilise AI-enabled systems effectively. The literature therefore emphasises the importance of continuous professional development, digital literacy and organisational learning in supporting successful implementation.

Additional concerns include data privacy, cybersecurity, ethical accountability, algorithmic bias and increasing dependence on automated decision-making systems. Several studies also highlight resistance to organisational change, particularly among practitioners accustomed to traditional compliance-focused service models. Smaller accounting firms serving SMEs and micro-enterprises may face further challenges arising from financial constraints, limited technological infrastructure and restricted access to specialist expertise.

Theme Four: Implications for SMEs, Micro-Enterprises and Micro-Entrepreneurs in the UK

The final theme examines the implications of AI-enabled accounting transformation for SMEs, micro-enterprises and micro-entrepreneurs, which represent the primary business context underpinning this review. Although relatively few studies explicitly focused on these organisations, the available evidence consistently suggests that they stand to benefit significantly from AI-enabled advisory services delivered by external accountants.

Unlike larger organisations with dedicated finance departments, SMEs and micro-enterprises frequently depend on external accountants for financial management, regulatory compliance and strategic guidance. AI-enabled technologies provide accountants with greater analytical capability, allowing them to deliver more timely, accurate and proactive advice while reducing the administrative burden associated with routine accounting activities. As a result, accountants are increasingly positioned to support business planning, cash-flow management, performance monitoring and strategic decision-making.

For micro-entrepreneurs, who often operate with limited financial and managerial resources, this transformation may be particularly significant. AI-enabled accounting systems have the potential to improve access to high-quality financial information while enabling external accountants to provide affordable, data-driven advisory services tailored to the needs of smaller businesses. Such developments may enhance business resilience, support informed decision-making and improve long-term sustainability. Nevertheless, the review also reveals important barriers affecting AI adoption within smaller business environments. Financial constraints limited digital infrastructure and shortages of technological expertise continue to restrict the ability of many SMEs and micro-enterprises to adopt AI-enabled solutions. Furthermore, the literature provides limited empirical evidence examining how AI influences the evolving relationship between external accountants and micro-enterprises.

Perhaps the most important finding concerns the geographical distribution of existing research.

While AI adoption has been investigated across a variety of international settings, relatively few studies specifically examine external accountants serving SMEs, micro-enterprises and micro-entrepreneurs within the United Kingdom. Consequently, the applicability of international findings to the UK accounting profession remains uncertain. This represents the principal research gap identified through the review and provides a strong justification for future UK-based empirical research.

Synthesis of Findings

The evidence synthesised in this review demonstrates that Artificial Intelligence (AI) is fundamentally transforming the role and value proposition of external accountants. Rather than replacing the profession, AI automates routine accounting activities, enabling accountants to transition from compliance-focused services towards higher-value advisory roles supported by professional judgement and data-driven insights. Across the reviewed studies, AI consistently redistributes accounting work from routine compliance activities towards strategic advisory services, enabling external accountants to create greater value for SMEs, micro-enterprises and micro-entrepreneurs (Leitner-Hanetseder et al., 2021; Ameen et al., 2022; Gotthardt et al., 2020).

However, the review also highlights that successful AI adoption depends on organisational readiness, digital capabilities and the ability of accountants to integrate technological innovation with human expertise. While AI presents significant opportunities for improving advisory services, challenges relating to digital skills, governance and implementation remain important considerations.

The synthesis further indicates that SMEs, micro-enterprises and micro-entrepreneurs are likely to benefit substantially from AI-enabled advisory services delivered by external accountants. Nevertheless, the limited availability of UK-focused empirical evidence represents the principal research gap identified by this review. Collectively, these findings suggest that the future of external accounting lies in AI-enabled advisory service delivery, where technology and professional expertise combine to create greater value for smaller businesses and provide a strong foundation for future research within the UK context.

DISCUSSION

This systematic literature review demonstrate that Artificial Intelligence (AI) is fundamentally reshaping the role and value proposition of external accountants, confirming that technological innovation is driving professional transformation rather than professional replacement. Leitner-Hanetseder et al. (2021) argue that AI redistributes accounting task towards advisory activities, while samanthi and Gooneratne (2023) emphasise that this redistribution also reshapes accountants' professional identity. Similarly, Raswashdeh (2025) highlights that although AI creates efficiency gains, concerns regarding workforce displacement remain. Across the twenty-seven reviewed studies, AI consistently emerged as an enabling technology that automates routine accounting processes while allowing external accountants to focus on higher-value advisory services. This finding supports the growing consensus that the future of the accounting profession lies in combining AI capabilities with human expertise, professional judgement and trusted client relationships rather than relying solely on compliance-based service delivery.

A central finding of this review is the transition of external accountants from traditional compliance providers to strategic business advisers. As AI increasingly performs repetitive tasks such as bookkeeping, transaction processing and financial reporting, accountants are expected to provide financial interpretation, business planning, risk assessment and decision support. This evolution reflects a shift in the profession's value proposition, where competitive advantage is derived not from processing financial information but from interpreting AI-generated insights to support client decision-making. The reviewed evidence therefore suggests that AI complements rather than replaces the expertise of external accountants.

The review also demonstrates that AI-enabled advisory services are particularly important for SMEs, micro-enterprises and micro-entrepreneurs, which frequently rely on external accountants for both regulatory compliance and strategic guidance. By automating routine activities and providing real-time financial insights, AI enables accountants to deliver more proactive, personalised and data-driven advisory services. However, the literature also indicates that successful implementation depends on organisational readiness, digital capabilities, investment in professional development and effective governance. Consequently, the benefits of AI are not determined by technology alone but by the ability of accounting firms to integrate AI with human expertise and client-centred advisory practices.

Despite the increasing volume of international research, the review identified a notable lack of empirical evidence relating to external accountants serving SMEs, micro-enterprises and micro-entrepreneurs within the United Kingdom. Most existing studies focus on broader accounting contexts or larger organisations, leaving limited understanding of how UK accounting firms are adopting AI to transform advisory services for smaller businesses. This represents the principal research gap identified by the review and provides a clear rationale for future empirical investigation.

Overall, this review contributes to the emerging literature by demonstrating that the most significant impact of AI lies not in automating accounting tasks but in redefining the professional role of external accountants. The evidence suggests that future accounting practice will increasingly be characterised by AI-enabled advisory services in which technological capability, professional judgement and strategic business support are integrated to create greater value for SMEs, micro-enterprises and micro-entrepreneurs. These findings provide the foundation for the concluding chapter, which outlines the study's implications, limitations and directions for future research.

CONCLUSION

This systematic literature review examined how Artificial Intelligence (AI) is reshaping the role and value proposition of external accountants serving SMEs, micro-enterprises and micro-entrepreneurs, with consideration of the UK context. Synthesising evidence from twenty-seven peer-reviewed studies, the review demonstrates that AI is transforming rather than replacing the accounting profession. By automating routine compliance activities, AI enables external accountants to transition towards higher-value advisory services characterised by strategic decision support, financial interpretation and stronger client relationships.

The review further shows that the future value proposition of external accountants lies in their ability to integrate AI-enabled technologies with professional judgement, ethical reasoning and contextual business knowledge. While AI enhances efficiency, productivity and analytical capability, human expertise remains essential for interpreting complex financial information and delivering trusted advisory services. This finding reinforces the evolving role of external accountants as strategic business partners rather than providers of compliance services alone.

The review also highlights the importance of AI-enabled advisory services for SMEs, micro-enterprises and micro-entrepreneurs, which often depend on external accountants for both operational and strategic support. However, the evidence indicates that successful AI adoption requires investment in digital capabilities, organisational readiness and continuous professional development. These findings have practical implications for accounting firms, professional bodies and policymakers seeking to support digital transformation within the profession.

Despite the growing body of international research, the review identified a significant lack of empirical evidence relating to external accountants serving SMEs, micro-enterprises and micro-entrepreneurs within the UK. This represents the principal research gap identified through the review and provides a clear direction for future research. Empirical studies are needed to examine how UK accounting firms are integrating AI into advisory services, how these developments influence accountant–client relationships, and how AI contributes to value creation within smaller businesses.

Although this review was limited to peer-reviewed journal articles retrieved from the Scopus database, it provides a transparent and systematic synthesis of the current evidence base using the PICOC framework, PRISMA 2020 methodology and thematic synthesis.

Overall, the review demonstrates that the future of external accounting lies not in competing with Artificial Intelligence but in integrating AI-enabled technologies with professional judgment, ethical reasoning and trusted advisory services and relationships. For SMEs, micro-enterprises, micro-entrepreneurs, particularly within the United Kingdom, this transformation presents an opportunity to redefine the accountant's role as a strategic partner capable of creating sustainable value in an increasingly digital business environment.

References

- Alshater, M. M., Atayah, O. F., & Gurrib, I. (2026). Accounting in emerging+ technologies era: Where do we stand and which roadmap for future research? *International Journal of Islamic and Middle Eastern Finance and Management*, 1–46. <https://doi.org/10.1108/IMEFM-01-2025-0055>
- Alsughayer, S. (2025). Assessing the Integration and Impact of Artificial Intelligence on Accounting Practices in Saudi Arabia. *WSEAS Transactions on Business and Economics*, 22, 1721–1740. <https://doi.org/10.37394/23207.2025.22.137>
- Altawalbeh, M. A., Al Frijat, Y. S., & Alhajaya, M. E. (2025). Pros and Cons of using Artificial Intelligence in Accounting: The Dual effect and Financial Control. *International Review of Management and Marketing*, 15(2), 200–208. <https://doi.org/10.32479/irmm.17854>
- Anomah, S., Ayebofo, B., Owusu, A., & Aduamoah, M. (2024). Adapting to AI: exploring the implications of AI integration in shaping the accounting and auditing profession for developing economies. *EDPACS*, 69(11), 28–52. <https://doi.org/10.1080/07366981.2024.2388412>
- Assidi, S., Omran, M., Rana, T., & Borgi, H. (2025). The role of AI adoption in transforming the accounting profession: A diffusion of innovations theory approach. *Journal of Accounting & Organizational Change*, 21(5), 915–936. <https://doi.org/10.1108/JAOC-04-2024-0124>
- Bin-Nashwan, S. A., & Li, J. Z. (2025). Sustainability culture in accounting firms: Leveraging AI to strengthen green human and structural capital. *Social Responsibility Journal*, 21(10), 2199–2216. <https://doi.org/10.1108/SRJ-12-2024-0878>
- Buabeng-Andoh, F., Buabeng-Andoh, C., & Pavelkova, D. (2025). Investigating critical success factors in driving artificial intelligence-based accounting system acceptance and firm performance among SME users in Ghana: Employing a modified information system success model. *Management and Marketing*, 20(4), 16–31. <https://doi.org/10.2478/mmcks-2025-0017>
- Faulconbridge, J. R., Sarwar, A., & Spring, M. (2024). Accommodating Machine Learning Algorithms in Professional Service Firms. *Organization Studies*, 45(7), 1009–1037. <https://doi.org/10.1177/01708406241252930>
- Fülöp, M. T., Ionescu, C. A., Măgdaş, N., Topor, D. I., & Breaz, T. O. (2024). Acceptance of digital instruments in the accounting profession. *Journal of East European Management Studies*, 29(2), 283–313. <https://doi.org/10.5771/0949-6181-2024-2-283>
- Gold, N. O., Coovadia, H., & Thihe, K. (2026). Understanding accounting professionals' intention to adopt robotic process automation: A TOE-based empirical assessment from an emerging country. *Frontiers in Robotics and AI*, 12. <https://doi.org/10.3389/frobt.2025.1747539>
- Goto, M. (2021). Collective professional role identity in the age of artificial intelligence. *Journal of Professions and Organization*, 8(1), 86–107. <https://doi.org/10.1093/jpo/joab003>
- Han, H., Sammour, A., Gao, S., & Yamoah, F. A. A. (2025). Digital transformation impacts organisational change in the role of accountants and auditors: An exploratory study. *Journal of Organizational Change Management*, 1–18. <https://doi.org/10.1108/JOCM-03-2025-0288>
- Hentati, H., & Boulila, N. (2024). Digital maturity index for accounting firms. *Journal of Accounting and Organizational Change*, 20(4), 748–772. <https://doi.org/10.1108/JAOC-09-2022-0139>
- Hermansyah, Y. (2023). Assessing the Impact of Communicative Artificial Intelligence Based Accounting Information Systems on Small and Medium Enterprises. *Journal of Wireless Mobile Networks, Ubiquitous Computing, and Dependable Applications*, 14(3), 230–239. <https://doi.org/10.58346/JOWUA.2023.I3.017>
- Jaya, I. M. L. M., & Bhuana, K. W. (2024). Depth Interviews of Accounting and Artificial Intelligence: Sustainability of Accountant in Indonesia. *Quality - Access to Success*, 25(200), 1–9. <https://doi.org/10.47750/QAS/25.200.01>
- Kortessalmi, H. (2025). Intelligent accounting digital maturity model for small and medium-sized accounting firms. *Journal of Accounting & Organizational Change*, 21(7), 307–329. <https://doi.org/10.1108/JAOC-03-2025-0084>
- Lashkevich, E., & Zelenkov, Y. (2026). Designing an AI-Based Financial Advisor for Distressed Firms: A Decision Support Framework for Actionable and Accounting-Consistent Algorithmic Recourse. *IEEE Access*, 14, 20084–20099. <https://doi.org/10.1109/ACCESS.2026.3657172>
- Leitner-Hanetseder, S., Lehner, O. M., Eisl, C., & Forstenlechner, C. (2021). A profession in transition: Actors, tasks and roles in AI-based accounting. *Journal of Applied Accounting Research*, 22(3), 539–556. <https://doi.org/10.1108/JAAR-10-2020-0201>
- Mohammad, S. J., Hamad, A. K., Borgi, H., Thu, P. A., Sial, M. S., & Alhadidi, A. A. (2020). How artificial intelligence changes the future of accounting industry. *International Journal of Economics and Business Administration*, 8(3), 478–488. <https://doi.org/10.35808/ijeaba/538>
- Moll, J., & Yigitbasioglu, O. (2019). The role of internet-related technologies in shaping the work of accountants: New directions for accounting research. *British Accounting Review*, 51(6). <https://doi.org/10.1016/j.bar.2019.04.002>
- Paleephatsakul, R., Pankham, S., & Lekcharoen, S. (2026). Sustaining accounting careers in disruptive times: Developing a 5D competency framework for professional resilience and adaptability. *Cogent Business and Management*, 13(1). <https://doi.org/10.1080/23311975.2026.2652070>
- Rawashdeh, A. (2025). The consequences of artificial intelligence: An investigation into the impact of AI on job displacement in accounting. *Journal of Science and Technology Policy Management*, 16(3), 506–535. <https://doi.org/10.1108/JSTPM-02-2023-0030>
- Rawashdeh, A., Bakhit, M., & Abaalkhail, L. (2023). Determinants of artificial intelligence adoption in SMEs: The mediating role of accounting automation. *International Journal of Data and Network Science*, 7(1), 25–34. <https://doi.org/10.5267/j.ijdns.2022.12.010>

References

- Alshater, M. M., Atayah, O. F., & Gurrib, I. (2026). Accounting in emerging+ technologies era: Where do we stand and which roadmap for future research? *International Journal of Islamic and Middle Eastern Finance and Management*, 1–46. <https://doi.org/10.1108/IMEFM-01-2025-0055>
- Alsughayer, S. (2025). Assessing the Integration and Impact of Artificial Intelligence on Accounting Practices in Saudi Arabia. *WSEAS Transactions on Business and Economics*, 22, 1721–1740. <https://doi.org/10.37394/23207.2025.22.137>
- Altawalbeh, M. A., Al Frijat, Y. S., & Alhajaya, M. E. (2025). Pros and Cons of using Artificial Intelligence in Accounting: The Dual effect and Financial Control. *International Review of Management and Marketing*, 15(2), 200–208. <https://doi.org/10.32479/irmm.17854>
- Anomah, S., Ayebofo, B., Owusu, A., & Aduamoah, M. (2024). Adapting to AI: exploring the implications of AI integration in shaping the accounting and auditing profession for developing economies. *EDPACS*, 69(11), 28–52. <https://doi.org/10.1080/07366981.2024.2388412>
- Assidi, S., Omran, M., Rana, T., & Borgi, H. (2025). The role of AI adoption in transforming the accounting profession: A diffusion of innovations theory approach. *Journal of Accounting & Organizational Change*, 21(5), 915–936. <https://doi.org/10.1108/JAOC-04-2024-0124>
- Bin-Nashwan, S. A., & Li, J. Z. (2025). Sustainability culture in accounting firms: Leveraging AI to strengthen green human and structural capital. *Social Responsibility Journal*, 21(10), 2199–2216. <https://doi.org/10.1108/SRJ-12-2024-0878>
- Buabeng-Andoh, F., Buabeng-Andoh, C., & Pavelkova, D. (2025). Investigating critical success factors in driving artificial intelligence-based accounting system acceptance and firm performance among SME users in Ghana: Employing a modified information system success model. *Management and Marketing*, 20(4), 16–31. <https://doi.org/10.2478/mmcks-2025-0017>
- Faulconbridge, J. R., Sarwar, A., & Spring, M. (2024). Accommodating Machine Learning Algorithms in Professional Service Firms. *Organization Studies*, 45(7), 1009–1037. <https://doi.org/10.1177/01708406241252930>
- Fülöp, M. T., Ionescu, C. A., Măgdaş, N., Topor, D. I., & Breaz, T. O. (2024). Acceptance of digital instruments in the accounting profession. *Journal of East European Management Studies*, 29(2), 283–313. <https://doi.org/10.5771/0949-6181-2024-2-283>
- Gold, N. O., Coovadia, H., & Thihe, K. (2026). Understanding accounting professionals' intention to adopt robotic process automation: A TOE-based empirical assessment from an emerging country. *Frontiers in Robotics and AI*, 12. <https://doi.org/10.3389/frobt.2025.1747539>
- Goto, M. (2021). Collective professional role identity in the age of artificial intelligence. *Journal of Professions and Organization*, 8(1), 86–107. <https://doi.org/10.1093/jpo/joab003>
- Han, H., Sammour, A., Gao, S., & Yamoah, F. A. A. (2025). Digital transformation impacts organisational change in the role of accountants and auditors: An exploratory study. *Journal of Organizational Change Management*, 1–18. <https://doi.org/10.1108/JOCM-03-2025-0288>
- Hentati, H., & Boulila, N. (2024). Digital maturity index for accounting firms. *Journal of Accounting and Organizational Change*, 20(4), 748–772. <https://doi.org/10.1108/JAOC-09-2022-0139>
- Hermansyah, Y. (2023). Assessing the Impact of Communicative Artificial Intelligence Based Accounting Information Systems on Small and Medium Enterprises. *Journal of Wireless Mobile Networks, Ubiquitous Computing, and Dependable Applications*, 14(3), 230–239. <https://doi.org/10.58346/JOWUA.2023.I3.017>
- Jaya, I. M. L. M., & Bhuana, K. W. (2024). Depth Interviews of Accounting and Artificial Intelligence: Sustainability of Accountant in Indonesia. *Quality - Access to Success*, 25(200), 1–9. <https://doi.org/10.47750/QAS/25.200.01>
- Kortessalmi, H. (2025). Intelligent accounting digital maturity model for small and medium-sized accounting firms. *Journal of Accounting & Organizational Change*, 21(7), 307–329. <https://doi.org/10.1108/JAOC-03-2025-0084>
- Lashkevich, E., & Zelenkov, Y. (2026). Designing an AI-Based Financial Advisor for Distressed Firms: A Decision Support Framework for Actionable and Accounting-Consistent Algorithmic Recourse. *IEEE Access*, 14, 20084–20099. <https://doi.org/10.1109/ACCESS.2026.3657172>
- Leitner-Hanetseder, S., Lehner, O. M., Eisl, C., & Forstenlechner, C. (2021). A profession in transition: Actors, tasks and roles in AI-based accounting. *Journal of Applied Accounting Research*, 22(3), 539–556. <https://doi.org/10.1108/JAAR-10-2020-0201>
- Mohammad, S. J., Hamad, A. K., Borgi, H., Thu, P. A., Sial, M. S., & Alhadidi, A. A. (2020). How artificial intelligence changes the future of accounting industry. *International Journal of Economics and Business Administration*, 8(3), 478–488. <https://doi.org/10.35808/ijeaba/538>
- Moll, J., & Yigitbasioğlu, O. (2019). The role of internet-related technologies in shaping the work of accountants: New directions for accounting research. *British Accounting Review*, 51(6). <https://doi.org/10.1016/j.bar.2019.04.002>
- Paleephatsakul, R., Pankham, S., & Lekcharoen, S. (2026). Sustaining accounting careers in disruptive times: Developing a 5D competency framework for professional resilience and adaptability. *Cogent Business and Management*, 13(1). <https://doi.org/10.1080/23311975.2026.2652070>
- Rawashdeh, A. (2025). The consequences of artificial intelligence: An investigation into the impact of AI on job displacement in accounting. *Journal of Science and Technology Policy Management*, 16(3), 506–535. <https://doi.org/10.1108/JSTPM-02-2023-0030>
- Rawashdeh, A., Bakhit, M., & Abaalkhail, L. (2023). Determinants of artificial intelligence adoption in SMEs: The mediating role of accounting automation. *International Journal of Data and Network Science*, 7(1), 25–34. <https://doi.org/10.5267/j.ijdns.2022.12.010>

References

- Samanthi, D., & Gooneratne, T. (2023). Bean counter to value-adding business partner: The changing role of the accountant and situated rationality in a multinational firm. *Journal of Accounting and Organizational Change*, 19(3), 513–535. <https://doi.org/10.1108/JAOC-04-2022-0063>
- Sukoharsono, E. G., & Djamhuri, A. (2025). Technological Disruption in Digital Transformation: How Should the Accounting Profession Adapt? *Asian Journal of Business and Accounting*, 18(1), 135–167. <https://doi.org/10.22452/ajba.vol18no1.5>
- Teixeira, P. M. C., Martins, A., Maldonado, I., & Duarte, F. (2025). The use of robotic process automation in contemporary accounting practices. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/JFRA-10-2024-0728>
- van Zijl, W., Burnham, K., & Ecim, D. (2026). How close is AI to replacing accounting consultants? Insights from a comparative study of multiple AI models and exit-level accounting students. *Meditari Accountancy Research*, 34(7), 53–78. <https://doi.org/10.1108/MEDAR-07-2025-3160>

WOMEN ENTREPRENEURSHIP IN MOROCCO: CHALLENGES, OPPORTUNITIES, AND ECONOMIC IMPACT

Ibtissam Maazouz; Arden University, UK
Ahmed Beloucif, University of the West of Scotland, UK
Bilal Zaghmout, York St John University London, UK
Abdelmoughit Semlali, University of the West of Scotland, UK

Abstract

Purpose

Women entrepreneurship has become an increasingly important mechanism for promoting economic development, social inclusion, and gender equality in emerging economies. In Morocco, national reforms, entrepreneurship support programmes, and digital transformation initiatives have created new opportunities for women to engage in entrepreneurial activities. Despite these developments, women entrepreneurs continue to face significant barriers related to finance, socio-cultural norms, institutional constraints, and work-family responsibilities. This study examines how entrepreneurial opportunities and challenges influence the performance of women-owned enterprises and their contribution to economic development in Morocco. It further investigates the mediating role of women's empowerment and the moderating influence of entrepreneurial ecosystem support and contextual conditions.

Design/Methodology/Approach

This study proposes a quantitative research design involving a survey of women entrepreneurs operating across Morocco. Data will be collected through structured questionnaires and analysed using descriptive statistics, multiple regression analysis, mediation analysis, moderation analysis, and Partial Least Squares Structural Equation Modelling (PLS-SEM).

Findings

The study proposes that entrepreneurial opportunities, including access to finance, entrepreneurial education, digital inclusion, government support, and family support, positively influence enterprise performance. Entrepreneurial challenges, including patriarchal norms, limited access to formal finance, administrative barriers, and work-family conflicts, are expected to negatively influence performance. Women's empowerment is anticipated to mediate the relationship between entrepreneurial opportunities and enterprise performance, while entrepreneurial ecosystem support and economic development context are expected to strengthen entrepreneurial outcomes.

Originality/Value

The study contributes to entrepreneurship and development literature by integrating Human Capital Theory, Institutional Theory, Women's Empowerment Theory, and Entrepreneurial Ecosystem Theory within a unified framework. By focusing on Morocco, the study provides a context-sensitive understanding of how women entrepreneurship contributes to inclusive economic development in emerging economies.

Practical Implications

The findings are expected to assist policymakers, financial institutions, development agencies, and entrepreneurship support organisations in designing more effective interventions to support women entrepreneurs and enhance their contribution to economic development.

Keywords: *Women entrepreneurship; Morocco; economic development; women empowerment; entrepreneurial ecosystem; gender equality.*

Introduction

Entrepreneurship is widely recognised as a critical driver of economic growth, innovation, employment creation, and social transformation. Schumpeter (1934) argued that entrepreneurs serve as agents of economic change by introducing innovations that disrupt existing markets and stimulate development. Contemporary research continues to support the view that entrepreneurial activity contributes significantly to productivity, competitiveness, and economic diversification (Acs et al., 2011).

Women entrepreneurship has become an increasingly important component of development policy and academic research. Beyond generating economic value, women-owned enterprises contribute to poverty reduction, household welfare, community development, and gender equality (Minniti and Naudé, 2010). Consequently, international organisations such as the United Nations, the World Bank, and the Organisation for Economic Co-operation and Development (OECD) have emphasised the importance of promoting women's entrepreneurial participation as part of broader sustainable development strategies (United Nations, 2023; OECD, 2023).

In Morocco, women entrepreneurship has gained momentum over the past two decades. Women-owned businesses operate across various sectors, including commerce, tourism, handicrafts, agriculture, manufacturing, education, and digital services. Government initiatives promoting financial inclusion, entrepreneurship, and women's economic participation have created opportunities for business creation and growth. However, women entrepreneurs remain underrepresented relative to men and continue to encounter substantial barriers to entrepreneurial success (World Bank, 2024).

Evidence suggests that women entrepreneurs in Morocco face challenges related to limited access to finance, patriarchal social norms, bureaucratic procedures, insufficient entrepreneurial support systems, and work-family balance pressures (Naguib, 2022; Rharzouz et al., 2024). These barriers constrain business performance and reduce the ability of women-owned enterprises to contribute fully to economic development. At the same time, various opportunities have emerged through government programmes, entrepreneurial education, digital technologies, family support systems, and local development initiatives (Jabbouri, Truong and Issa, 2024).

The recent evidence synthesis of Moroccan women entrepreneurship studies reveals that women-owned enterprises are predominantly small businesses, with approximately 67 per cent employing fewer than four workers and generating monthly revenues between 10,000 and 30,000 Moroccan Dirhams. Nevertheless, over one-third of these enterprises have survived for more than five years, indicating considerable resilience despite challenging entrepreneurial environments. Family financial support, entrepreneurial motivation, access to finance, and government support have emerged as important predictors of entrepreneurial success (Welsh et al., 2018; Rharzouz et al., 2024). Despite increasing scholarly attention, the literature remains fragmented. Existing studies often focus on individual barriers or success factors without examining how entrepreneurial opportunities and challenges interact to shape enterprise performance and economic development outcomes. Furthermore, limited research has investigated the mediating role of women's empowerment and the moderating influence of entrepreneurial ecosystems and contextual conditions within the Moroccan context.

This study seeks to address this gap by answering the following research question:

How do entrepreneurial opportunities and challenges influence the performance of women-owned enterprises and their contribution to economic development in Morocco, and what roles do women's empowerment and entrepreneurial ecosystem support play in shaping these relationships?

Research Objectives

The study pursues four objectives. First, it seeks to identify the major entrepreneurial challenges and opportunities affecting women-owned enterprises in Morocco. Second, it aims to examine how women's empowerment influences entrepreneurial outcomes. Third, it investigates the contribution of women-owned enterprises to economic development. Finally, it explores how entrepreneurial ecosystem support shapes the relationships between opportunities, challenges, and enterprise performance.

Literature Review

Women Entrepreneurship and Economic Development

Entrepreneurship has long been regarded as a cornerstone of economic development. Schumpeter (1934) conceptualised entrepreneurship as a process of innovation that drives economic transformation. More recent studies argue that entrepreneurship contributes to employment creation, productivity enhancement, innovation, and regional development (Acs et al., 2011).

Women entrepreneurs play a particularly important role in developing economies because their businesses generate both economic and social benefits. Entrepreneurship provides women with opportunities to achieve financial independence, improve household welfare, and enhance social status while contributing to local economic activity (Minniti and Naudé, 2010). Research has shown that women-owned enterprises contribute to job creation, income generation, and poverty reduction, particularly in regions where formal employment opportunities are limited.

The relationship between women entrepreneurship and economic development can be explained through Human Capital Theory. Becker (1993) argues that education, skills, training, and experience enhance individual productivity and economic outcomes. Applied to entrepreneurship, this perspective suggests that women with greater educational attainment and entrepreneurial competencies are more likely to identify opportunities, innovate effectively, and achieve sustainable business growth.

Recent evidence from Morocco supports this argument. Women entrepreneurs with stronger managerial skills, business knowledge, and entrepreneurial motivation demonstrate higher levels of business performance and survival (Majdouline, Meryem and Sarra, 2025). Entrepreneurial success is therefore not solely dependent on external resources but also on the capacity of women entrepreneurs to acquire and utilise human capital effectively.

H1

Women-owned enterprise performance positively contributes to economic development in Morocco.

Entrepreneurial Challenges Facing Women Entrepreneurs in Morocco

Institutional Theory provides a useful framework for understanding the barriers encountered by women entrepreneurs. According to North (1990), institutions consist of formal rules and informal norms that shape economic behaviour. Scott (2014) further argues that entrepreneurial outcomes are influenced by regulatory, normative, and cultural-cognitive institutions.

Women entrepreneurs in Morocco face a range of institutional and socio-cultural barriers. One of the most significant challenges is limited access to finance. Research consistently identifies difficulties in obtaining credit, securing collateral, and accessing investment capital as major constraints on business growth (OECD, 2023; Rharzouz et al., 2024). Cultural norms and gender stereotypes often limit women's access to formal financial resources, forcing many entrepreneurs to rely on family support or informal financing mechanisms.

Socio-cultural barriers also remain pervasive. Traditional gender norms frequently assign women primary responsibility for domestic and caregiving activities, reducing the time and resources available for entrepreneurial pursuits. Women entrepreneurs must often reconcile business aspirations with societal expectations regarding family roles (Naguib, 2022). Patriarchal attitudes and gender discrimination further undermine entrepreneurial legitimacy and restrict access to business networks and market opportunities.

Administrative complexity represents another significant challenge. Bureaucratic procedures, regulatory burdens, and limited access to entrepreneurial support services increase the costs and difficulties associated with establishing and expanding businesses (Naguib, 2022). These institutional constraints reduce competitiveness and discourage entrepreneurial activity.

H2

Entrepreneurial challenges negatively influence the performance of women-owned enterprises in Morocco.

Entrepreneurial Opportunities and Enterprise Performance

While women entrepreneurs face numerous barriers, emerging opportunities have created new pathways for business development and growth in Morocco. Entrepreneurial opportunities can be defined as favourable conditions, resources, and support mechanisms that facilitate business creation, expansion, and sustainability.

Access to finance remains one of the most significant opportunities when available. Studies of Moroccan women entrepreneurs demonstrate that access to capital positively influences enterprise performance by enabling investment, expansion, innovation, and operational sustainability (Rharzouz et al., 2024). Family financial support is particularly important within the Moroccan context. Welsh et al. (2018) found that instrumental support, particularly financial assistance from family members, exerts a stronger positive influence on business performance than emotional support, especially in less-developed economic environments. Women often rely on family loans and informal financial support to establish and sustain businesses.

Government support programmes have also expanded entrepreneurial opportunities. Initiatives such as START-ELLES and FORSA provide training, financing, mentoring, and business development support for women entrepreneurs. These programmes seek to improve access to entrepreneurial resources while promoting inclusive economic participation (Rharzouz et al., 2024). Similarly, NGOs and international development organisations contribute through training programmes, capacity-building initiatives, and access to business networks (Jabbouri, Truong and Issa, 2024).

Digital technologies have further expanded entrepreneurial possibilities. Digital platforms reduce market entry barriers by enabling access to wider customer bases, online marketing channels, digital payment systems, and e-commerce opportunities. According to UNCTAD (2023), digitalisation creates new entrepreneurial opportunities for women by reducing geographical constraints and increasing market accessibility.

Entrepreneurial education also plays a critical role in enhancing business performance. Entrepreneurship education improves opportunity recognition, strategic planning, innovation capabilities, and managerial competencies (Nabi et al., 2017). Evidence from Morocco suggests that women entrepreneurs with stronger entrepreneurial skills and business knowledge are more likely to identify and exploit market opportunities successfully (Majdouline, Meryem and Sarra, 2025).

H3

Entrepreneurial opportunities positively influence the performance of women-owned enterprises in Morocco.

Women's Empowerment as a Mediating Mechanism

Women's Empowerment Theory provides an important lens through which entrepreneurial outcomes can be understood. Kabeer (1999) defines empowerment as the process through which individuals gain the ability to make strategic life choices and exercise control over resources and decision-making processes.

Entrepreneurship is frequently viewed as a mechanism for enhancing women's economic and social empowerment. Through business ownership, women gain access to financial resources, improve their decision-making capacity, and increase their social status within households and communities. Empowerment enhances confidence, autonomy, and leadership capabilities, enabling women to pursue entrepreneurial opportunities more effectively.

Research conducted among Moroccan women entrepreneurs indicates that entrepreneurial activities generate significant empowerment outcomes. Women report increased self-confidence, enhanced social recognition, improved decision-making authority, and greater economic independence (Jabbouri, Truong and Issa, 2024). These empowerment outcomes not only improve individual well-being but also contribute to stronger business performance and sustainability.

The mediating role of empowerment is particularly important because entrepreneurial opportunities do not automatically translate into successful outcomes. Access to finance, education, and support programmes may only improve business performance when women possess the agency, confidence, and capabilities necessary to utilise these resources effectively.

H4

Women's empowerment mediates the relationship between entrepreneurial opportunities and enterprise performance.

Entrepreneurial Ecosystem Support as a Moderating Mechanism

Entrepreneurial Ecosystem Theory emphasises the importance of interconnected institutions, policies, networks, educational systems, financial structures, and support organisations in shaping entrepreneurial activity (Isenberg, 2011; Stam, 2015).

A supportive entrepreneurial ecosystem provides access to resources, information, mentoring, markets, and financing opportunities. These ecosystem elements reduce uncertainty, facilitate business growth, and improve entrepreneurial success rates. Women entrepreneurs particularly benefit from ecosystem support because it helps overcome barriers related to information asymmetry, limited networks, and resource constraints.

In Morocco, entrepreneurial ecosystem development has received increasing policy attention. Organisations such as the Association of Moroccan Women Entrepreneurs (AFEM), government agencies, financial institutions, NGOs, and incubators provide support services aimed at enhancing women's entrepreneurial participation (Rharzouz et al., 2024). Mentorship programmes, networking opportunities, and entrepreneurship associations have emerged as important sources of support and business development.

Evidence suggests that entrepreneurial ecosystem support strengthens the relationship between entrepreneurial opportunities and business performance. Access to finance, education, and digital technologies is more likely to generate positive outcomes when accompanied by supportive institutions and networks.

H5

Entrepreneurial ecosystem support positively moderates the relationship between entrepreneurial opportunities and enterprise performance.

Economic Development Context and Family Support

Recent research highlights the importance of contextual factors in shaping entrepreneurial outcomes. Welsh et al. (2018) demonstrate that economic development levels influence how entrepreneurial opportunities and challenges affect business performance. In less-developed contexts such as Morocco, instrumental support—including financial assistance and practical resources—appears more important than emotional support for entrepreneurial success.

Interestingly, adverse conditions may also foster entrepreneurial resilience. Women entrepreneurs operating within challenging institutional environments often develop adaptive capabilities that enhance long-term business sustainability. Moroccan women entrepreneurs have demonstrated considerable resilience by successfully navigating financial constraints, socio-cultural barriers, and institutional challenges.

Family support represents another critical contextual factor. Family influence can function both as an opportunity and a constraint. Supportive family relationships provide access to financial resources, emotional encouragement, and practical assistance. Conversely, excessive family obligations and unsupportive attitudes may limit entrepreneurial engagement (Constantinidis et al., 2019).

H6

Economic development context positively moderates the relationship between enterprise performance and economic development contribution.

H7

Family support positively influences the relationship between entrepreneurial opportunities and enterprise performance.

Moroccan Context

Morocco provides a unique empirical setting for examining women entrepreneurship because it combines economic modernisation with enduring socio-cultural traditions. The country has implemented numerous reforms aimed at enhancing entrepreneurship, improving financial inclusion, and increasing women's participation in economic activities.

Despite these reforms, women remain underrepresented in entrepreneurship and formal business ownership. The World Bank (2024) reports that female labour force participation in Morocco remains relatively low compared to international averages. Gender disparities in access to finance, business ownership, and leadership positions continue to constrain women's economic participation.

The Moroccan entrepreneurial landscape is characterised by significant diversity across regions and sectors. Women-owned enterprises are predominantly concentrated in urban centres such as Casablanca, Rabat, Marrakech, and Tangier, where access to markets, finance, and entrepreneurial support services is greater. Approximately 84 per cent of women-owned enterprises are located in urban areas, while rural entrepreneurship often takes the form of cooperatives and social ventures that utilise local natural resources.

Women-owned enterprises are primarily concentrated in service sectors, which account for approximately 75 per cent of businesses, while manufacturing activities represent around 22 per cent (Rharzouz et al., 2024). Most enterprises are small-scale operations employing fewer than four workers, highlighting both the opportunities and limitations of women entrepreneurship in contributing to economic development.

At the same time, Morocco's evolving entrepreneurial ecosystem provides significant opportunities. Government initiatives, digital transformation programmes, financial inclusion strategies, and entrepreneurship support organisations continue to create favourable conditions for women entrepreneurs. These developments make Morocco an appropriate context for examining how entrepreneurial opportunities and challenges shape business performance and economic development outcomes.

Conceptual Framework and Hypotheses

Drawing upon Human Capital Theory (Becker, 1993), Institutional Theory (North, 1990; Scott, 2014), Women's Empowerment Theory (Kabeer, 1999), and Entrepreneurial Ecosystem Theory (Isenberg, 2011; Stam, 2015), this study proposes an integrated conceptual framework.

The framework assumes that entrepreneurial opportunities, including access to finance, entrepreneurial education, government support, digital inclusion, business networks, and family support, positively influence enterprise performance. Entrepreneurial challenges, including patriarchal norms, financial barriers, work-family conflict, and administrative constraints, negatively influence enterprise performance. Women's empowerment functions as a mediating mechanism through which entrepreneurial opportunities translate into improved performance outcomes. Entrepreneurial ecosystem support and economic development context moderate these relationships. Enterprise performance subsequently contributes to economic development through employment creation, income generation, innovation, poverty reduction, community development, and women's economic empowerment.

Summary of Hypotheses

H1: Women-owned enterprise performance positively contributes to economic development in Morocco.

H2: Entrepreneurial challenges negatively influence the performance of women-owned enterprises in Morocco.

H3: Entrepreneurial opportunities positively influence the performance of women-owned enterprises in Morocco.

H4: Women's empowerment mediates the relationship between entrepreneurial opportunities and enterprise performance.

H5: Entrepreneurial ecosystem support positively moderates the relationship between entrepreneurial opportunities and enterprise performance.

H6: Economic development context positively moderates the relationship between enterprise performance and economic development contribution.

H7: Family support positively influences the relationship between entrepreneurial opportunities and enterprise performance.

Methodology

Research Philosophy and Approach

This study adopts a positivist research philosophy because it seeks to examine objective relationships between entrepreneurial opportunities, entrepreneurial challenges, women's empowerment, entrepreneurial ecosystem support, enterprise performance, and economic development outcomes. Positivism is appropriate when research aims to test hypotheses and establish empirical relationships through quantitative methods (Saunders, Lewis and Thornhill, 2019).

A quantitative research approach is selected because the study seeks to measure and statistically evaluate the relationships proposed within the conceptual framework. Quantitative methods enable the collection of standardised data from a large sample of women entrepreneurs and facilitate the testing of causal relationships among variables. Furthermore, the approach enhances the generalisability of findings and supports evidence-based policy recommendations (Creswell and Creswell, 2018).

Research Design

The study employs a cross-sectional survey design. This design is appropriate because it enables the collection of data from a large number of respondents within a specific time period and allows the examination of relationships among multiple variables simultaneously.

The study focuses on women entrepreneurs operating registered and semi-formal enterprises across Morocco. Particular attention is given to sectors in which women entrepreneurs are highly represented, including services, commerce, handicrafts, tourism, agriculture, education, and digital enterprises.

Population and Sampling

The target population comprises women-owned enterprises operating across Morocco. Given the concentration of entrepreneurial activity within urban centres, respondents will be selected from major entrepreneurial regions including Casablanca-Settat, Rabat-Salé-Kénitra, Marrakech-Safi, Tangier-Tetouan-Al Hoceima, and selected rural cooperative regions.

A stratified sampling technique will be employed to ensure representation across regions and sectors. Based on recommendations for Structural Equation Modelling and recent Moroccan entrepreneurship studies, a sample size of approximately 300–350 women entrepreneurs is considered appropriate (Hair et al., 2022).

Data Collection Instrument

Data will be collected through a structured questionnaire consisting of six sections:

1. Demographic and enterprise characteristics.
2. Entrepreneurial opportunities.
3. Entrepreneurial challenges.
4. Women's empowerment.
5. Entrepreneurial ecosystem support.
6. Enterprise performance and economic development contribution.

Responses will be measured using a five-point Likert scale ranging from strongly disagree(1) to strongly agree (5).

Entrepreneurial opportunities will be measured through indicators relating to access to finance, entrepreneurial education, government support, digital inclusion, networking opportunities, and family support.

Entrepreneurial challenges will include measures relating to financial constraints, patriarchal norms, administrative barriers, discrimination, and work-family conflict.

Women's empowerment will be assessed through indicators of economic independence, decision-making authority, self-confidence, leadership capacity, and social recognition.

Entrepreneurial ecosystem support will be measured through access to support organisations, mentorship programmes, entrepreneurial networks, financial institutions, and government agencies.

Enterprise performance will be assessed through revenue growth, employment creation, business sustainability, innovation, and market expansion.

Economic development contribution will be measured through income generation, poverty reduction, community development, employment creation, and women's economic participation.

Data Analysis

Data analysis will be conducted using SPSS and SmartPLS software. Descriptive statistics will be used to summarise respondent characteristics and enterprise profiles. Reliability analysis will be performed using Cronbach's Alpha and Composite Reliability to assess internal consistency.

Correlation analysis will examine relationships among variables, while multiple regression analysis will assess direct effects. Mediation analysis will be conducted to evaluate the role of women's empowerment, and moderation analysis will examine the effects of entrepreneurial ecosystem support and economic development context.

Partial Least Squares Structural Equation Modelling (PLS-SEM) is selected because the proposed framework contains multiple latent constructs and seeks to examine direct, indirect, and moderating effects simultaneously. PLS-SEM is particularly suitable for exploratory and predictive research involving complex conceptual models (Hair et al., 2022).

Expected Contributions

Theoretical Contributions

This study contributes to the literature on women entrepreneurship and economic development by integrating Human Capital Theory, Institutional Theory, Women's Empowerment Theory, and Entrepreneurial Ecosystem Theory within a single analytical framework. The study advances understanding of the mechanisms through which entrepreneurial opportunities and challenges influence enterprise performance and economic development outcomes.

Furthermore, the study extends existing entrepreneurship research by incorporating women's empowerment as a mediating variable and entrepreneurial ecosystem support as a moderating variable. This contributes to a more nuanced understanding of entrepreneurial processes within emerging economies.

Practical Contributions

The study provides evidence-based insights for policymakers seeking to strengthen women entrepreneurship in Morocco. The findings may inform the design of policies aimed at improving access to finance, entrepreneurial education, mentorship programmes, and business support services.

Financial institutions may utilise the findings to develop more inclusive financing mechanisms tailored to women entrepreneurs. Entrepreneurship support organisations may also benefit from a deeper understanding of the factors that facilitate entrepreneurial success among women.

Policy Contributions

The study supports Morocco's broader development objectives relating to women's economic participation, financial inclusion, entrepreneurship promotion, and sustainable economic growth. By identifying the key drivers of entrepreneurial success, the study may assist in the development of targeted interventions that strengthen women's contribution to economic development.

Limitations and Rationale for Scope

Several limitations should be acknowledged. First, the cross-sectional nature of the study limits the ability to establish long-term causal relationships. Second, reliance on self-reported data may introduce response bias. Third, regional differences in entrepreneurial environments may influence outcomes in ways that are not fully captured by the proposed framework.

Despite these limitations, the study provides valuable insights into the entrepreneurial experiences of women in Morocco and contributes to a growing body of literature on entrepreneurship, empowerment, and economic development within emerging economies.

Conclusion

This paper developed a conceptual framework for examining the relationship between entrepreneurial opportunities, entrepreneurial challenges, women's empowerment, entrepreneurial ecosystem support, and the economic contribution of women-owned enterprises in Morocco. By integrating multiple theoretical perspectives, the study provides a foundation for future empirical investigation and contributes to the growing discourse on women entrepreneurship and inclusive economic development in emerging economies.

References

- Acs, Z.J., Audretsch, D.B., Braunerhjelm, P. and Carlsson, B. (2011) 'Growth and entrepreneurship', *Small Business Economics*, 39(2), pp. 289–300.
- Becker, G.S. (1993) *Human Capital: A Theoretical and Empirical Analysis*, with Special Reference to Education. 3rd edn. Chicago: University of Chicago Press.
- Brush, C.G., de Bruin, A. and Welter, F. (2009) 'A gender-aware framework for women's entrepreneurship', *International Journal of Gender and Entrepreneurship*, 1(1), pp. 8–24.
- Constantinidis, C., Lebègue, T., Abboubi, M.E. and Salman, N. (2019) 'How families shape women's entrepreneurial success in Morocco: an intersectional study', *International Journal of Entrepreneurial Behavior & Research*, 25(8), pp. 1646–1667.
- Creswell, J.W. and Creswell, J.D. (2018) *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. 5th edn. Thousand Oaks, CA: Sage.
- Hair, J.F., Hult, G.T.M., Ringle, C.M. and Sarstedt, M. (2022) *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. 3rd edn. Thousand Oaks, CA: Sage.
- Isenberg, D.J. (2011) 'The entrepreneurship ecosystem strategy as a new paradigm for economic policy', *Institute of International and European Affairs Discussion Paper*, 1(781), pp. 1–13.
- Jabbouri, R., Truong, Y. and Issa, H. (2024) 'The impact of local entrepreneurial initiatives on women entrepreneur empowerment: the case of cooperative social ventures in Morocco', *International Journal of Entrepreneurial Behavior & Research*, 30(8), pp. 1871–1895.
- Kabeer, N. (1999) 'Resources, agency, achievements: reflections on the measurement of women's empowerment', *Development and Change*, 30(3), pp. 435–464.
- Majdouline, H., Meryem, A. and Sarra, B.M. (2025) 'Success factors for women entrepreneurs in Morocco: a PLS study', *Architecture Image Studies*, 6(4), pp. 1–18.
- Minniti, M. and Naudé, W. (2010) 'What do we know about the patterns and determinants of female entrepreneurship across countries?', *European Journal of Development Research*, 22(3), pp. 277–293.
- Nabi, G., Liñán, F., Fayolle, A., Krueger, N. and Walmsley, A. (2017) 'The impact of entrepreneurship education in higher education: a systematic review and research agenda', *Academy of Management Learning and Education*, 16(2), pp. 277–299.
- Naguib, R. (2022) 'Motivations and barriers to female entrepreneurship: insights from Morocco', *Journal of African Business*, 23(4), pp. 587–607.
- North, D.C. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- OECD (2023) *SME and Entrepreneurship Policy in Morocco*. Paris: OECD Publishing.
- Rharzouz, J., Bouarir, H., Moutaqi, B.E. and others (2024) 'Factors influencing women's entrepreneurial success in a patriarchal society: empirical evidence from Morocco', *Societies*, 14(8), 151.
- Saunders, M., Lewis, P. and Thornhill, A. (2019) *Research Methods for Business Students*. 8th edn. Harlow: Pearson.
- Schumpeter, J.A. (1934) *The Theory of Economic Development*. Cambridge, MA: Harvard University Press.
- Scott, W.R. (2014) *Institutions and Organizations: Ideas, Interests, and Identities*. 4th edn. Thousand Oaks, CA: Sage.
- Stam, E. (2015) 'Entrepreneurial ecosystems and regional policy: a sympathetic critique', *European Planning Studies*, 23(9), pp. 1759–1769.
- UNCTAD (2023) *Digital Economy Report 2023*. Geneva: United Nations Conference on Trade and Development.
- United Nations (2023) *The Sustainable Development Goals Report 2023*. New York: United Nations.
- Welsh, D.H.B., Kaciak, E., Memili, E. and Minialai, C. (2018) 'Business-family interface and the performance of women entrepreneurs: the moderating effect of economic development', *International Journal of Emerging Markets*, 13(2), pp. 330–349.
- World Bank (2024) *Morocco Economic Monitor: Unlocking Women's Economic Potential*. Washington, DC: World Bank.
- World Economic Forum (2024) *Global Gender Gap Report 2024*. Geneva: World Economic Forum.

BEYOND SURVIVAL: WOMEN'S INFORMAL ENTREPRENEURSHIP AND CIRCULAR ECONOMY PRACTICES IN NIGERIA

Ibtissam Maazouz; Arden University, UK

Nnenna Ezeaku, Arden University, UK

Bilal Zaghmout; York St John University London, UK

Laila Maazouz; University of Wales Trinity Saint David, UK

Abstract

Purpose

Women entrepreneurs operating within Nigeria's informal economy are often portrayed as necessity-driven actors whose activities are primarily aimed at household survival. While this perspective reflects the economic realities faced by many women, it overlooks the ways in which their everyday entrepreneurial practices contribute to resource efficiency, waste reduction, and sustainability. Informal enterprises engaged in activities such as repair, reuse, resale, repurposing, and small-scale recycling frequently embody principles associated with the circular economy. This study seeks to explore how women informal entrepreneurs in Nigeria engage in circular economy practices, the motivations underpinning these activities, the challenges they encounter, and the extent to which such practices transcend survival to contribute to community resilience and grassroots sustainability.

Design/Methodology/Approach

This study proposes a qualitative multiple-case study design grounded in an interpretivist research philosophy. Data will be collected from women informal entrepreneurs operating across selected Nigerian cities and sectors through semi-structured interviews, participant observation, and field notes. Participants will be purposively selected from informal activities characterised by circular practices, including second-hand trading, repair services, tailoring and textile reuse, waste collection and recycling, food processing, and upcycling enterprises. The data will be analysed using thematic analysis to identify recurring patterns, meanings, and experiences relating to entrepreneurship, circularity, and sustainability.

Findings

The study anticipates that women's engagement in circular economy practices is often motivated by a combination of livelihood necessity, resource scarcity, cultural norms of frugality, and entrepreneurial ingenuity. Although these activities are expected to emerge primarily as survival strategies, they are also likely to generate broader social and environmental benefits through waste reduction, product life extension, affordable access to goods and services, local employment creation, and strengthened community resilience. The findings are further expected to reveal how gendered institutional constraints, limited access to finance, inadequate infrastructure, and the lack of formal recognition shape women's ability to expand and sustain their circular enterprises.

Originality/Value

The study contributes to the entrepreneurship and sustainability literature by integrating Circular Economy perspectives, Feminist Institutional Theory, and the Sustainable Livelihoods Framework to examine women's informal entrepreneurship within the context of the Global South. By focusing on Nigeria, the research challenges dominant narratives that frame informal women entrepreneurs solely as survivalists and instead positions them as underrecognised actors in grassroots sustainability transitions. The study provides a context-sensitive understanding of how informality, gender, and circularity intersect to shape entrepreneurial experiences and outcomes.

Practical Implications

The findings are expected to inform policymakers, development agencies, local governments, and entrepreneurship support organisations seeking to promote inclusive circular economy transitions. Recognising and supporting women-led informal circular enterprises through improved access to finance, capacity building, market infrastructure, social protection, and policy recognition could strengthen both sustainable livelihoods and environmental outcomes. Such interventions may enhance women's economic empowerment while advancing broader sustainable development objectives in Nigeria.

Keywords: *Women's informal entrepreneurship; circular economy; Nigeria; informal economy; sustainability; grassroots innovation; women's empowerment; sustainable livelihoods.*

Introduction

Entrepreneurship is widely recognised as a catalyst for economic development, employment generation, innovation, and social transformation. Schumpeter (1934) conceptualised entrepreneurs as agents of creative destruction whose activities stimulate economic change and productivity growth. Contemporary scholarship continues to demonstrate the significance of entrepreneurship in promoting economic diversification and enhancing societal welfare (Acs et al., 2011).

Within developing economies, women entrepreneurs have emerged as critical contributors to household livelihoods, poverty reduction, and social inclusion (Minniti and Naudé, 2010). Their enterprises often generate employment opportunities, improve household welfare, and enhance women's autonomy. Consequently, promoting women's entrepreneurship has become central to international development agendas aimed at achieving gender equality and sustainable development (United Nations, 2023).

Nigeria presents a particularly important context for examining women's entrepreneurship. The country's informal economy accounts for a substantial proportion of economic activity and employment, with women constituting a significant share of informal entrepreneurs. Women participate extensively in activities such as second-hand trading, tailoring, food processing, repair services, craft production, and waste recovery. These enterprises frequently operate outside formal regulatory frameworks but provide vital sources of income and community support.

Existing literature has largely framed informal entrepreneurship among women as a survival strategy arising from unemployment, poverty, and exclusion from formal labour markets (Williams and Gurtoo, 2012). Although such explanations acknowledge structural constraints, they often obscure the innovative and resourceful practices embedded within informal enterprises. Many women routinely engage in activities involving repair, reuse, repurposing, resale, and recycling that reflect the core principles of the circular economy.

The circular economy promotes restorative and regenerative systems that minimise waste and maximise resource efficiency through practices such as reuse, refurbishment, remanufacturing, and recycling (Geissdoerfer et al., 2017). However, circular economy debates have predominantly focused on formal industries, technological innovations, and policy interventions within developed economies. Limited attention has been paid to the contributions of informal entrepreneurs in the Global South who have long practised forms of circularity out of necessity and ingenuity.

This study addresses this gap by exploring how women informal entrepreneurs in Nigeria engage in circular economy practices and how they understand the relationship between survival, entrepreneurship, and sustainability. By moving beyond deficit narratives, the study seeks to recognise women as active agents of grassroots sustainability transitions.

The study is guided by the following research questions:

1. How do women informal entrepreneurs in Nigeria engage in circular economy practices?
2. What motivates women to adopt and sustain these practices?
3. What institutional and socio-cultural challenges shape their entrepreneurial experiences?
4. How do women perceive the relationship between survival, entrepreneurship, and sustainability?

Literature Review and Theoretical Framework

Women's Informal Entrepreneurship in Nigeria

Informal entrepreneurship refers to entrepreneurial activities operating wholly or partly outside formal regulatory systems (Williams and Nadin, 2010). In developing countries, informality often represents a response to limited employment opportunities, inadequate social protection, and barriers to formal business participation.

Women dominate many informal sectors in Nigeria, particularly petty trading, food vending, textile production, and repair services. These enterprises serve as important livelihood strategies and frequently support household consumption, children's education, and healthcare needs. Nevertheless, women informal entrepreneurs face numerous challenges, including restricted access to finance, inadequate infrastructure, limited market opportunities, and gender-based discrimination (Akinyemi and Adejumo, 2018).

While necessity remains an important driver, reducing women's entrepreneurship solely to survival risks overlooking their creativity and agency. Informal entrepreneurs often develop adaptive strategies that enable businesses to thrive within constrained environments. Such strategies include extending product life cycles, minimising waste, and maximising the utility of scarce resources.

Circular Economy and Grassroots Circularity

The circular economy has emerged as an alternative to the dominant linear model of production and consumption characterised by extraction, use, and disposal. Rather than viewing waste as inevitable, circular systems seek to maintain materials in productive use for as long as possible (Kirchherr, Reike and Hekkert, 2017).

Although circular economy scholarship has expanded rapidly, much of the literature focuses on formal firms and industrial innovation in advanced economies (Geissdoerfer et al., 2017). This emphasis neglects the longstanding circular practices embedded within informal economies.

In Nigeria, women engaged in second-hand markets, clothing alterations, food preservation, electronics repair, and waste recovery routinely practise circularity. These activities reduce environmental burdens while simultaneously generating income and employment. Circular practices therefore emerge not only as environmental interventions but also as livelihood strategies.

Recognising informal circularity challenges assumptions that sustainability innovations originate exclusively from formal sectors. Instead, it highlights the potential for grassroots actors to contribute meaningfully to sustainable transitions.

Feminist Institutional Theory

Institutional Theory argues that economic activities are shaped by formal rules and informal norms (North, 1990). Feminist Institutional Theory extends this perspective by emphasising how gendered structures influence access to opportunities and resources (Mackay, Kenny and Chappell, 2010).

Women's entrepreneurial experiences are embedded within institutional contexts characterised by informal norms by cultural expectations, family responsibilities, and unequal power relations. In Nigeria, traditional gender norms often assign women primary caregiving responsibilities while limiting access to productive assets and decision-making authority.

Despite these constraints, women exercise agency through negotiation, adaptation, and resistance. Understanding entrepreneurship through a feminist institutional lens enables exploration of both structural barriers and women's strategies for navigating them.

Sustainable Livelihoods Framework

The Sustainable Livelihoods Framework conceptualises livelihoods as comprising capabilities, assets, and activities required for a means of living (DFID, 1999). Individuals draw upon multiple forms of capital, including human, financial, social, physical, and natural capital, to cope with vulnerabilities and pursue desired outcomes.

For women informal entrepreneurs, circular practices may represent strategies for mobilising available resources while strengthening livelihood resilience. Social networks provide access to customers and suppliers; skills facilitate repair and repurposing activities; and entrepreneurial knowledge enhances adaptability.

Integrating the Sustainable Livelihoods Framework with circular economy perspectives provides a holistic understanding of how women simultaneously pursue economic security and sustainability.

Methodology

Research Philosophy and Approach

This study adopts an interpretivist philosophy. Interpretivism assumes that reality is socially constructed and that understanding human experiences requires attention to meanings, perceptions, and context (Saunders, Lewis and Thornhill, 2019).

A qualitative approach is appropriate because the study seeks to explore how women understand and experience entrepreneurship and circularity within their everyday lives. Rather than measuring predetermined variables, the research prioritises participants' voices and lived experiences.

Research Design

A qualitative multiple-case study design will be employed. Multiple-case studies facilitate in-depth exploration of complex phenomena across diverse contexts and enable comparisons between participants and sectors (Yin, 2018).

The study will focus on women operating informal enterprises in Lagos. This city represents an important commercial hub characterised by vibrant informal economies and diverse entrepreneurial activities.

Sampling and Participants

Purposive sampling will be used to identify information-rich cases. Participants will include women engaged in:

- Second-hand trading;
- Tailoring and textile reuse;
- Electronics and household repairs;
- Waste collection and recycling;
- Food processing and preservation;
- Craft production and upcycling.

Approximately 40 participants will be recruited. Sampling will continue until thematic saturation is achieved.

Data Collection

Data will be generated through three complementary methods.

Semi-structured interviews will explore entrepreneurial journeys, motivations, business practices, perceptions of sustainability, and experiences of constraints.

Participant observation will document everyday business practices, interactions, and workplace dynamics. Field notes will capture contextual observations and researcher reflections throughout the fieldwork process. The use of multiple methods will facilitate triangulation and enhance the credibility of findings.

Data Analysis

Interviews will be audio-recorded, transcribed verbatim, and analysed using Braun and Clarke's (2006) thematic analysis approach. The analysis will involve familiarisation with the data, coding, theme development, theme refinement, and interpretation.

NVivo software may be utilised to support coding and data management.

Trustworthiness

Trustworthiness will be ensured through member checking, methodological triangulation, reflexive journaling, and maintaining an audit trail. Thick description will facilitate transferability by providing rich contextual detail.

Expected Contributions

The study offers several contributions.

Theoretically, it extends circular economy scholarship by incorporating informal women entrepreneurs into discussions of sustainability transitions. It also enriches entrepreneurship literature by challenging dichotomies between necessity and opportunity entrepreneurship.

Empirically, the study provides context-sensitive insights into the lived experiences of Nigerian women whose contributions to circularity remain underexplored.

Practically, the findings may inform policies aimed at promoting inclusive circular economy transitions. Supporting women-led informal enterprises through access to finance, infrastructure improvements, business training, and social protection may enhance both livelihood security and environmental sustainability.

The study further contributes to achieving Sustainable Development Goals relating to gender equality, decent work, responsible consumption and production, and reduced inequalities.

Conclusion

Women informal entrepreneurs in Nigeria occupy a unique position at the intersection of livelihood survival and sustainability. While necessity frequently motivates entrepreneurial engagement, their everyday practices often embody circular economy principles that generate broader social and environmental value. By exploring these experiences qualitatively, this study seeks to move beyond deficit narratives that portray women merely as survivalists. Instead, it recognises them as resourceful actors whose ingenuity contributes to grassroots sustainability transitions. A deeper understanding of these contributions is essential for developing inclusive policies that acknowledge, support, and strengthen the role of women within emerging circular economies.

References

- Acs, Z.J., Audretsch, D.B., Braunerhjelm, P. and Carlsson, B. (2011) 'Growth and entrepreneurship', *Small Business Economics*, 39(2), pp. 289–300.
- Akinyemi, S. and Adejumo, O. (2018) 'Women entrepreneurs and informal sector development in Nigeria', *Journal of African Business*, 19(3), pp. 354–370.
- Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology', *Qualitative Research in Psychology*, 3(2), pp. 77–101.
- DFID (1999) *Sustainable Livelihoods Guidance Sheets*. London: Department for International Development.
- Geissdoerfer, M., Savaget, P., Bocken, N.M.P. and Hultink, E.J. (2017) 'The circular economy – a new sustainability paradigm?', *Journal of Cleaner Production*, 143, pp. 757–768.
- Kirchherr, J., Reike, D. and Hekkert, M. (2017) 'Conceptualizing the circular economy: an analysis of 114 definitions', *Resources, Conservation and Recycling*, 127, pp. 221–232.
- Mackay, F., Kenny, M. and Chappell, L. (2010) 'New institutionalism through a gender lens', *International Political Science Review*, 31(5), pp. 573–588.
- Minniti, M. and Naudé, W. (2010) 'What do we know about the patterns and determinants of female entrepreneurship across countries?', *European Journal of Development Research*, 22(3), pp. 277–293.
- North, D.C. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Saunders, M., Lewis, P. and Thornhill, A. (2019) *Research Methods for Business Students*. 8th edn. Harlow: Pearson.
- Schumpeter, J.A. (1934) *The Theory of Economic Development*. Cambridge, MA: Harvard University Press.
- United Nations (2023) *The Sustainable Development Goals Report 2023*. New York: United Nations.
- Williams, C.C. and Gurtoo, A. (2012) 'Evaluating women entrepreneurs in the informal sector', *Journal of Developmental Entrepreneurship*, 17(1), pp. 1–13.
- Williams, C.C. and Nadin, S. (2010) 'Entrepreneurship and the informal economy', *Journal of Developmental Entrepreneurship*, 15(4), pp. 361–378.
- Yin, R.K. (2018) *Case Study Research and Applications: Design and Methods*. 6th edn. Thousand Oaks, CA: Sage.

Interview Guide

Beyond Survival: Women's Informal Entrepreneurship and Circular Economy Practices in Nigeria

The present research attempts to address the following question:

- *How do women informal entrepreneurs in Nigeria engage in circular economy practices, and how do they understand the relationship between survival, entrepreneurship, and sustainability?*
- This discussion guide provides an overview of the main thematic areas. The discussion is structured around four overarching dimensions. Participants are encouraged to share their experiences freely. There are no right or wrong answers.*

Topic Area 1: Entrepreneurial Journeys and Livelihood Contexts

- Personal and business background.
- Entry into informal entrepreneurship.
- Motivations for starting the business.
- Household and family circumstances.
- The importance of the business to household survival.

Sub-topics:

- Previous employment experiences.
- Choice versus necessity entrepreneurship.
- Sources of start-up capital.
- Family influence and support.
- Changes in livelihood needs over time.

Topic Area 2: Circular Economy Practices in Everyday Business Activities

- Daily business activities.
- Resource management practices.
- Product and material flows.
- Waste reduction practices.
- Innovation and improvisation.

Sub-topics

- Repair and maintenance activities.
- Reuse of materials and products.
- Upcycling and repurposing.
- Second-hand trading.
- Recycling and waste recovery.
- Techniques developed to maximise scarce resources.

Topic Area 3: Opportunities, Constraints, and Adaptation

- Institutional and structural barriers.
- Access to resources.
- Gendered experiences.
- Adaptive responses.
- Support mechanisms.

Sub-topics

- Access to finance and credit.
- Availability of infrastructure and equipment.
- Market access.
- Government regulations and formalisation.
- Gender norms and family responsibilities.
- Networks and community support.
- Coping strategies during difficult periods.

Topic Area 4: Beyond Survival? Meanings of Sustainability and Community Contributions

Objectives

- Perceived impacts of the business.
- Contributions to community well-being.
- Environmental awareness.
- Economic empowerment.
- Future aspirations.

Sub-topics

- Employment generation.
- Affordable access to goods and services.
- Waste reduction and environmental benefits.
- Household empowerment.
- Social recognition.
- Visions for business growth and sustainability.

Thank you for your participation. Your insights are highly valuable for understanding how firms adapt to geopolitical disruptions.

FEMALE AUTHORITY, INDIGENOUS INSTITUTIONS AND THE DECOLONISATION OF ORGANISATIONAL TRUST THEORY

Ijeoma Okpanum, *University of Aberdeen, UK*

Abstract

This conceptual paper develops the concept of indigenous gendered trust to explain how women's authority becomes trusted, distrusted or misrecognised in organisations shaped by colonial, patriarchal and bureaucratic legacies. Building on Ifi Amadiume's *Male Daughters, Female Husbands*, the paper argues that indigenous African institutions offer an underused theoretical resource for organisation studies. Amadiume's account of Nnobi society shows that women could occupy institutionally recognised positions as "male daughters" and "female husbands", thereby decoupling authority from anatomical sex and locating power in lineage, kinship, economic agency, reproductive responsibility and communal recognition. Organisational trust theory, by contrast, has largely conceptualised trust through interpersonal vulnerability, competence, benevolence, integrity, procedural fairness and institutional reliability. While valuable, these frameworks often presume Western bureaucratic authority and insufficiently account for indigenous institutions, colonial disruption, relational accountability and alternative histories of female power. The paper makes three contributions. First, it identifies the gendered assumptions that limit mainstream organisational trust theory. Second, it reframes indigenous female authority as a source of organisational knowledge rather than cultural background. Third, it proposes indigenous gendered trust as a framework for analysing role legitimacy, relational accountability and historical recognition. The paper concludes by outlining implications for organisation studies, trust repair and future empirical research on women's authority in postcolonial organisational contexts.

Keywords: *Ifi Amadiume; indigenous gendered trust; indigenous institutions; female authority; organisational trust*

Introduction

Trust is central to organisational life. It enables cooperation under uncertainty, legitimates authority, supports leadership and allows people to accept vulnerability in relation to others (Mayer, Davis & Schoorman, 1995; Rousseau et al., 1998; Dirks & Ferrin, 2002). Yet organisational trust theory has developed largely from Western organisational contexts, where formal bureaucracy, contractual employment, managerial hierarchy and individual agency are often treated as the normal architecture of work (Child & Möllering, 2003; Möllering, 2006). As a result, trust is commonly theorised as an interpersonal psychological state, a managerial capability, a relational resource or an institutional response to fairness and reliability (Zucker, 1986; Kramer, 1999; Bachmann & Inkpen, 2011; Fulmer & Gelfand, 2012). These ideas are useful, but they are not neutral. They are shaped by histories of bureaucracy, gender, colonial governance and organisational authority.

This paper asks what becomes visible when organisational trust theory is read through indigenous African female authority. It draws on Ifi Amadiume's *Male Daughters, Female Husbands* to argue that trust in authority cannot be fully understood through Western bureaucratic and individualist frameworks alone. Amadiume's study of Nnobi society in southeastern Nigeria demonstrates that precolonial Igbo gender systems were not reducible to biological determinism or Western binary categories (Amadiume, 1987). Women could become "male daughters" or "female husbands", occupying recognised roles in lineage, inheritance, marriage, property and social reproduction. Such roles did not merely symbolise female agency; they institutionalised it. The argument is that Amadiume's work exposes a blind spot in organisational trust theory.

Trust scholars have paid considerable attention to the characteristics of trustworthy actors, but less attention to the institutional histories that determine whose authority is recognisable as trustworthy. Feminist organisation theory has long shown that organisations are gendered through bodies, jobs, hierarchies, norms and the figure of the ideal worker (Acker, 1990, 2006; Britton, 2000). Recent Gender, Work & Organization scholarship extends this critique by foregrounding decolonial feminism, symbolic violence, care, informal work and the colonality of knowledge (Manning, 2021; Owusu-Kwarteng et al., 2025; Amaral, Naves & Rezende, 2025; Akuoko & Amacker, 2026). Building on this conversation, the paper develops the concept of indigenous gendered trust: the confidence granted to women's authority when that authority is made legitimate through indigenous institutional roles, relational obligations and historically recognised systems of female power.

The paper makes three contributions. First, it identifies the colonial and gendered limits of mainstream organisational trust theory. Second, it reframes indigenous female authority as a theoretical resource for organisation studies. Third, it proposes indigenous gendered trust as a framework for analysing how women's authority becomes trusted, distrusted or misrecognised in organisations shaped by colonial, patriarchal and bureaucratic legacies.

Methodological approach

This is a conceptual and theory-building paper rather than an empirical study. Its method is conceptual reading of Amadiume's *Male Daughters, Female Husbands* in conversation with organisational trust theory, feminist organisation studies, African feminist thought and decolonial scholarship. Conceptual papers are valuable where they expose assumptions, reorganise existing literatures and generate new analytical vocabularies for future empirical research (Whetten, 1989; Jaakkola, 2020). The aim is therefore not to test a hypothesis, but to develop a theoretical intervention: that indigenous African female authority can help decolonise organisational trust theory.

The review proceeded through targeted conceptual selection rather than systematic review. Seminal and highly relevant sources were identified across five bodies of scholarship: organisational trust, gendered organisations, African feminist theory, postcolonial/decolonial organisation studies and indigenous methodologies. The reading was guided by three questions. First, how does Amadiume's account of indigenous female authority challenge assumptions about gender and legitimate authority? Second, what aspects of organisational trust theory become problematic when read through indigenous African institutional arrangements? Third, how can these insights be synthesised into a framework for feminist and decolonial organisation studies? This approach treats indigenous institutions as knowledge systems with theoretical value, while avoiding a romantic account of tradition. Indigenous institutions can also reproduce hierarchy and exclusion; the purpose here is to recover their suppressed conceptual possibilities for rethinking trust, authority and legitimacy (Smith, 1999; Denzin, Lincoln & Smith, 2008; Tamale, 2020). The paper therefore uses Amadiume as a conceptual hinge: her work links the empirical world of precolonial Igbo social organisation to a broader theoretical question about how institutions produce confidence in authority. This hinge allows the paper to move from literature review to conceptual construction.

Indigenous female authority and the limits of imported gender categories

Amadiume's central contribution is to challenge the assumption that patriarchy operates in the same way across societies. Her argument is not that precolonial Igbo society was free of hierarchy, conflict or inequality. Rather, she shows that its structures of authority cannot be adequately understood through imported gender binaries (Amadiume, 1987). Gender could operate not only as an identity attached to biological sex, but also as a social position within rights, obligations, lineage responsibilities and institutional roles.

The category of the "male daughter" is especially significant. A daughter could assume the status of a son in relation to her natal lineage where continuity, inheritance or ritual responsibility was at stake. Her authority came not from biological maleness, but from institutional location. Similarly, the "female husband" refers to a woman who could marry another woman for reproductive, economic or lineage purposes. The point is not to read these roles through contemporary Western sexual identity categories, but to recognise the flexibility of social roles and the institutional recognition of female power (Amadiume, 1987; Nzegwu, 2006).

These arrangements reveal that female power was not merely exceptional, domestic or symbolic. It was anchored in institutions: kinship, market systems, age grades, ritual associations, farming relations and collective structures of accountability (Sudarkasa, 1986; Mikell, 1997). Female authority could be economic, political, reproductive, spiritual and judicial. It often emerged not through women's entry into male-defined institutions, but through overlapping systems of authority that made women's power socially intelligible (Amadiume, 1987; Oyěwùmí, 1997).

Colonialism transformed this trust architecture. Colonial rule privileged male intermediaries, codified gender hierarchy and marginalised women's existing institutional power (Van Allen, 1972; Amadiume, 1987; Mama, 1996). Women's collective authority was often rendered informal, domestic or culturally insignificant, while male authority was bureaucratically amplified (Mamdani, 1996; Oyěwùmí, 1997). For organisation studies, the implication is clear: organisations are not neutral containers of work. They carry institutional assumptions about authority, competence and trustworthiness (Acker, 1990; Scott, 2014). Where colonial and postcolonial institutions inherit masculinised models of authority, women may be formally included but symbolically distrusted.

Organisational trust and its gendered silence

Organisational trust is commonly defined as a willingness to accept vulnerability based on positive expectations of another party's intentions or behaviour (Rousseau et al., 1998). Mayer, Davis and Schoorman's (1995) influential model identifies ability, benevolence and integrity as key dimensions of perceived trustworthiness. At the institutional level, trust is associated with procedural fairness, consistency, transparency, accountability and reliability (Zucker, 1986; Tyler & Kramer, 1996; Bachmann & Inkpen, 2011). This literature explains why employees cooperate, why followers accept leadership, why teams share knowledge and why organisations survive uncertainty (Dirks & Ferrin, 2002; Fulmer & Gelfand, 2012).

Yet these models often treat trustworthiness as if its criteria were relatively universal. Ability, benevolence and integrity are interpreted through social frames. A male leader's decisiveness may be read as competence, while a woman's decisiveness may be read as aggression or relational failure (Eagly & Karau, 2002). Women leaders are often evaluated through contradictory expectations: authoritative but not domineering, caring but not weak, ambitious but not selfish, relational but not emotional. Thus, trust is not only a response to behaviour; it is an effect of gendered expectations.

This silence deepens in postcolonial contexts. Organisational trust theory often privileges individual cognition over collective memory and interpersonal vulnerability over inherited institutional histories (Kramer, 1999; Bachmann & Inkpen, 2011). In many postcolonial societies, distrust of institutions may be rooted in histories of dispossession, legal pluralism, extractive administration and the delegitimation of indigenous authority systems (Mamdani, 1996; Mbembe, 2001; Ndlovu-Gatsheni, 2013). Trust cannot therefore be understood only as confidence in current procedures. It may also involve memories of institutional betrayal.

Amadiume's work pushes trust theory into this deeper terrain. People trust not only individuals, but roles. A person is trusted when their role is recognised as legitimate, morally authorised and institutionally meaningful (Amadiume, 1987; Scott, 2014). In Nnobi, the male daughter or female husband could command trust because the institution made her authority legible. When colonial institutions delegitimised such roles, they also disrupted the trust relations attached to them. Organisational distrust may therefore arise not only when leaders behave badly, but when institutions misrecognise legitimate forms of authority.

Research gaps and contribution

Four gaps motivate the paper. First, indigenous institutions remain under-theorised in organisational trust research. Trust scholarship has expanded across psychology, sociology and management, yet indigenous systems are often treated as cultural background rather than as organised systems of authority, accountability and sanction (Rousseau et al., 1998; Fulmer & Gelfand, 2012). This matters because kinship councils, age grades, market associations, title systems and lineage structures continue to shape how authority is interpreted in many African contexts (Amadiume, 1987; Sudarkasa, 1986; Mikell, 1997).

Second, female power is too often reduced to inclusion within male-coded organisations. Research on women in organisations has rightly examined glass ceilings, stereotyping and inequality regimes (Acker, 2006; Ely & Meyerson, 2000), but the emphasis on inclusion can imply that women's authority becomes meaningful only when it enters existing organisational forms. Amadiume reverses this assumption by showing that female power had indigenous institutional foundations before colonial and bureaucratic systems narrowed the terms of authority.

Third, colonial disruption is rarely treated as a source of organisational distrust. In postcolonial contexts, distrust may not arise only from contemporary managerial failures; it may also reflect older experiences of administrative misrecognition and institutional displacement (Mamdani, 1996; Mbembe, 2001; Ndlovu-Gatsheni, 2013). Colonial governance did not merely exclude women; it altered the institutional conditions under which women's authority could be recognised as legitimate.

Fourth, African relational ontologies are marginal in mainstream trust models. Trust theory often assumes an autonomous individual who weighs vulnerability against perceived trustworthiness (Mayer, Davis & Schoorman, 1995). Yet African philosophical accounts of personhood emphasise relationality, community and obligation (Gyekye, 1997; Nzegwu, 2006). A leader may therefore be trusted not only because she possesses competence, but because she is located within a recognised web of responsibilities. These gaps justify the paper's core contribution: a decolonial feminist account of trust that places indigenous female authority at the centre of organisational theorising.

Indigenous gendered trust

This paper proposes indigenous gendered trust as a framework for analysing how women's authority becomes trusted, distrusted or misrecognised. Indigenous gendered trust refers to the confidence granted to women's authority when that authority is made legitimate through indigenous institutional roles, relational obligations and historically recognised systems of female power. The concept shifts attention from trust as an individual psychological state to trust as an indigenous, institutional and historical accomplishment. The framework has three dimensions.

First, role legitimacy. Trust depends on whether a person's role is socially recognised as a valid site of authority. In Amadiume's account, male daughters and female husbands were trusted because their roles carried institutional meaning (Amadiume, 1987). In contemporary organisations, women may struggle for trust when leadership roles are formally open but symbolically masculinised (Acker, 1990; Britton, 2000). This helps explain why inclusion does not automatically produce legitimacy. A woman may be present in leadership but still required to prove that her authority is "proper".

Second, relational accountability. Indigenous institutions often embed authority in reciprocal duties rather than individual entitlement (Gyekye, 1997; Nzegwu, 2006). In relational settings, a leader is trusted not only because he is competent, but because she is situated within a moral community and expected to protect relationships, distribute resources fairly and act in the collective interest. This challenges trust theories that privilege isolated individuals calculating vulnerability. However, it also requires caution. Relational authority must not be confused with gendered expectations that women perform care without recognition or power (Acker, 1990; Calás, Smircich & Holvino, 2014).

Third, historical recognition. Trust is shaped by whether institutions acknowledge or erase histories of authority. Where colonial and modern organisations erase indigenous female power, women's authority appears new, exceptional or imported rather than historically grounded (Amadiume, 1987; Oyèwùmí, 1997). Historical recognition can therefore contribute to trust repair. Organisations seeking trust in postcolonial contexts must do more than promote inclusive language; they must examine how their structures came to define legitimate authority.

The framework is not intended to replace existing trust models. Rather, it extends them by asking prior questions about legibility. Before ability, benevolence and integrity can be evaluated, the actor must first be recognised as a legitimate bearer of authority. This is where gender, indigeneity and coloniality enter the trust process. Indigenous gendered trust therefore helps explain why women may be highly competent yet remain conditionally trusted, why relational forms of authority may be dismissed as informal, and why historically grounded female power may be read as deviant when modern institutions recognise only bureaucratic masculinity as authoritative.

Discussion: From inclusion to institutional imagination

Indigenous gendered trust shifts feminist organisation analysis from inclusion to institutional imagination. Much gender research rightly examines underrepresentation, discrimination, leadership stereotypes and inequality regimes (Acker, 2006; Ely & Meyerson, 2000). However, inclusion-based approaches may leave intact the deeper institutional assumptions through which authority is defined and trusted. Women may be invited into organisations whose trust codes remain masculinised, colonial and bureaucratic.

Recent Gender, Work & Organization scholarship strengthens this argument. Manning (2021) argues that decolonial feminist theory requires management and organisation studies to confront the gendered colonial difference rather than simply add Global South women to existing frameworks. This is precisely what Amadiume enables. Her work is not an African "example" of a completed organisational trust theory; it unsettles that theory by showing that authority can be organised through non-bureaucratic, gender-flexible and relational institutions. Amaral, Naves and Rezende (2025) similarly show that decolonising knowledge involves struggles over whose authority and histories count. Indigenous gendered trust extends this insight by asking how such struggles shape organisational credibility.

Owusu-Kwarteng et al.'s (2025) study of symbolic violence in African academia is also useful. Their work shows how women navigate masculinised ideal academic norms that reproduce gender inequality even when exclusion is not explicit. This speaks directly to trust: women's authority may be weakened through excessive scrutiny, conditional recognition and the repeated demand to prove legitimacy. Akuoko and Amacker's (2026) analysis of informal women's work in public spaces further demonstrates that women's economic authority in the Global South is often located outside formal organisational sites, in markets, public spaces, kinship networks and everyday systems of social reproduction. Such work is easily missed when organisation studies treat formal bureaucracy as the privileged site of legitimate authority.

Amadiume therefore invites a more radical question: what if women's authority does not need to be justified only through access to male-coded organisational forms? Indigenous institutions provide alternative histories of female legitimacy, authority and trust. This does not mean returning nostalgically to precolonial institutions. Rather, it means using indigenous knowledge to expand the theoretical possibilities of organisation studies. The male daughter and female husband are not ethnographic curiosities; they are conceptual disruptions. They show that trust can be conferred through lineage, relational obligation, economic contribution, reproductive responsibility and communal recognition.

For postcolonial workplaces, this is politically significant. Universities, NGOs, corporations and public institutions often combine global equality discourse with patriarchal and colonial hierarchies. They may celebrate women's empowerment while devaluing indigenous forms of women's authority. They may promote trust-building while ignoring historical sources of distrust. Indigenous gendered trust provides a vocabulary for analysing these contradictions and for asking how organisations define trustworthy authority in the first place.

Future research agenda

A future research agenda can proceed in four directions. First, empirical studies could examine contemporary African women leaders who draw on indigenous authority traditions in business, academia, cooperatives, religious organisations, market associations, public administration or community governance. Such studies could explore how women build trust, manage legitimacy and navigate tensions between bureaucratic and indigenous expectations.

Second, comparative research could examine African societies where women historically exercised institutional authority, including Igbo, Yoruba, Akan, Fon and Kikuyu contexts. This would avoid overgeneralising from one society and support a richer comparative theory of indigenous female authority (Sudarkasa, 1986; Mikell, 1997; Nzegwu, 2006).

Third, organisational trust scholars could investigate how gendered trustworthiness is constructed in postcolonial workplaces. How are women leaders evaluated when they enact care, firmness, communal responsibility or professional expertise? How do class, age, ethnicity, religion and colonial education shape these interpretations?

Fourth, research should examine organisational distrust as historical memory. Trust repair is often framed as a managerial process involving apology, transparency and behavioural change. These practices matter, but they may be inadequate where distrust is historically produced. Indigenous gendered trust suggests that repair also requires historical recognition, institutional redesign and the recovery of suppressed authority traditions. Methodologically, this agenda requires oral history, ethnography, archival work, feminist institutional analysis and participatory methods capable of capturing rituals, narratives, titles, kinship metaphors and informal sanctions through which trust is produced (Smith, 1999; Denzin, Lincoln & Smith, 2008).

Conclusion

This paper has argued that organisational trust theory requires decolonisation. Dominant trust models have offered valuable insights, yet they often remain grounded in Western assumptions about bureaucracy, individual agency and formal authority. Therefore, insufficiently account for indigenous institutions, colonial histories and gender-flexible authority systems.

By rereading Amadiume's *Male Daughters, Female Husbands* for organisation studies, the paper has shown that indigenous female authority provides a powerful resource for rethinking trust. In precolonial Igbo society, women could occupy roles that made their authority socially intelligible and institutionally consequential (Amadiume, 1987). Colonial disruption weakened these arrangements and contributed to the masculinisation of formal authority (Van Allen, 1972; Mamdani, 1996; Oyěwùmí, 1997). Contemporary organisations may reproduce this inheritance when they include women formally but distrust them symbolically.

Indigenous gendered trust captures this insight. It explains how trust in women's authority is shaped by role legitimacy, relational accountability and historical recognition within indigenous and postcolonial institutional worlds. It moves the conversation from asking whether women are trusted in organisations to asking how organisations came to define trustworthy authority in gendered, indigenous and colonial terms. In doing so, the paper contributes to feminist organisation studies, decolonial theory and organisational trust scholarship by treating indigenous female authority not as cultural residue, but as a theoretical resource for reimagining leadership, legitimacy and trust.

References

- Acker, J. (1990). Hierarchies, jobs, bodies: A theory of gendered organizations, *Gender & Society*, 4(2), pp. 139–158.
- Acker, J. (2006). Inequality regimes: Gender, class, and race in organizations, *Gender & Society*, 20(4), pp. 441–464.
- Akuoko, P.B. & Amacker, M. (2026). Informal women's work in public spaces: Why should it matter? *Gender, Work & Organization*, 33(3), pp. 756–767.
- Amadiume, I. (1987). *Male Daughters, Female Husbands: Gender and Sex in an African Society*. London: Zed Books.
- Amaral, I.G., Naves, F. & Rezende, A.F. (2025). Decolonizing knowledge, resisting coloniality of gender: Collective mobilizations at a Brazilian public university, *Gender, Work & Organization*, 32(6), pp. 2290–2307.
- Bachmann, R. & Inkpen, A.C. (2011). Understanding institutional-based trust building processes in inter-organizational relationships, *Organization Studies*, 32(2), pp. 281–301.
- Britton, D.M. (2000). The epistemology of the gendered organization, *Gender & Society*, 14(3), pp. 418–434.
- Calás, M.B., Smircich, L. & Holvino, E. (2014). Theorizing gender-and-organization: Changing times, changing theories, in Kumra, S., Simpson, R. and Burke, R.J. (eds.) *The Oxford Handbook of Gender in Organizations*. Oxford: Oxford University Press, pp. 17–52.
- Child, J. & Möllering, G. (2003). Contextual confidence and active trust development in the Chinese business environment, *Organization Science*, 14(1), pp. 69–80.
- Denzin, N.K., Lincoln, Y.S. & Smith, L.T. (eds.) (2008). *Handbook of Critical and Indigenous Methodologies*. Thousand Oaks, CA: Sage.
- Dirks, K.T. & Ferrin, D.L. (2002). Trust in leadership: Meta-analytic findings and implications for research and practice, *Journal of Applied Psychology*, 87(4), pp. 611–628.
- Eagly, A.H. & Karau, S.J. (2002). Role congruity theory of prejudice toward female leaders, *Psychological Review*, 109(3), pp. 573–598.
- Ely, R.J. & Meyerson, D.E. (2000). Theories of gender in organizations: A new approach to organizational analysis and change, *Research in Organizational Behavior*, 22, pp. 103–151.
- Fulmer, C.A. & Gelfand, M.J. (2012). At what level and in whom we trust: Trust across multiple organizational levels, *Journal of Management*, 38(4), pp. 1167–1230.
- Gyekye, K. (1997). *Tradition and Modernity: Philosophical Reflections on the African Experience*. Oxford: Oxford University Press.
- Jaakkola, E. (2020). Designing conceptual articles: Four approaches, *AMS Review*, 10(1–2), pp. 18–26.
- Kramer, R.M. (1999). Trust and distrust in organizations: Emerging perspectives, enduring questions, *Annual Review of Psychology*, 50, pp. 569–598.
- Mamdani, M. (1996). *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism*. Princeton, NJ: Princeton University Press.
- Manning, J. (2021). Decolonial feminist theory: Embracing the gendered colonial difference in management and organization studies, *Gender, Work & Organization*, 28(4), pp. 1203–1219.
- Mayer, R.C., Davis, J.H. & Schoorman, F.D. (1995). An integrative model of organizational trust, *Academy of Management Review*, 20(3), pp. 709–734.
- Mbembe, A. (2001). *On the Postcolony*. Berkeley: University of California Press.
- Mikell, G. (ed.) (1997). *African Feminism: The Politics of Survival in Sub-Saharan Africa*. Philadelphia: University of Pennsylvania Press.
- Möllering, G. (2006). *Trust: Reason, Routine, Reflexivity*. Oxford: Elsevier.
- Ndlovu-Gatsheni, S.J. (2013). *Coloniality of Power in Postcolonial Africa: Myths of Decolonization*. Dakar: CODESRIA.
- Nzegwu, N.U. (2006). *Family Matters: Feminist Concepts in African Philosophy of Culture*. Albany, NY: State University of New York Press.
- Owusu-Kwarteng, A., Forson, C., Dada, L. & Jack, S. (2025). A symbolic violence approach to gender inequality in academia, *Gender, Work & Organization*, 32(1), pp. 436–457.
- Oyèwùmí, O. (1997). *The Invention of Women: Making an African Sense of Western Gender Discourses*. Minneapolis: University of Minnesota Press.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S. and Camerer, C. (1998). Not so different after all: A cross-discipline view of trust, *Academy of Management Review*, 23(3), pp. 393–404.
- Scott, W.R. (2014). *Institutions and Organizations: Ideas, Interests, and Identities*. 4th edn. Thousand Oaks, CA: Sage.
- Smith, L.T. (1999). *Decolonizing Methodologies: Research and Indigenous Peoples*. London: Zed Books.
- Sudarkasa, N. (1986). The status of women in indigenous African societies, *Feminist Studies*, 12(1), pp. 91–103.
- Tamale, S. (2020). *Decolonization and Afro-Feminism*. Ottawa: Daraja Press.
- Tyler, T.R. & Kramer, R.M. (eds.) (1996). *Trust in Organizations: Frontiers of Theory and Research*. Thousand Oaks, CA: Sage.
- Van Allen, J. (1972). Sitting on a man: Colonialism and the lost political institutions of Igbo women, *Canadian Journal of African Studies*, 6(2), pp. 165–181.
- Whetten, D.A. (1989). What constitutes a theoretical contribution?, *Academy of Management Review*, 14(4), pp. 490–495.
- Zucker, L.G. (1986). Production of trust: Institutional sources of economic structure, 1840–1920, *Research in Organizational Behavior*, 8, pp. 53–111

MORAL TRADITIONS IN DIALOGUE: THE PLACE OF AN AFRICAN PERSPECTIVE

Ijeoma Ukeni; *University of Huddersfield, UK*

1.1 Introduction.

There seems to be an attempt to exclude non-Western philosophy from the field of philosophy, even where such worldviews are more sophisticated than Western ideas (Sachikonye & Ramlogan, 2025). These Western ethical theories have taken centre stage and are seen as the primary philosophies or moral traditions. Ubuntu, an African philosophy, appears to be sidelined, indicating it has not yet gained the recognition it deserves. Therefore, this paper incorporates Ubuntu into the moral dialogue, drawing on the golden rule and prevailing models in moral philosophy and psychology (moral reasoning orientation). This synthesis encourages a cooperative dialogue between and within moral traditions to advance the field of business ethics while amplifying voices from somewhat peripheral traditions (Vu et al., 2025).

It is crucial to amplify the African voice and challenge the assumptions of moral neo-colonialism that claim Ubuntu has nothing more to offer (Sachikonye & Ramlogan, 2025). Such notions are dismissible because Ubuntu is a transcultural value that promotes the development of a humane attitude and offers a moral perspective that can shape socio-political arrangements suitable for human coexistence (Molefe & Muade, 2025). The critical review, therefore, draws on the moral reasoning orientations of care ethics and the ethics of justice, as well as on ethical theories such as virtue ethics, deontology, consequentialism, and the Golden Rule, to make a strong case for incorporating Ubuntu into traditional moral dialogues. Additionally, leadership—a concept in business management—is discussed. Rooted in the Ubuntu philosophy, the author advocates an ethical perspective in which moral actions are based on what is universally right, causes the least harm, and benefits individuals, organisational or group members, and society.

2.1 Ubuntu

Ubuntu is a well-known African philosophy originating from the Sepedi, Setswana, and Sesotho languages, also known as Botho. Translated from a South African language, Ubuntu signifies humanness, humanism, or becoming an ethical person (West, 2014). Variants include “Mundu” in Kikuyu/Kenya, “Munhu” in Shona/Zimbabwe, and ‘Mtu’ in Swahili/Tanzania (Mligo, 2021). This Afro-communitarian ethic holds that ‘A person is a person through other persons’ or ‘I am because we are’ (Metz & Gaie, 2010, p. 274). It centres on human-to-human relationships where individuals depend on others for social, ecological, and moral support (Samuel, 2023). It relates to being a ‘person’ or human being who is autonomous, capable of pursuing goals, or taking responsibility (Samuel, 2023). It also includes ‘locatedness’, which involves being attuned to others and the environment, and ‘humanness’, which involves embodying moral qualities such as care, sympathy, proper self-love, and solidarity (Samuel, 2023).

According to Mangaroo-Pillay (2025), Ubuntu comprises eight values, including caring, compassion, forgiveness, honesty, love/kindness, perseverance, responsibility and self-control (Mangaroo-Pillay, 2025). Molefe and Muade (2025) echo that ubuntu encompasses universal values such as kindness, humaneness and compassion. When used as an acronym, Ubuntu's qualities encompass universality, behaviour, unity, negotiation, tolerance, and understanding (Mligo, 2021). Ubuntu is also characterised by interdependence, reconciliation, fellowship, community friendliness, relationality, compassion, and the unity of both the physical and spiritual worlds (Ewuoso & Hall, 2019). Ubuntu upholds the principle of reciprocity (Mligo, 2021). The idea of reciprocity includes respect for elders and characterises Africa's hospitality and culture, which influence life events such as marriage and birth (Mligo, 2021).

Lutz (2009) argues that a wrong action depends on how much it prevents one's valuable nature as a social being from being fulfilled and how it hinders community development. This initial view of doing what makes one a valuable being focuses on the moral agent in the ethical discussion. The idea of community relates to engaging in actions that benefit others (Lutz, 2009). This is supported by a systematic review, which found that Ubuntu is a relational ethic that emphasises the good of others, such that morally correct actions are those that reduce discord, maintain the capacity for communal relating, and promote harmonious relationships (Ewuoso & Hall, 2019). In essence, Ubuntu proposes that an action is correct as long as it respects a person's dignity, promotes well-being, does not violate their rights, fosters positive relationships with others, shows solidarity with vulnerable groups, and encourages harmony (Metz, 2007, as cited in Lutz, 2009). The Ubuntu trait of harmony provides a basis for right action, fostering a sense of 'we-ness' and nurturing caring, supportive relationships based on goodwill (Woermann & Engelbrecht, 2019). The pastoral care advocated by Ubuntu is not gender-specific; rather, it concerns communal care—a partnership between men and women to extend support to those in need (Chisale, 2018).

However, Ubuntu has been criticised for being a confusing philosophy due to its many interpretations (Ewuoso & Hall, 2019). According to Woermann and Engelbrecht (2019), Ubuntu has a more political than a purely philosophical character, making it difficult to define. For example, some scholars see Ubuntu as a personal trait, while others regard it as a phenomenon, such as an ethic, philosophy, worldview, or African humanism. Ultimately, it focuses on persons, understood as those who act in an ethically acceptable manner (Gade, 2012). In summary, the review identified key outstanding qualities proposed by Ubuntu as universality, compassion, care, love, and responsibility (Ewuoso & Hall, 2019; Mangaroo-Pillay, 2025; Mligo, 2021; Molefe & Muade, 2025).

2.1.1 Ubuntu in Business Management

Ubuntu, as a genuine African moral concept, is a way of life applicable to both public and private sectors (Matolino & Kwindigwi, 2013). For example, based on Metz's Ubuntu principle of right action, Woermann and Engelbrecht (2019) developed an Ubuntu heuristic for organisational decision-making, which serves as the basis for the 'relationholder' theory. This theory provides a framework for defining the firm's purpose and management's duties towards those who influence and are influenced by the firm (Woermann & Engelbrecht, 2019). Ubuntu is also an ethic that can counteract the misguided individualism underpinning most contemporary business management theories (Lutz, 2009). It encourages managers to conduct their business for the common good, without favouritism, and with goodwill towards all employees (Woermann & Engelbrecht, 2019).

A study by Chipango (2025) demonstrated that Ubuntu feminism advocates for a moral energy policy that reflects gendered energy access. This is achieved through deep intersubjectivity, relationality, and human interdependence, in which women are integral to the community's social fabric rather than merely included in technology (Chipango, 2025). It must be practised in management, fostering a drive for the common good, ensuring that everyone benefits, and encouraging managers to cultivate goodwill among all members rather than forming in-groups and out-groups. However, Laloo (2022) claimed that research on the application or relevance of Ubuntu to business organisations remains limited. Nonetheless, it remains practicable. According to Kiwelu and Steen-Johnsen (2025), Ubuntu has been linked to financial knowledge and economic capability among Ubuntu-inspired groups that benefit from what their environment offers. It also offers and plays a role in social work practice, which seeks to be inclusive of everyone.

For business ethics and management practices grounded in the Ubuntu philosophy, firms should be regarded as communities or institutions that can function as such, rather than merely as collections of individuals (Lutz, 2009). Lutz (2009) argued that, from this community-oriented view of management, the firm cares about all its members, rather than focusing solely on the benefits of a collection or multiple collections of individuals, as owner-value-maximisation and stakeholder theories suggest. In essence, Ubuntu foregrounds employees as social beings within organisations, opposed to the centred view that organisations should control employees' lives (Sachikonye & Ramlogan, 2024).

Sachikonye and Ramlogan (2024) contend that leaders who approach employees from an Ubuntu perspective are more likely to positively impact their performance and well-being. Furthermore, the firm bears responsibility for fostering harmonious relationships with agents who can demonstrate solidarity, identify with, and benefit from the firm's cohesion (Woermann & Engelbrecht, 2019, p. 36). The firm is also obliged to act without malice towards its closely related parties. Instead, in cases of conflict of interest, firms should consider the closeness and history of the shared relationship and prioritise meeting those needs while balancing their urgency within their capacity (Woermann & Engelbrecht, 2019).

2.1.2 Practising Ubuntu in Society

It is said to be practised mostly across Africa, including Rwanda, Uganda, and Korogwe in Tanzania (Kiwelu & Steen-Johnsen, 2025), and can be transferred to other contexts. In practice, Ubuntu requires individuals to assume moral responsibility through reflective practice, where moral agency means that people can care for themselves, others, and non-humans in the environment (Samuel, 2023). Categorised as a communitarian ethic, Ubuntu embodies virtues such as care, empathy, and social justice. Its target is to enhance social justice, compassionate sharing, and the equal distribution of resources, thereby eradicating poverty (Kiwelu & Steen-Johnsen, 2025). However, humans are fallible, and people can harm others intentionally or unintentionally. Harming others through exploitation or deception exemplifies a failure to share oneself with others, which goes beyond indifference and falls into the realm of a lack of humaneness or personhood, where one relates well with others or is otherwise not recognised as a person (Metz & Gaie, 2010).

Ubuntu is therefore relevant in fulfilling functional roles in society. It enables people to determine what is right from wrong based on its concern for human welfare, social wellbeing, harmony, reciprocity and interdependence (Sachikonye & Ramlogan, 2024). The social environment of Africans is of significant value, such that Ubuntu begins at birth, when society offers certain benefits and rights before the individual develops the capacity to earn them (Sachikonye & Ramlogan, 2024). According to Letseka (2012), Ubuntu's values are embedded in the South African constitution, making it a genuine moral theory suitable for public policy. However, Matolino and Kwindigwi (2013) argued that there is a disconnect between the metaphysical conditions necessary to practise Ubuntu, alongside the ethical and ontological crisis faced by the new elite and the concept of 'our people' promoted in South Africa. However, it is a reconciliatory theory that can go beyond conflict resolution by altering the motivations for the conflict and shaping the goals, beliefs, and attitudes of society members, as was evident in Desmond Tutu's Truth and Reconciliation Commission processes after the Apartheid (Sachikonye & Ramlogan, 2024).

Ubuntu's philosophy of civic virtue can promote a renewal of public leadership focused on collective social welfare rather than selfish interests (Asamoah & Yeboah-Assiamah, 2019). Additionally, Ubuntu is a renowned leadership philosophy originating in Africa for Africans, making it well-suited to the continent's institutional environment (Eyong, 2019). Okecha and colleagues (2024) found that practising Ubuntu in the leadership and management of SMEs within the Nigerian private sector incorporates elements of servant leadership, which includes responsibility. Servant leadership, a Western leadership philosophy prioritising the needs of others, adopts an other-centred approach where leaders serve first until followers are motivated to serve (Ukeni, 2024).

Thus, Ubuntu introduces theoretical diversity into leadership discourse while emphasising its connection to indigenous roots. However, the paradoxical situation in Africa, where most leaders are criticised for poor governance and the misappropriation of public resources (Asamoah & Yeboah-Assiamah, 2019), raises questions about how much Ubuntu is practised on the continent. No wonder Abebe et al. (2020) suggested that Ubuntu might be an over-generalisation of African leadership. The field is still developing, so it needs more extensive validation or theorisation (Abebe et al., 2020). Nonetheless, Asamoah and Yeboah-Assiamah (2019) argue that bad leaders are not genuine Africans by their actions, as corruption and poor leadership are inherently anti-human, anti-African, and unethical. Besides reimagining leadership, Ubuntu holds that the leader is an individual who fulfils their duties to society and upholds their obligations to their organisations, rather than securing resources for themselves (Sachikonye & Ramlogan, 2024).

Ubuntu in Global Ethics

On a global scale, Máhrík (2018) presented Ubuntu as an alternative paradigm to Western ethical concepts for evaluating bioethical issues. It differs from Aristotelian and Western moral philosophy in several ways, prioritising living in harmony with others over respecting individual rights, giving others what they deserve, or engaging in political activism (Metz & Gaie, 2010). Additionally, Ubuntu's emphasis on harmony and community combines identity and solidarity, setting it apart from Western communitarianism and relativism, and enabling moral action grounded in accepted norms or in what the majority considers achievable. Ubuntu is about respecting the community in an objectively desirable manner, which guides what majorities desire or shapes the dominant norms (Metz & Gaie, 2010).

Ubuntu, drawing on its indigenous knowledge, embodies an African identity rooted in spiritual and cultural traditions (Ewuoso & Hall, 2019). There is, therefore, a persistent criticism that Ubuntu is paradoxical, since it claims an African identity that promotes interdependence while also being positioned for global participation and goodwill (Woermann & Engelbrecht, 2019). Letseka (2012) suggested that the similarities between Ubuntu and the ethics of care demonstrate that the concept of relatedness is not exclusive to Africa but is also rooted in Eurasian philosophies. Nevertheless, it indicates that, in Africa, a phenomenon is already widely accepted. Therefore, Ubuntu can be added to other European, American, and Asian paradigms that contribute to the development of global management (Lutz, 2009).

Agreeably, Hoffmann and Metz (2017) argued that Ubuntu can enhance the capabilities of Anglo-American thought. This is possible because Ubuntu situates human flourishing within the context of pursuing relational fellowship with others, grounded in core values, making relationships between individuals the centre of ethical significance (Hoffmann & Metz, 2017). Although the aim of Ubuntu is personal fulfilment, it also seeks to eliminate selfishness (Metz & Gaie, 2010). Therefore, it addresses the question 'Why should I be ethical if doing so is not beneficial to me?' which challenges Western ethical theory. In other words, Ubuntu presents an other-centric view where ethical behaviour that benefits others is also appropriate for oneself (Lutz, 2009). This perspective can foster individuals' motivation to act ethically.

In sub-Saharan morality and in Christian moral philosophy, humans are considered valuable beings who should belong to a family that loves them (Metz & Gaie, 2010). Kassa (2024) argued that a fulfilling life is one connected to the cosmic whole, involving reconciliation with God and the attainment of eternal life. From a cosmic perspective, Ubuntu's role is to tell the story of life rooted in community (Kassa, 2024). However, it faces criticism for its association with ancestors (West, 2014). However, ubuntu resides in the individual, something the individual possesses as a moral compass built on recognition, trust, cooperation, harmony and acceptance (Sachikonye & Ramlogan, 2024).

Ubuntu is praised as an ethical theory that encompasses human interactions with the broader environment, serving as a catalyst for global transformation and even emancipating the African people from the prejudices of colonialism (Sachikonye & Ramlogan, 2024). In summary, the subjective-objective perspectives introduced by Ubuntu create a bridge across the broad divide between realist-objectivist and relativist-subjectivist meta-ethical positions. A compelling interpretation of its practical relevance can be made by drawing on Langford's conceptualisation of how both ontologies can be equally valid. According to Langford's (1995) concepts of first- and second-order norms, first-order norms are universal principles that are objectively justifiable and independent, whereas second-order norms are the unique expressions of the moral codes embodied in first-order norms.

2.2 Moral Philosophy

This paper examines two branches of moral philosophy: meta-ethics and normative theory. These normative theories are integrated into the dialogue among various moral reasoning orientations, including Ubuntu and the golden rule, with the objective and subjective meta-ethical perspectives used as descriptors to illustrate their ontological positions. Meta-ethics investigates the origin and nature of moral values, including the definition of ethical statements and predicates such as moral properties (Ukeni, 2021). It supports and justifies the use of ethical principles and is categorised into non-cognitivist (anti-realist) and cognitivist (realist) orientations (Brandt, 1959). Unlike non-cognitivism, cognitivism maintains that ethical statements make truth claims. Accordingly, this paper adopts this approach, referencing its branches of relativism/subjectivism and moral realism/objectivism (Fisher, 2011).

Moral realism maintains that truth statements exist independently of an individual's perception or belief, and that knowledge of the externally existing truth can be acquired (Delapp, 2009). Its core principles are universalism and objectivity, although some moral realists hold nuanced views (Copp, 2007). The claim of universality by realists does not mean universal acceptance but indicates that existing prescriptive norms are universally applicable regardless of context. However, where there are distinctive expressions of the universal rule, the descriptive claims stem from the universal principle (Driver, 2007), which Langford (1995) referred to as second-order norms. Objectivity is characterised by an impartial stance, in which rationally valid rules are followed rather than subjective perceptions (Delapp, 2009). Nonetheless, humans are perceptive, and achieving complete separation from subjective elements is highly unlikely. This suggests that, although objective moral values can be known, they are often subjectively interpreted and applied.

A purely subjective claim, however, promotes a fluid view of morality, which raises many concerns that even subjectivists still grapple with (Ukeni, 2021). Take the self-refuting claim that objective moral values do not exist as a case in point. Would it be true that they do not, in which case one would have made an objective claim, or if it is untrue, would it not logically follow that they perhaps do exist? Some of these questions include where to draw the line between a person's rights and their infringement of others' rights, or what constitutes the beginning and end of rights (Driver, 2007). These key concerns make it more evident that an objective moral claim is more justifiable and thus relevant to this study.

Normative ethical theories address the axioms and principles of ethics, including value and truth claims about what is right or wrong (Brandt, 1959). They are generally classified as virtue ethics, deontology, and consequentialism. Consequentialism emphasises the outcomes of actions rather than the actions themselves, implying that the end justifies the means. In contrast, deontology, mainly influenced by Kantianism, emphasises acts, duties, and obligations, where the means justify the end (Ukeni, 2021). Consequential ethics include utilitarianism, which stresses pleasure for the greatest number or the common good (Driver, 2007), and altruism, which Nagel (1979) categorised as an objective moral perspective concerned with offering goodwill to others as they desire it. Virtue ethics is an agent-centred theory originating from early philosophers such as Aristotle and Plato. According to Aristotle, virtues are dispositions that stem from a well-trained or exercised innate capacity of the virtuous person (as cited in Ukeni, 2021, p. 104). Some virtues include humility, temperance, and commitment (Werner et al., 2025).

2.3 Moral Reasoning Orientation

Moral reasoning orientation refers to a person's mental capacity to identify, evaluate, and solve moral problems (Gungordu et al., 2023). The field of moral psychology offers various theories of moral reasoning to understand and resolve moral dilemmas (Juujärvi & Tetri, 2025). These theories include the ethics of justice and the ethics of care. The ethics of justice was proposed by Lawrence Kohlberg, who described six stages of moral development, from pre-conventional to post-conventional. However, Bandura (1977) questioned the idea of a strict, sequential progression through these stages, noting that nothing prevents individuals from learning moral values and resolving moral issues across Kohlberg's stages. The focus here is on features such as cognition, universal principles, impartiality, and objectivity (Kohlberg, 1981).

Other characteristics of justice ethics include fairness, autonomy, principles, rights (Glover, 2001), rationality, and separation (Liddell et al., 1992). The theory addresses duties, justice, rules, non-attachment, commitment, consistency, and the common good (Kohlberg, 2008). Carol Gilligan, after criticising Kohlberg's work as masculine and inadequate for all, proposed the ethics of care (Gilligan, 1982). Her research participants were primarily women, and they defined morality not from the detached perspective of justice ethics but from their responsibility to others. Care ethics emphasises care as a moral value (Held, 2007). It upholds a relative/subjective ontology in which ethical issues are resolved on the basis of feelings, situations, and relationships among the involved parties (Gilligan, 1982).

Care ethics is characterised by connectedness, interdependence, empathy, listening, relationships, responsibility, preservative love, attention, reciprocity, compassion, receptivity, and caregiving (Noddings, 2010; Slote, 2007). It is criticised for failing to recognise the welfare-liberal conception of justice, which prioritises welfare over rights and non-interference (Sterba, 2000). It is also deemed irrelevant in the public sphere (White, 2009). In response, Held (2007) argued that care ethics highlights the role of government in promoting peace, stability, and a sustainable environment and is not confined to the private sphere.

Nodding (2010) also argued for a care-driven conception of justice, suggesting that, from an ethics-of-care perspective, focusing on emotion as the central element of morality does not preclude reasoning. Furthermore, humans have and use both orientations (Krebs & Denton, 2005; Simola et al., 2010). These orientations share common elements, including fairness, concern for others, and the reduction of harm (Ukeni, 2021). Likewise, the virtues encouraged by care ethics are universal, which is a fundamental aspect of justice ethics. Justice ethics also connects to virtue ethics, as it focuses on universal principles that can promote virtuous character (Ukeni, 2021). Care ethics involves emotional virtues such as sympathy, empathy, and care (Held, 2007; Noddings, 2010; Slote, 2007).

2.4 The Golden Rule

The golden rule is a well-known moral guideline that crosses cultures and eras, and remains relevant to life itself (Cunningham, 1998). It originates from secular traditions and religious roots, including Judaism, Hinduism, Zoroastrianism (Mligo, 2021), Christianity (Cofnas, 2022), and Confucianism (Merawi, 2024). Although subject to different interpretations, from a Christian standpoint, in its positive form, it states, 'do to others whatever you would like them to do to you' (NKJV; Matthew 7:12). Reversed, it means, 'do not do to others what you would not want done to you' (Slater & Banakou, 2021). In this context, the moral agent must act ethically, understanding that the recipient would appreciate the same moral behaviour. While it can always be challenging to determine what the other person desires, the principles of the golden rule help test for impartiality and fairness (Bruton, 2004).

The principle has been criticised for its reliance on an individual's subjective conceptualisation of what is good for them, or on the idea that good actions will be reciprocated or defined as such by others. Mahrik (2018) makes this argument from a humanistic perspective, but moral codes opposed to goodwill fall outside the remit of the golden rule, since causing harm to others, if that is what one wants, is opposed to goodwill (Ellis, 2017). This point still holds even if roles were swapped between the parties; the requirements of each role would remain the same. Take the case of two moral agents: one as a judge and the other as a criminal. It is reasonable to believe that one would not ordinarily want to be imprisoned, so if the judge were to be in the criminal's shoes, that would be the case. Nevertheless, the judge must still pronounce a sentence, because if the criminal were the judge, they would most certainly be required by law to sentence criminals. After all, crime objectively has consequences.

Ronnedal (2024) noted that both moral agents could have conflicting, flawed, and uninformed desires, which is reasonable. Indeed, as Ward (2025) argued, understanding the meta-ethical stance of the golden rule is more important than conceptualising it as a normative ethical idea. Perhaps Mahrik's (2018) point about humans needing transcendental guidance, with moral formulations from a perfect or divine being, is worth noting here. This suggests the need for objective or generally accepted rules and virtues that transcend subjectivity. TGR also fits within the cognitivist, objective, or realist meta-ethical framework (Mahrik, 2018). Like the ethics of justice, this approach alleviates the inconsistencies associated with relativism. However, Ward (2025) correctly argues that TGR offers ethical insights through a moral epistemology grounded in sentimentalism, which holds that human emotional reactions to perceived or actual wrongdoings underpin moral understanding of the wrongness of such actions. This sentimentalist epistemology, with its emotional resonance, closely aligns with the ethics of care (Slote, 2007).

According to Kant's interpretation of universal love, there is no room for subjectivity (Fiala, 2009). However, a certain level of subjectivity exists in the golden rule, which allows one to identify with others. It promotes selfless moral behaviour, exemplified by Christ, in which one should love others—whether friends or foes—as reflected in the Christian tradition (Merawi, 2024). This carries religious connotations that extend beyond utilitarianism and egoism, but one need not be religious to follow the golden rule. While objective moral values or laws provide a standard measure of morality, some degree of subjectivity is acceptable if it aligns with an emic understanding of a universal law, in which universal love is expressed in ways understandable within a specific context. This also involves an objective-subjective view, making the golden rule a principle that combines the normative values of justice and care ethics.

3.1 Method

This conceptual review includes moral traditions from moral psychology, philosophy, religion, and cultural perspectives. Key elements and features of these theories are outlined in Table 1 below. Based on the themes and characteristics of the ethical theories within the scope, a self-other moral model was developed, as illustrated in Figure 1.

3.2 Results

From the synthesis of the reviewed moral traditions, distinct elements and overlaps are identified, as shown in Table 1. The moral reasoning orientations are linked to normative ethical theories (Juujärvi & Tetri, 2025), and their relevance is discussed in relation to their conceptual connections or overlaps with Ubuntu and TGR. The table also covers the core features or characteristics of the ethical theories and their links to moral, philosophical, or ethical theories.

Table 1: Ethical theories, Scope and Interconnections.

Ethical theories	Emphasis	Features	Meta-ethics	Connection to Normative ethics	Overlaps
Ubuntu	Community Harmony Other-centric	Universal values Collectivism, Relatedness Responsibility Care	Objective Subjective	Consequentialism, Virtue Deontic: Altruism Kant's humanity principle	TGR, Care ethics, Justice ethics
The Golden Rule (TGR)	Other-centric Moral action Harmony	Love Care Fairness Impartiality Responsibility	Subjective Objective	Deontic: altruism, Kant's categorical imperative. Virtue ethics Consequentialism: common good	Ubuntu, Care ethics, Justice ethics
Ethics of care	Relationship Situation Emotions Other-centric	Care, Empathy, Responsibility, Compassion, Love	Subjective	Virtue ethics	TGR/Ubuntu
Ethics of justice	Justice, laws, right action, Universal principles, consistency	Rationalism Cognition Fairness Impartiality Equality Impartiality Responsibility	Objective	Deontology Virtue	TGR/Ubuntu

This table highlights the similarities and overlaps among the four core theories discussed in this paper and their alignment with the normative moral philosophies of virtue, consequential, and deontic ethics. The findings encompass core features, their emphasis or scope, and their overlapping aspects. Notably, as depicted in the table, Ubuntu and the golden rule span all three normative ethical theories and overlap with both ethics of care and justice, suggesting that they tend to lean towards both subjective and objective meta-ethical positions.

3.2.1 Overlapping themes

The review shows that the four concepts—Ubuntu, the golden rule (TGR), ethics of justice, and ethics of care—share overlapping features, highlighting their interconnectedness and potential for dialogue despite some distinctive differences. From an ontological or meta-ethical perspective, the ethics of justice is objective, whereas the ethics of care is subjective, creating a clear contrast. Nonetheless, TGR and Ubuntu combine both objectivity and subjectivity, primarily through their grounding and practice of self-referential and other-oriented behaviours. All four concepts are consistent with the normative ethical theory of virtue ethics. The ethics of care is notably considered similar to virtue ethics (Beauchamp & Bowie, 2001). Ethics of justice is somewhat akin to deontic ethics, while Ubuntu and TGR tend to focus on altruism and consequentialism.

Regarding their emphasis and characteristics, all four theories value virtues and stress equality and responsibility. However, care ethics, the golden rule, and Ubuntu share more similarities, including love, concern for others' well-being, sympathy/empathy, care, and relationships with others. The ethics of care and Ubuntu also involve responsibility. The ethics of justice overlap with Ubuntu, although Ubuntu is more focused on social justice and rights. Justice ethics also intersect with TGR elements such as law, universality, and impartiality, although TGR is not entirely detached or solely other-centred. Furthermore, TGR and Ubuntu both emphasise recursive thinking or reflection, reciprocity, and mutually beneficial altruism or a moderate form of selflessness.

3.2.2 Distinctions

Theories of moral reasoning and normative ethical theories also have distinct characteristics. For example, consequentialism and deontology emphasise opposing principles. However, both the duty and outcome of moral actions are important, making their scope significant in ethical decision-making (Ukeni, 2021). Virtue ethics, which primarily focuses on character, is unique in its emphasis. Nonetheless, one could argue that the core values or virtues reflect themes found in other theories. Justice and care ethics also approach moral problems differently (Oliver, 2011). While principles, duties, and rules guide justice-based ethical decisions, care-based decisions rely on empathy and concern for others (Gilligan, 1982; Liddell et al., 1992). Nevertheless, a dialogue can still occur between these moral perspectives, potentially leading to resolution. One way they may converge is by emphasising actions and outcomes that are ultimately justifiable, regardless of the original reasoning or framing of the issue. Furthermore, despite the detached approach of justice ethics and the relational focus of care ethics, everyday ethics can benefit from a complementary application of both orientations (Juujärvi & Tetri, 2025).

4.1 Discussion

The focus on resolving human problems may explain why theories such as moral reasoning orientation, normative ethical theories, the Golden Rule, and Ubuntu share similarities. This paper examines how Ubuntu, from an African perspective, can engage with established ethical theories in moral philosophy and moral psychology. For example, the Afro-communitarian principle of Ubuntu views morally wrong actions, such as cruelty or theft, as unfriendly and thus opposes its core values (Metz & Gaie, 2010). This means that Ubuntu aligns with universal principles that draw on deontological or Kantian propositions about actions that are right in themselves. This buttresses its objective ontological position. It also promotes the development of virtues, particularly responsibility, in which individuals intentionally take action or foster values to address moral shortcomings (Samuel, 2023). As a result, Ubuntu also aligns with virtue ethics and Kohlberg's ethics of justice, despite Metz and Gaie (2010) suggesting that it may not reach the sixth or final post-conventional level.

The synthesis indicates that Ubuntu shares similarities with care ethics in its emphasis on caring (Chisale, 2018; Letseka, 2012), its aim for positive outcomes, and its consideration of relationships with others. For example, some African moral maxims include 'charity begins at home' or 'family comes first', suggesting that blood ties outweigh other relationships (Metz & Gaie, 2010; Woermann & Engelbrecht, 2019). Ubuntu extends beyond care ethics by valuing family relationships as morally significant in themselves, although the right kind of relationships will also yield beneficial outcomes for individuals (Metz & Gaie, 2010). The consequentialist emphasis highlights its moderate tendency towards a sentimental or subjective epistemology.

Ubuntu shares similarities with altruism in that it is other-centred. However, it promotes moderate selflessness because complete selflessness does not align with human tendencies for self-interest (Samuel, 2023). Therefore, Ubuntu encourages individuals to recognise that they can attain their own good by fostering the good of others (Lutz, 2009). Essentially, there is space for proper self-love, which involves valuing one's life. It highlights both the individuality and separateness of each person from others while also emphasising the importance of others' well-being (Samuel, 2023). Essentially, Ubuntu considers others without neglecting the self. This balanced form of selflessness or 'mutually beneficial altruism' is vital for maintaining the right level of harmony. Ubuntu's connection to altruism highlights Ubuntu's moderate, objective view.

Ubuntu is also similar to the golden rule, but emphasises the intricate link between an individual's well-being and that of others (Seneque et al., 2023). The golden rule aligns with Ubuntu because it relies on recursive thinking (Thagard, 2022) and reflective practice (Samuel, 2023). Both are examined as paradigms from religious and cultural viewpoints (Mangayi, 2022). What this means is that Ubuntu, like the universal principle of the golden rule, offers more than just the advocacy of universally relevant tenets and features to be embraced. Ubuntu's focus on harmony (Lutz, 2009; Woermann & Engelbrecht, 2019) also offers much more through its unique interpretation of the community's role in shaping a unified view of self and others.

In essence, Ubuntu brings with it an objective, subjective, ontological, and epistemological perspective in which, as proposed by Langford (1995), the universal principles or objective values are the first-order norms that inform subjective second-order norms, or how moral agents should behave, and account for the contextual variation of such expressions. Its integration into the field of moral philosophy promises to yield an interesting meta-ethical perspective in which the dichotomy between the subjective and the objective can be reimagined to highlight a plausible intersection of the two views. Regarding normative ethical theories, Ubuntu requires that one have a virtuous character and prioritises taking moral actions that are right and produce beneficial outcomes for the individual and society. Ubuntu, combined with the agent and moral recipient, emphasises what can be labelled a 'me-you-us' principle. Essentially, it adds a unique emphasis on community and society as motivations for moral actions aligned with expected prosocial behaviours.

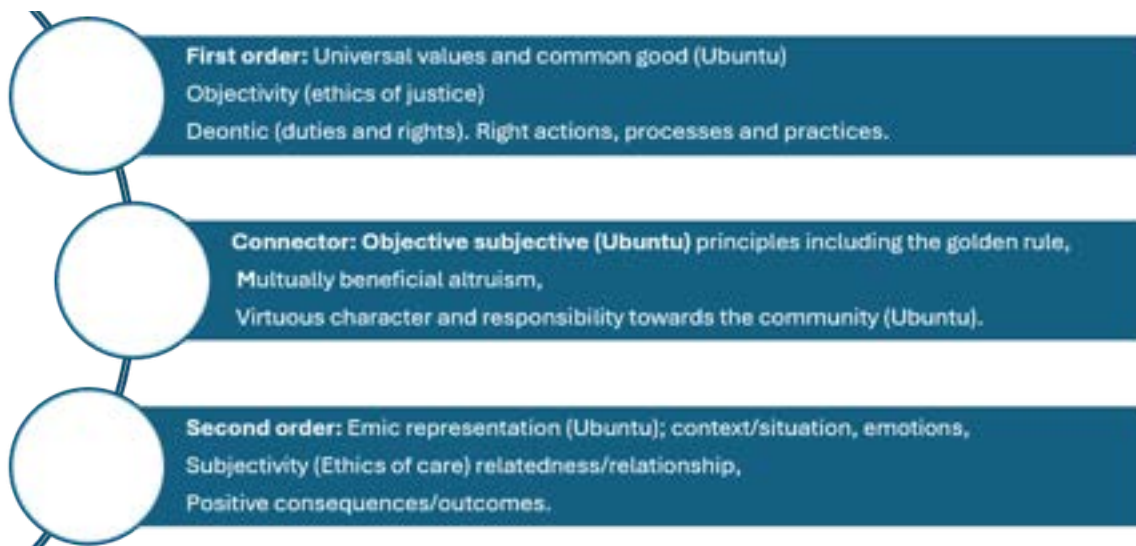
4.1.1 Theoretical and Practical Implications

This study indicates that accepting responsibility and adopting an other-centred approach are vital for practising ethics in a diverse society and business environment. In a sense, egoistic tendencies in humans that concentrate on pursuing one's own good can be morally justified as a form of loving others (Lutz, 2009). However, the typical ideals of egoism, which focus exclusively on one's satisfaction and may be at the expense of others, conflict with the other-centred nature of both Ubuntu and TGR and are rejected by utilitarian and Kantian deontic ethics (Fiala, 2009). Moreover, collective egoism, manifested through nepotism and tribalism, remains an issue in African management (Lutz, 2009) and can also be harmful in other contexts.

Like social exchange or reciprocity, ubuntu allows the moral agent and others to consider both perspectives. This does not mean there are no situations in which the other party cannot reciprocate what has been done for them. Considering the CSR agendas of most businesses, for instance, the community or its members do not provide similar benefits to organisations, but organisations have benefited from them as sources of labour. The reality is that transactions occur when one party uses the other; however, in line with Kant's principle of humanity, humans should be regarded as ends in themselves (Bruton, 2004).

Theoretically, further discussions can be held to develop a more comprehensive model applicable to real-world issues. Ubuntu, combined with the golden rule, can be expanded into a me-you-us principle in which one does not undermine oneself or others but instead values what is good for oneself, the next person, and society at large. This love for self, others, and the state is essential for a conversation that can reduce wickedness rooted in greed for personal gain alone. In today's conflict-prone world, this cannot be overstated, as love for others and oneself is more likely to lower the motivations for war and crime. This is primarily because Ubuntu can promote harmony, forgiveness, and tolerance, fostering mutual understanding and reparation (Sachikonye & Ramlogan, 2024). To start this conversation, this paper offers a self-others moral model.

Figure 1: Self-Others Moral Model (SOMM)



As shown in Figure 1, the elements of justice ethics aligned with deontic ethics and the objective meta-ethical position influence the first-order norms, which should be universally applicable. This could help develop a global ethical framework that transcends cultural boundaries and contextual differences. The second-order norm category includes attributes of subjective expressions of care ethics and Ubuntu. The concept here is that humans can adopt a me-you-us ethical paradigm, in which there is mutual concern for the moral agent and others, so that actions or decisions can be applied to both parties in similar circumstances using universal principles, even when roles are reversed (Rønnedal, 2024).

In essence, Ubuntu can shift the focus from business ethics within organisations to the importance of business ethics in broader society, where individuals and stakeholders, including members of specific contexts or cultures, are considered in ethical decision-making. This indicates that the self-others moral model can serve as a valuable guide to ethical practice in contemporary business and society. Its premise is that attaining a reflective equilibrium between the judgments of principles and individual cases is a way to gain moral knowledge (Ward, 2025). The main point is that a more universal view of ethics or acceptable behaviour within businesses and society depends on what is inherently morally right in any relationship, at any time, or in any situation, even when expressed in ways specific to particular cultural norms.

Conclusion.

This comprehensive synthesis of moral traditions across various fields highlights the potential to foster dialogue among diverse moral perspectives, particularly African moral philosophy, Ubuntu. The review demonstrates that normative ethical theories, moral reasoning frameworks such as care and justice ethics, Ubuntu, and the golden rule share certain common elements. These concepts can be integrated and applied when categorised under first-order and second-order norms, based on their meta-ethical viewpoints—whether objective or subjective. A self-other moral model is introduced to illustrate how these moral traditions intersect, particularly by drawing on the principles of Ubuntu. The combined concepts are termed a 'me-you-us' principle, where the actions of an individual or group are viewed through the lens of goodwill towards others or the wider community. Future research could explore the role of Ubuntu as a connector between subjective and objective moral positions, in which moral actions are based on universal principles that benefit both individuals and society.

References

- Abebe, M. A., Tekleab, A. G., & Lado, A. A. (2020). Multilevel perspectives on leadership in the African context. *Africa Journal of Management*, 6(3), 145–160. <https://doi.org/10.1080/23322373.2020.1779575>
- Asamoah, K., & Yeboah-Assiamah, E. (2019). “Ubuntu philosophy” for public leadership and governance praxis: Revisiting the ethos of Africa’s collectivism. *Journal of Global Responsibility*, 10(4), 307–321. <https://doi.org/10.1108/JGR-01-2019-0008>
- Bandura, A. (1977). *Social learning theory*. Englewood Cliffs, N.J.: Prentice Hall.
- Beauchamp T. L. & Bowie, N. E. (2001). *Ethical Theory and Business*. (6th ed.). London; Upper Saddle River, N.J.; Prentice Hall.
- Brandt, R. B. (1959). *Ethical theory: The problems of normative and critical ethics*. Prentice-Hall.
- Bruton, S. V. (2004). Teaching the Golden Rule. *Journal of Business Ethics*, 49(2), 179–187. <https://doi.org/10.1023/B:BUSI.0000015783.98570.a3>
- Chipango, E. F. (2025). Where intersectional feminism doesn’t fit: Energy transition and Ubuntu feminism? *Energy Research & Social Science*, 119, 103853-. <https://doi.org/10.1016/j.erss.2024.103853>
- Chisale, S. S. (2018). Ubuntu as care: deconstructing the gendered Ubuntu. *Verbum et Ecclesia*, 39(1), 1–8. <https://doi.org/10.4102/ve.v39i1.1790>
- Cofnas, N. (2022). The Golden Rule: A Naturalistic Perspective. *Utilitas*, 34(3), 262–274. <https://doi.org/10.1017/S0953820822000073>
- Copp, D. (2007). *The Oxford handbook of ethical theory*. New York; Oxford University Press
- Cunningham, W. P. (1998). The Golden Rule as Universal Ethical Norm. *Journal of Business Ethics*, 17(1), 105–109. <https://doi.org/10.1023/A:1005752411193>
- DeLapp, K. M. (2009). The merits of dispositional moral realism. *The Journal of Value Inquiry*, 43(1), 1–18. doi:10.1007/s10790-009-9148-x
- Driver, J. (2007). *Ethics: The fundamentals*. Oxford: Blackwell.
- Ellis, R. J. K. (2017). The Golden Rule. *Rural Theology*, 15(1), 52–53. <https://doi.org/10.1080/14704994.2017.1298261>
- Ewuoso, C., & Hall, S. (2019). Core aspects of Ubuntu: a systematic review. *South African Journal of Bioethics and Law*, 12(2), 93–103. <https://doi.org/10.7196/SAJBL.2019.v12i2.679>
- Fiala, A. (2009). “How Would You Like to be Him?” The Golden Rule, Third Person Descriptions, and Virtue Ethics. *Pluralist (Champaign, Ill.)*, 4(2), 24–37. <https://doi.org/10.1353/plu.0.0016>
- Fisher, A. (2011). *Metaethics: An Introduction*. Durham: Acumen Pub.
- Gade, C. B. N. (2012). What is Ubuntu? Different Interpretations among South Africans of African Descent. *South African Journal of Philosophy*, 31(3), 484–503. <https://doi.org/10.1080/02580136.2012.10751789>
- Gilligan, C. (1982). *In a different voice: Psychological theory and women’s development*. Cambridge, Mass; London; Harvard University Press.
- Glover, R. J. (2001). Discriminators of moral orientation: Gender role or personality? *Journal of Adult Development*, 8(1), 1–7. <https://doi.org/10.1023/A:1026401703380>
- Goodman, J. (2014). Altruism and the Golden Rule. *Zygon*, 49(2), 381–395. <https://doi.org/10.1111/zygo.12089>
- Green, K. C., Armstrong, J. S., & Graefe, A. (2015). Golden rule of forecasting rearticulated: Forecast unto others as you would have them forecast unto you. *Journal of Business Research*, 68(8), 1768–1771. <https://doi.org/10.1016/j.jbusres.2015.03.036>
- Gungordu, N., Nabizadehchianeh, G., O’Connor, E., Ma, W., & Walker, D. I. (2023). Moral reasoning development: Norms for defining issue test-2 (DIT2). *Ethics & Behaviour*, ahead-of-print (ahead-of-print), 1–18. <https://doi.org/10.1080/10508422.2023.2206573>

References

- Held, V. (2007). The ethics of care. In D. Copp (Eds). The oxford handbook of ethical theory. New York; Oxford, Oxford University Press.
- Hoffmann, N., & Metz, T. (2017). What Can the Capabilities Approach Learn from an Ubuntu Ethic? A Relational Approach to Development Theory. *World Development*, 97, 153–164. <https://doi.org/10.1016/j.worlddev.2017.04.010>
- Juujärvi, S., & Tetri, B. (2025). Care and justice reasoning in nurses' everyday ethics. *Nursing Ethics*, 9697330241312379-. <https://doi.org/10.1177/09697330241312379>
- Kassa, A. (2024). Wholeness for Life and Life Eternal: A Perspective from Ubuntu, Paul's Reconciliation Theology, and the New Cosmology. *Religions* (Basel, Switzerland), 15(2), 202-. <https://doi.org/10.3390/rel15020202>
- Kiwelu, A. & Steen-Johnsen, T. (2025). Ubuntu. *Journal of Comparative Social Work*, 20(1). <https://doi.org/10.31265/jcsw.v20i1.704>
- Kohlberg, L. (1981). The philosophy of moral development: Moral stages and the idea of justice. San Francisco; London: Harper & Row.
- Kohlberg, L. (2008). The development of children's orientations toward a moral order: I. sequence in the development of moral thought. *Human Development*, 51(1), 8.
- Laloo, E. (2022). Ubuntu Leadership- An explication of an Afrocentric Leadership style. *Journal of Value-Based Leadership*. 15(22) 1-9.
- Langford, P. (1995). Approaches to the development of moral reasoning. Hove: Erlbaum
- Letseka, M. (2012). In Defence of Ubuntu. *Studies in Philosophy and Education*, 31(1), 47–60. <https://doi.org/10.1007/s11217-011-9267-2>
- Liddell, D.L., Halpin, G., & Halpin, W.G. (1992). The Measure of Moral Orientation: Measuring the ethics of care and justice. *Journal of College Student Development*, 33(4), 325–330.
- Lutz, D. W. (2009). African “Ubuntu” Philosophy and Global Management. *Journal of Business Ethics*, 84(Suppl 3), 313–328. <https://doi.org/10.1007/s10551-009-0204-z>
- Máhrík, T. (2018). The golden rule of morality – an ethical paradox. *Ethics & Bioethics* (in Central Europe), 8(1), 5–13. <https://doi.org/10.2478/ebce-2018-0004>
- Mangaroo-Pillay, M. (2025). The Lean–Ubuntu leadership framework. *International Journal of Lean Six Sigma*. <https://doi.org/10.1108/IJLSS-02-2024-0032>
- Mangayi, L. (2022). Re-imagining a new social contract to address exclusion and marginalisation in Africa: Insights from the “Golden Rule and Ubuntu” as value frameworks. *Missionalia*, 50(1), 119–135. <https://doi.org/10.7832/50-1-473>
- Matolino, B., & Kwindigwi, W. (2013). The end of Ubuntu. *South African Journal of Philosophy*, 32(2), 197–205. <https://doi.org/10.1080/02580136.2013.817637>
- Merawi, F. (2024). Golden Rule Ethics and Complementary Learning Process with the Other: from Confucius and Christian Approaches to Hatatas Approach. *Comparative Philosophy*, 15(1). [https://doi.org/10.31979/2151-6014\(2024\).150109](https://doi.org/10.31979/2151-6014(2024).150109)
- Metz, T., & Gaie, J. B. R. (2010). The African ethic of Ubuntu/Botho: implications for research on morality. *Journal of Moral Education*, 39(3), 273–290. <https://doi.org/10.1080/03057240.2010.497609>
- Mlgo, E. S. (2021). African principle of reciprocity: Examining the “golden rule” in light of the Ubuntu philosophy of life. *Stellenbosch Theological Journal*, 7(1). <https://doi.org/10.17570/stj.2021.v7n1.a19>
- Molefe, M., & Muade, E. (2025). Ubuntu, umuntu and ubuntu: A response to Matolino and Kwindigwi. *Arumarika*, 4(2), 82–105. <https://doi.org/10.4314/ajct.v4i2.6>
- Nagel, T. (1979). The possibility of altruism. Princeton University Press.
- New Kings James Version (2013). Holman Bible Publishers Nashville, Tennessee
- Noddings, N. (2003). *Caring; a feminist approach to ethics and moral education*. England, University of California Press.
- Noddings, N. (2010) Moral education and caring. *Theory and Research in Education* 8(2) 145–151 DOI: 10.1177/1477878510368617
- Okecha, C., Branine, M., & Mamman, A. (2024). Investigating servant leadership and Ubuntu in Nigerian private sector enterprises: A parallel conceptual analysis. *Africa Journal of Management*, 10(2), 208–228. <https://doi.org/10.1080/23322373.2024.2350866>
- Oliver, C. R. (2011). Unintended signs: Unobtrusive measures of national leaders' moral reasoning orientation and stage. *Journal of Organizational Moral Psychology*, 2(2), 49.
- Rockstuhl, T., Ng, K. Y., & Ang, S. (2025). Stability and plasticity in personality: A meta-analytic investigation of their influence on cultural intelligence and five forms of job performance. *Applied Psychology*, 74(1). <https://doi.org/10.1111/apps.12557>
- Rønnedal, D. (2015). The Golden Rule and The Platinum Rule. *The Journal of Value Inquiry*, 49(1–2), 221–236. <https://doi.org/10.1007/s10790-014-9471-8>
- Rønnedal, D. (2024). The Golden Rule: A Defence. *Australasian Journal of Philosophy*, 102(3), 726–738. <https://doi.org/10.1080/00048402.2024.2319775>
- Sachikonye, C., & Ramlogan, R. (2024). A meta-theory of ubuntu: Implications for responsible leadership in Africa. *South African Journal of Business Management*, 55(1), 1–10. <https://doi.org/10.4102/sajbm.v55i1.4342>

References

- Samuel, O. S. (2023). Practising Ubuntu. *The Philosophical Forum*, 54(3), 143–159. <https://doi.org/10.1111/phil.12338>
- Seneque, M., Kalungu-Banda, M., Kalungu-Banda, A., & Munyaka, S. (2023). Ubuntu: A Philosophy for Systems Transformation. *Journal of Awareness-Based Systems Change* (Print), 3(1), 129–147. <https://doi.org/10.47061/jasc.v3i1.6201>
- Slater, M., & Banakou, D. (2021). The Golden Rule as a Paradigm for Fostering Prosocial Behaviour with Virtual Reality. *Current Directions in Psychological Science: A Journal of the American Psychological Society*, 30(6), 503–509. <https://doi.org/10.1177/09637214211046954>
- Slote, M. (2007). In moral sentimentalism and moral psychology. In D. Copp (2007). *The oxford handbook of ethical theory*. New York; Oxford University Press.
- Sterba, J. P. (2000). *Ethics: Classical western texts in feminist and multicultural perspectives*. New York: Oxford.
- Thagard, P. (2022). Darwin and the golden rule: how to distinguish differences of degree from differences of kind using mechanisms. *Biology & Philosophy*, 37(6), 58-. <https://doi.org/10.1007/s10539-022-09885-8>
- Ukeni, I. G. (2021). *Servant leadership and moral reasoning orientation: A quantitative examination of the antecedents and dimensions of servant leadership in contemporary organisations*. Doctoral Thesis, University of Huddersfield, Huddersfield, UK.
- Ukeni, I. G. (2024). An Examination of Followers' Motivation to Serve as an Antecedent of Servant-Leadership in UK Organisations. *The International Journal of Servant-Leadership*, 18(1), 475–510. <https://doi.org/10.33972/ijsl.416>
- Vu, M. C., Sinnicks, M., Burton, N., & Bernacchio, C. (2025). *Fostering Dialogue Among Moral Traditions in Business Ethics: Perspectives on Theory, Research, and Practice*. Available online: [Call for Papers - Fostering Dialogue Among Moral Traditions in Business Ethics: Perspectives on Theory, Research, and Practice | SpringerLink](#) Last accessed 14 February 2025.
- Ward, S. W. (2025). What the golden rule teaches us about ethics. *Philosophy and Phenomenological Research*. <https://doi.org/10.1111/phpr.13104>
- Werner, A., Elf, P., Lyon, F., & Vickers, I. (2025). Beyond Novelty and Growth: A Virtue Ethics Enquiry into Fashion Entrepreneurs' Responsible and Harmonising Practices Towards Sustainability. *Journal of Business Ethics*, 196(4), 845–861. <https://doi.org/10.1007/s10551-024-05875-w>
- West, A. (2014). Ubuntu and business ethics: Problems, perspectives and prospects. *Journal of Business Ethics*, 121(1), 47–61. <https://doi.org/10.1007/s10551-013-1669-3>
- White, R. (2009). Care and Justice. *Ethical Perspective* 16(4) 459–483
- Woermann, M., & Engelbrecht, S. (2019). The Ubuntu Challenge to Business: From Stakeholders to Relationholders. *Journal of Business Ethics*, 157(1), 27–44. <https://doi.org/10.1007/s10551-017-3680-6>

ASSESSING THE ROLE OF FINTECH IN FINANCING CIRCULAR ECONOMY OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA: OPPORTUNITIES AND CHALLENGES

Inyene Nkanta; *University of the West of Scotland, UK*
 Samuel Arome Baba; *Federal Polytechnic, Nekede Owerri, Nigeria*

Abstract

It is the integration of financial technology (fintech) and circular economy (CE) principles that presents a paradigm shift for Small and Medium Enterprises (SMEs) in Nigeria, where more than 96% of businesses are considered SMEs and access to formal financial services is greatly limited. This paper explores the importance of fintech in financing the transitions of SMEs towards a circular economy in Nigeria and the systemic challenges and opportunities impacting that relationship. The study critically reviews the available secondary data from National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), World Bank and peer-reviewed scholarly literature, and adopted a mixed conceptual-analytical framework which emphasises Resource Based View (RBV) theory and Diffusion of Innovation (DOI) theory. The findings show that while fintech platforms (such as digital lending, crowdfunding, blockchain-based supply chain finance, mobile payment platforms) present opportunities to finance CE activities among SMEs, there are also several challenges, including regulatory fragmentation, financial infrastructure gaps, low financial literacy, and cybersecurity concerns. The paper proposed the need for a multi-stakeholder policy framework, which harmonises the regulation of fintech, boosts digital infrastructure and provides incentives for green financing to speed the adoption of CE by Nigerian SMEs. This research adds to the growing body of literature on sustainable finance, green entrepreneurship and digital financial inclusion in Sub-Saharan Africa.

Keywords: *Circular Economy, SMEs, Nigeria, Digital Finance, Green Lending, Financial Inclusion and Sustainable Development.*

1. Introduction

Two forces are driving the global economy, and they are going hand in hand, digital transformation of financial services and environmental sustainability. Fintech, in the broad sense of the term, is the use of technological innovations to provide financial services, that have changed traditional banking concepts, made credit more accessible and allowed for the swift mobilisation of capital at lower transaction costs (Gomber et al., 2017; NBS, 2020; Schueffel, 2016). At the same time, circular economy, a circular model of economy which aims to turn waste and reduce loss of productive value of products, materials and resources into a viable alternative to the dominant linear "take-make-dispose" economy (Geissdoerfer et al., 2017; MacArthur, 2013).

The convergence of fintech and circular economy is an opportunity and challenge for developing countries like Nigeria. According to the National Bureau of Statistics (NBS, 2021b), Small and Medium Enterprises (SMEs) in Nigeria account for about 96.7% of all enterprises, employing about 84% of the labour force and contributing about 48% of Nigeria's Gross Domestic Product (GDP) (SMEDAN, 2021). Economically, Nigerian SMEs are vital businesses that have been estimated to have a financing gap of N617 billion per year (CBN, 2020) and less than 5% of commercial bank credit is allocated to them (CBN, 2022b). The financing gap is a very constrained condition for SMEs to invest in the implementation of circular economy practices like resource recovery, waste reduction, use of renewable energy and sustainable supply chain management.

However, Fintech has become a possible disruptive solution to this financing challenge. Nigeria was one of the top three fintech hubs in Africa with more than \$1.5 billion attracted to the sector from 2017 to 2022 (KPMG, 2022; McKinsey & Company, 2022). New avenues of capital mobilisation, such as the growth of mobile money, digital lending platforms, peer-to-peer (P2P) financing, crowdfunding and blockchain-based finance, are emerging that cut intermediaries in the traditional banking system. But the extent to which such innovations are being put into practice in the context of circular economy activities of SMEs is a less researched aspect in the literature.

This paper seeks to fill the gap in literature by systematically reviewing the role of fintech in financing CE transitions of SMEs in Nigeria. Specifically, the study investigate the state of affairs of financing for SMEs in Nigeria and the relationship between SMEs financing and the activities of CE, to identify specific fintech mechanism(s) that can enhance CE financing for SMEs, analyse the opportunities that fintech offers for the acceleration of CE adoption by SMEs in Nigeria, identify the key challenges that hinder fintech-enabled CE financing, and propose policy recommendations for optimizing the fintech-CE-SME nexus in Nigeria.

The rest of the paper is organised as follows. A literature review is included in Section 2. In section 3, the theories underpinning the study are presented. The methodology is laid out in Section 4. In Section 5, the current situation of SME financing and fintech in Nigeria is examined. Section 6 discusses opportunities. Section 7 examines challenges. Policy recommendations are given in section 8. Section 9 concludes.

2. Literature Review

2.1 Defining the Circular Economy

Circular economy is a radical new approach to the traditional linear economy, which has been applied since the dawn of the industrial revolution. CE is based on industrial ecology, biomimicry and cradle-to-cradle design principles, ensuring that materials are kept in use for the longest time possible, and that the greatest value is derived from them while in use, before being recovered and regenerated at the end of their useful life (MacArthur, 2013). Geissdoerfer et al. (2017) define CE as "a regenerative system where material and energy loops are slowed, closed and narrowed so that the input of resources and output of wastes, emissions and energy leakage are minimised.

Murray et al. (2017) separate CE from alternative concepts such as green economy and sustainability as they are similar yet focus specifically on the systemic redesign of production and consumption systems. CE encompasses a range of business models, such as product-as-a-service, remanufacturing, refurbishing, recycling and organic recovery (Stahel, 2019). The adoption of CE is more associated with cost reduction, resource efficiency, and increased competitiveness in the market for SMEs in developing countries (Ghisellini et al., 2016).

2.2 SMEs and Circular Economy in developing countries

Studies on CE adoption by SMEs in developing countries are increasing, but still much less extensive than the studies that focus on large enterprises or developed economies. Kirchherr et al. (2017) undertook a systematic review of 114 CE definitions and identified that although the concept of CE is generally wide, its application in developing country SMEs is limited by lack of skills, financial constraints, and inadequate institutional support.

One of the main factors cited by Rizos et al. (2016) as the most important constraint for undertaking CE among European SMEs was access to finance, which is likely even more prevalent in Sub-Saharan Africa. Specifically for Nigeria, Adeyemi and Azeez (2021) reported that SMEs in recycling, organic agriculture and renewable energy were highly affected by the availability of credit facilities from formal financial institutions, as CE related assets such as recycling machines and renewable energy facilities were not perceived as standard collateral by formal financial institutions.

Onyekachi and Ikechukwu (2019) noted that majority of Nigerian SMEs involved in waste management, re-manufacturing and sustainable agriculture are in the informal sector, further diminishing their visibility for formal lenders. An African Economic (2021) recently reported that less than 22% of SMEs in Sub-Saharan Africa receive formal credit and the figure is lower for those in the environmental sector.

2.3 Fintech and SME Finance

The Fintech revolution has revolutionized the finance industry for SMEs the world over. In "Digital lending - expanding credit access to the unbanked SMEs", Beck et al. (2004) describe the growth of digital lending platforms, especially those that leverage alternative data and machine learning algorithms, to extend credit to SMEs not served by formal financial institutions. Gomber et al. (2017) outline five fundamental areas of fintech relevant in the context of SME finance: digital payments, digital lending, digital wealth management, digital insurance (insurtech) and blockchain and distributed ledger technologies (DLT).

The effects of fintech on SME finance have been especially strong in Africa. According to Ozili (2018), the payment service providers like Paga, Flutterwave and Interswitch have brought transaction costs down for SMEs, making it easier for them to manage cash flow. Lashitew et al. (2019) examine the role of mobile money in increasing financial inclusion in Sub-Saharan Africa and conclude that mobile money providers such as M-Pesa in Kenya have helped to break the geographical barriers that traditionally limited access to financial services for rural and peri-urban businesses.

Fintech is explicitly named in CBN's National Financial Inclusion Strategy (2012/2018) as one of the key pillars for financial inclusion, aimed at bringing financial exclusion rate down from 41.6% in 2016 to 20% by 2020. Although this objective was not realised (around 38% of population were financially excluded in 2020, according to NBS), fintech platforms have helped to increase access (EFInA, 2020).

2.4 Fintech and Sustainable Finance

Fintech plus sustainable finance, also known as 'green fintech', is a fledgling field of scholarship. Nassiry (2018) suggests that transaction costs of green finance can be reduced by the introduction of fintech innovations, especially digital platforms and blockchain, and that it can thus become economically feasible to intermediate small-scale investments in green finance. Sartzetakis (2021) examined the potential of green bonds and digital finance tools to unlock climate finance, and he found that fintech has the potential to greatly facilitate green investment by improving transparency, mitigating information asymmetry and providing for real-time tracking of environmental impact indicators.

Macchiavello and Siri (2022) discuss the regulatory aspects of sustainable fintech, noting that the lack of harmonized standards for sustainable financial products could pose a serious risk of 'greenwashing' for financial products that are thought to benefit the environment but fail to fulfil any material sustainability requirements. This concern is especially critical in developing country settings like Nigeria where the capacity for regulation is weak.

It examines how blockchain platforms can support the traceability of a green supply chain and give SMEs preferential financing based on proven environmental performance, as explored by Jia et al. (2020). The discovery will have far-reaching impacts on Nigerian SMEs across various industries, including agriculture, manufacturing, and waste management, where supply chain transparency is both a financial constraint and an environmental necessity.

3. Theoretical Framework

3.1 Resource-Based View (RBV) Theory

Based on the Resource-Based View, as originally theorised by Penrose (1959) and later formalized by Barney (1991), a firm's competitive advantage comes from the uniqueness of the combination of resources and capabilities it possesses. If RBV theory applies to the fintech-CE-SME relationship, then the SMEs that make effective use of fintech platforms as strategic resources will have an edge in terms of access to capital, market information and operational efficiencies compared to SMEs that do not utilize them (Barney, 1991; Teece et al., 1997).

For financing circular economy, fintech platforms are a unique organizational tool, as they allow SMEs to create digital financial identities, combine transaction data from different sources and have a record of their creditworthiness. The skills and capacities that are hard to duplicate, difficult to imitate, and rare, non-substitutable and valuable are the ones that RBV theory points to as the building blocks of sustainable competitive advantage (Barney, 1991). Thus, in theory, an SME in Nigeria that uses fintech solutions should have a better chance than an SME without any relationship with any kind of bank to obtain financing from the CE.

3.2 Diffusion of Innovation (DOI) Theory

Rogers (2003) Diffusion of Innovation theory gives an additional perspective of the adoption path of fintech among Nigerian SMEs. According to the DOI theory, the rate of diffusion of an innovation in a social system depends on five factors: relative advantage, compatibility, complexity, trialability, and observability. In the context of fintech adoption by SMEs seeking financing for circular economy, these attributes are all relevant attributes in an analytical sense.

The advantages of fintech over traditional bank lending will clearly be seen in terms of the reduced collateral requirements, quick processing times and low transaction costs. Compatibility is the extent of fit between values, experiences and needs of SME operators and the fintech platforms, which gets further complicated by the varied digital literacy and smartphone penetration in Nigeria. Perceived difficulty of using fintech complexity is a key barrier for SMEs in rural and peri-urban areas. However, as Rogers (2003) indicated, the visibility of successful fintech-financed SMEs in urban centres like Lagos, Abuja and Port Harcourt has improved, thus providing a form of "social proof" that will facilitate wider adoption.

Both RBV and DOI can be used together as a multi-level analytical tool to evaluate the strategic importance of fintech adoption to the firm and the systemic dynamics of fintech innovation diffusion in the context of CE financing for Nigerian SMEs.

4. Methodology

The methodology used in this study is a qualitative study of secondary data that is conceptual and analytical. The study adopted a systematic synthesis of secondary data sources and peer-reviewed literature, given the exploratory nature of the research question and the lack of a nationwide representative primary data that correlates the adoption of fintech and CE activities with SME financing in Nigeria. This is like the method used in policy-oriented economic research where the collection of primary data is either logistically difficult or is financially impossible (Creswell & Creswell, 2017; Yin, 2018).

Secondary data have been collected from various institutional and academic sources. The sources of national-level statistics are National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Nigeria Deposit Insurance Corporation (NDIC), and Enhancing Financial Innovation and Access initiative (EFInA). Data from international sources and comparative benchmarking undertaken from World Bank, International Finance Corporation (IFC), African Development Bank (AfDB), McKinsey Global Institute and KPMG. The peer-reviewed scholarly literature identified was through a systematic search of Google Scholar, Scopus and Web of Science databases using the keywords “fintech AND SME AND Nigeria,” “circular economy AND developing countries,” “green finance AND Africa,” and the combination of these keywords.

The analytical approach is a combination of thematic analysis of secondary literature and descriptive analysis of existing quantitative data on financing gaps, fintech market penetration and digital infrastructure indicators in Nigeria. The study recognized the methodological weaknesses of secondary data such as those of data currency, institutional reporting variations, and the potential for selection bias in the literature reviewed. These constraints are reduced with triangulation between different data sets and careful consideration of data problems during the analysis.

5. Current landscape: SME financing, Fintech and Circular Economy in Nigeria

5.1 The SME Sector in Nigeria

The SME sector is undoubtedly the backbone of the Nigerian economy by any stretch of imagination. The National Survey of Micro, Small and Medium Enterprises (MSMEs) conducted by SMEDAN and NBS (2021) reported that Nigeria has about 39.6 million MSMEs which represent 96.7% of all enterprises, providing jobs for 86.3 million people and generating about 48% of the national GDP. The sector covers a wide variety of industries from agriculture, manufacturing, trade, services and now, technology as well.

Table 1: Profile of Nigerian MSMEs by Size Category (2021)

Category	Employment Size	No. of Enterprises	% of Total	Employment	% of MSME Employment
Micro	< 10 employees	39,177,802	98.98%	76,850,419	91.50%
Small	10-49 employees	386,007	0.97%	5,945,544	7.10%
Medium	50-199 employees	41,468	0.10%	1,220,254	1.50%
Total		39,605,277	100%	84,016,217	100%

Source: SMEDAN/NBS National MSME Survey (2021)

Despite this economic centrality, the structural financing challenges facing Nigerian SMEs is far from insignificant and has been documented. According to CBN (2022b), SMEs have continued to receive less than 5% of commercial bank credit for the past ten years. Several interrelated factors behind commercial banks' lack of willingness to lend to SMEs are inadequate collateral, lack of credit history, high transaction costs as compared to loan size, and perceived high risk of default. According to the World Bank (2020), Nigeria's SME financing gap is estimated to be around \$158 billion, making it one of the worst SME markets in the world.

The government's targeted credit schemes like the Micro, Small and Medium Enterprise Development Fund (MSMEDF) of the Central Bank of Nigeria, Agricultural Credit Guarantee Scheme Fund (ACGSF) and NIRSAL Microfinance Bank have failed to deliver as expected. The CBN (2021b) estimates that disbursements under the MSMEDF amounted to about ₦220 billion in the period 2014 to 2021 and this, though good, is considerably lower than the estimated financing gap of ₦617 billion per annum (CBN, 2020).

5.2 The Fintech Ecosystem in Nigeria

Although not always defined as circular economy, activities are observed in many sectors among Nigerian SMEs. Organic waste composting, crop residue recycling and integrated pest management are examples of CE aligned practices in agriculture, that lower input costs and enhance soil productivity. In manufacturing, the informal remanufacturing and repair activities, especially in the automobile, electronics and furniture industries are considered resource recovery activities which comply with CE principles. In waste management, there is increasing involvement of SMEs in plastics recycling, e-waste processing and transformation of agricultural waste to bioenergy (AfDB, 2021; UNEP, 2020).

Most of these CE activities are, however, carried out unfinanced. Adeyemi and Azeez (2021) conclude that of the SMEs in Nigeria that are involved in CE-related activities, only about 78% of SMEs use only internal funding or informal credit facilities such as rotating savings and credit associations (ROSCAs), referred to as "ajo" or "esusu. This reliance on informal finance also seriously restricts the size of CE activities and restricts investments in more capital-intensive CE technologies.

Table 2: Key Fintech Metrics in Nigeria (2019–2022)

Metric	2019	2020	2021	2022
Active Mobile Money Accounts (millions)	4.3	6.1	12.4	19.5
NIBSS e-payment Volume (₦ trillion)	123.4	167.2	249.1	305.3*
POS Transactions (₦ trillion)	3.5	4.7	7.8	9.3*
Internet Banking Transactions (₦ trillion)	22.3	26.8	31.5	38.2*
Licensed Fintechs (No.)	78	94	108	122

Source: CBN Annual Reports (2020, 2021, 2022); NIBSS Annual Reports (2021, 2022).

5.3 The Fintech Ecosystem in Nigeria

Nigeria's fintech industry is one of the most vibrant in Africa. The sector received more than \$1.5 billion in VC funding and PE investments from 2017-2022 (KPMG, 2022) and the number of licensed fintech firms increased from around 150 in 2019 to over 250 by 2022 (CBN, 2022a). The fintech ecosystem in Nigeria can be divided into several key segments, such as digital payments, digital lending, insurance technology (insurtech), wealthtech, and blockchain and cryptocurrency services.

On digital payments, companies like Flutterwave, Paystack (acquired by Stripe in 2020), and Interswitch have revolutionized SME payments in Nigeria, making it easy for them to get into the domestic and international market. The CBN's implementation of the Nigeria Instant Payment (NIP) system has also enabled instant inter-bank settlements, which were previously slow (several days) to become seconds (CBN, 2021a).

For digital lending, companies like Branch International, FairMoney and Carbon (Paylater) use machine learning algorithms and alternative credit scoring to evaluate the creditworthiness of non-financial financial records of the SMEs. Altogether, these have disbursed hundreds of billions of naira of loans, mainly for micro and small businesses (ESFNA, 2020). More recently, the introduction of Buy Now Pay Later (BNPL) services, and the supply chain finance platform has added more layers to the digital lending market.

The use of Blockchain and distributed ledger technology (DLT) is still in its early stages but expanding. There are new initiatives like Binkabi and other agricultural fintech firms looking into ways for financing commodities using blockchain technology that can increase transparency and decrease counterparty risk for SMEs in agricultural value chains, many of which have CE dimensions.

6. Opportunities: How Fintech Can Finance Circular Economy SMEs in Nigeria

6.1 Digital Lending and Alternative Credit Scoring

A direct and immediate opportunity for CE financing for some Nigerian SMEs using fintech is the digital lending platforms that rely on alternative credit scoring methodologies. A major constraint that traditional commercial banks face in evaluating creditworthiness is the lack of formal financial statements and collateral for most SMEs especially informal ones in Nigeria. The digital lenders, however, make use of alternative data such as mobile phone usage, utility bills, e-commerce transactions and social media activity, to build credit profiles of the previously "invisible" borrowers (Beck et al., 2018).

This is an alternative credit scoring model that is relevant to CE oriented SMEs, where assets are typically non-standard collateral. A small-scale plastic recycler, for instance, may have a high level of operating capacity and regular cash flow, but not have immovable assets that can be used as security for commercial banks. This company may be able to obtain a credit from a digital lending platform that a bank would not provide due to its credit history, recurring cash flow, and online transaction history. Nassiry (2018) states that information asymmetries in green finance pose a key challenge in unlocking the market for circular economy; digital lending platforms do this by making financial behaviour invisible previously become 'legible' to the lender.

Several digital lenders in Nigeria are now looking at creating a product specifically for digital lending niche. FairMoney and Carbon, for example, have developed working capital loans specifically for agricultural SMEs such as the organic farmers and crop residue processing (EFInA, 2020). There is a huge potential to expand these products to explicitly address CE activities from manufacturing, waste management and services.

6.2 Crowdfunding and Peer to Peer Financing

For CE projects that are innovative or of long gestation, it may be a good idea to use an alternative financing source in addition to traditional debt financing, and this is where crowd funding platforms could prove beneficial. All three forms of crowdfunding: equity crowdfunding, reward-based crowdfunding, and debt-based crowdfunding (also referred to as P2P lending) offer unique methods by which SMEs can mobilize funds from a network of widely distributed investors without using traditional financial intermediaries (Belleflamme et al., 2014; Mollick, 2014).

Within the CE frame, crowdfunding is well suited for the financing of demonstration projects, social enterprises and early stages circular business models. Crowdfunding investments from investors with an environmental orientation are possible for CE ventures with environmental or social co-benefits, such as community recycling initiatives, renewable energy cooperatives, or sustainable fashion businesses (Cumming et al., 2019).

The crowdfunding environment in Nigeria is still new. Platforms like Kickstarter (international) and local platforms like Fundme.ng and Risevest are regulated by the Securities and Exchange Commission (SEC)'s Crowdfunding Rules of 2021 which set disclosure requirements, investment caps and operator registration standards for the platforms. The regulatory framework is a good development, but the relatively small scale of the domestic crowdfunding platforms and low awareness of investors limit the amount of funding that can be raised via the channel.

6.3 Blockchain-based Supply Chain Finance

For financing CE activities in supply chain, there are transformative possibilities using blockchain technology. Blockchain can be used to prove the veracity of SMEs' environmental claims, which is an immutable, transparent, and decentralized record of transactions that would otherwise make green finance an expensive and uncertain proposition due to information asymmetry (Jia et al., 2020). In real world, a blockchain-powered supply chain finance platform can confirm that a Nigerian agricultural MSP has indeed gone to certified organic farmers for its raw materials, implemented sustainable agricultural methods, and minimised post-harvest losses, allowing this type of business to be eligible for better financing offers from impact-driven lenders.

The utilisation of blockchain in supply chain finance within Nigeria's agriculture sector is especially promising, considering that it contributes about 24% to the nation's GDP and employs more than 36% of the country's labour force (NBS, 2021a), where several agriculture value chains demonstrate high potentials for CE, including by-product valorisation, closed-loop nutrient management and waste reduction. In addition, blockchain technology can support the tokenization of natural capital assets, which would allow SMEs to monetize ecosystem services like carbon sequestration and watershed protection and unlock new lines of credit for CE financing that would benefit SMEs.

To date, the feasibility of this approach has been demonstrated through government initiatives like the World Economic Forum's Platform for Accelerating Circular Economy (PACE) and financial platforms like the HSBC's blockchain-based trade finance platform (WEF, 2020). There is significant opportunity to replicate and adapt these models in Nigeria, taking into consideration local challenges in the infrastructure and regulatory frameworks.

6.4 Mobile Payment Systems and Financial Inclusion

The growth of mobile payment system in Nigeria has laid the groundwork for more advanced fintech products to be developed and deployed. In 2021, nearly half of all adults in Nigeria had a bank or mobile money account (EFInA, 2020) compared to 30% in 2012. The CBN's Shared Agent Network Expansion Facilities (SANEF) programme has been able to distribute financial services to previously unbanked populations in rural and peri-urban areas where most of the CE oriented SMEs in agriculture and waste management are located (CBN, 2022a).

Mobile payment systems can help SMEs operating in a CE environment to receive payments electronically, establish transaction records, and be able to use working capital financing based on documented cash flows. Mobile payments enable the quick clearance of payments with buyers and suppliers, thus minimizing cash management workload of SMEs in circular activities (e.g. waste collection, waste aggregation) and providing the necessary documentation of the transactions, which can be used for loan applications. Also, mobile-based savings apps like PiggyVest and Cowrywise allow SME operators to save in small amounts over time, instead of seeking formal credit for smaller CE investments.

6.5 Green Fintech and Impact Investment

Perhaps the most direct connection between fintech capabilities and CE financing needs is the growing "green fintech" paradigm, which involves digital financial platforms being purposefully developed to facilitate the flow of capital into sustainable, "green" activities. Globally, pioneering green fintech companies like Tomorrow Bank (Germany), Aspiration (USA) and Trine (Sweden) have proven that it is possible to leverage digital finance infrastructure and include explicit environmental screening criteria to catalyse retail and institutional finance for green projects (Macchiavello & Siri, 2022).

The institution of Access Bank's green bond in 2019, and the Securities and Exchange Commission's (SEC) development of a Green Bond Framework for Nigeria, demonstrates the increasing institutional interest in sustainable finance instruments in Nigeria (SEC, 2021). Fintech platforms can be a key to the democratisation of green finance by breaking up the large denomination green bond proceeds into micro-loans and nano-loans that are easily accessible for individual SMEs who are engaging in CE projects. Patient capital in the form of impact investment funds in Nigeria, such as the Development Finance Corporation (DFC) and the African Development Bank's Affirmative Finance Action for Women in Africa (AFAWA), can be efficiently intermediated by fintech to the CE-focused SMEs.

7. Barriers to Fintech-Enabling CE Financing: Challenges

7.1 Regulatory Fragmentation and Policy Uncertainty

Jurisdictional fragmentation and policy uncertainty create a challenging regulatory landscape for fintech in Nigeria, which is a significant hurdle to developing products as suited to CE financing. CBN regulates payment service providers, digital lenders and mobile money operators, the Securities and Exchange Commission (SEC) regulates the crowdfunding platforms and investment-related fintech products, the National Insurance Commission (NAICOM) regulates insurtech companies, and the Federal Competition and Consumer Protection Commission (FCCPC) has recently extended its regulatory mandate to cover digital lending practices. The multi-regulator environment is a source of compliance costs and uncertainty that hinders fintech innovation, especially for products that fall under the lending, payments and investment (EFInA) nexus (EFInA, 2020; Ozili, 2018).

There is no specific green finance or sustainable lending regulation in Nigeria which further hampers the fintech product targeted at CE financing. The lack of a consistent framework for green lending criteria and environmental performance metrics, as well as for verification protocols, makes fintech platforms with environmental considerations difficult to distinguish from standard business practices. Macchiavello and Siri (2022) highlight the regulatory uncertainty of green finance definitions, which provides opportunities for greenwashing, thereby compromising investors' trust in sustainable fintech products. New sustainable banking principles, established in 2012 and updated with further guidance in 2021, are a step in the right direction, but are not yet fully implemented by both the banking and fintech industry.

7.2 Digital Infrastructure Deficits

Digital infrastructure such as access to internet, access to electricity and smartphone penetration is the backbone of the efficacy of fintech platforms. Nigeria's digital infrastructure is still far too underdeveloped to support a high-tech fintech ecosystem compared to that of other countries. Internet penetration is on the rise but still at around 55% in 2022 (NCC, 2022) and there were notable differences between urban and rural areas, which is a major challenge for SMEs in secondary cities and rural areas and where most CE activities in agriculture and waste management happen.

Perhaps, the most constraining factor on digital infrastructure in Nigeria is electricity supply. The Nigerian electricity grid generates an average of 3,500 to 5,000 megawatts of electricity, while demand is estimated at more than 30,000 megawatts, leading to frequent power shortages that affect digital financial services and have a significant impact on businesses that depend on digital financial services (World Bank, 2020). The cost of generator dependent operation is not viable for SMEs with thin margins in CE sectors to sustain a consistent digital connectivity.

The mobile network coverage is improving, but is still limited in rural areas, and often interrupted. The infrastructure gaps lead to a "last mile" issue that SMEs that need alternative financing the most, such as those in the remote agricultural and waste management sectors, are also the ones likely to have the least reliable access to digital financial services (Lashitew et al., 2019).

7.3 Low Digital and Financial Literacy

To effectively use fintech platforms for financing CE, the minimum requirement is digital and financial literacy among SME operators. As evidenced in Nigeria, both types of literacy are far lower for a substantial portion of SME community. According to the NBS (2020), adult literacy rate is about 62%, and the level of literacy is significantly lower among older entrepreneurs, rural and women populations. Digital literacy is even more restricted, as it requires the effective use of digital devices and platforms, and this is even less common, especially for SMEs in traditional activities like agriculture, artisanal manufacturing and informal trading (EFInA, 2020).

Financial literacy is key to fintech adoption and its productive use, which involves an understanding of interest rates, loans, investment products, and risk management. According to the World Bank (2021) Global Findex database, Nigeria scored lower than the Sub Saharan Africa average of 35% when it came to answering financial literacy questions that were simple enough for adults to comprehend. Low financial literacy also raises the likelihood that SMEs will use fintech products without understanding the terms and conditions, which may result in over-indebtedness, default and compromising of the reputation of fintech platforms, all of which could pose threats to the whole CE financing ecosystem (Ozili, 2018).

7.4 Cybersecurity Vulnerabilities

As fintech has taken root in Nigeria, cybersecurity issues have intensified significantly, creating a risk to the fintech platforms and the SMEs they serve. According to the Nigeria Inter-Bank Settlement System (NIBSS, 2021), the number of frauds reported in the Nigerian financial sector surged to over ₦5 billion in 2020, and digital medium has been playing a significant role in the total number of frauds. The biggest attack vectors for SMEs who are using fintech platforms are phishing, account takeover, ID theft, and fraudulent loan applications.

But for CE-focused SMEs, cyber vulnerabilities pose unique threats beyond monetary damages. However, especially for blockchain-based supply chain finance platforms, "oracle attacks" can potentially cause inaccurate environmental performance information to be fed into the blockchain, which may threaten green finance certification (Jia et al., 2020). Relying on environmental performance data to support preferential CE financing is undermined if the data is corrupted or manipulated, with potentially serious implications for investor confidence and policy support.

While the Nigeria Data Protection Regulation (NDPR) of 2019 is a foundational law on data protection in digital financial services, its capacity to be enforced is limited, and there are no specific requirements for the security of green finance and/or CE related data systems (NITDA, 2019). Therefore, robust cybersecurity infrastructure is essential not just for CE financing in Nigeria, but also a major cost of fintech approach to financing the construction industry in Nigeria.

7.5 Low level of awareness and capacity of SMEs

In addition to digital and financial literacy gaps, the more general issue facing CE financing with fintech is the lack of understanding of circular economy principles and "fintech products" that are available to support CE transition among Nigerian SMEs. Kirchherr et al. (2017) point out in their worldwide literature review on CE adoption barriers that conceptual confusion regarding CE is a barrier to its adoption, even for those enterprises for which material benefits from CE transitions can be attained.

In Nigeria, Adeyemi and Azeez (2021) report that most SMEs involved in CE-related activities, such as waste recycling, organic farming and product refurbishment, are not using the term CE to describe their activities and are therefore not able to access CE-specific financing products when available. The awareness deficit is a need for targeted outreach and capacity building interventions that aim to close the gap between the lived operational world of SMEs in Nigeria and the abstract financial world of circular economy.

8. Policy Recommendations

8.1 Building a Governmental and Regulatory Framework for Green Fintech Finance.

One of the key recommendations is the establishment of a single regulatory regime for green fintech in Nigeria, which will coordinate and align the jurisdictions of CBN, SEC and other regulators over financial products that have a CE component. This framework should build on existing international practices, such as the EU Taxonomy for sustainable activities and the Green Bond Principles created by International Capital Market Association (ICMA) and provide standard definitions and criteria for green lending, green bonds and CE-related products. The CBN's Sustainable Banking Principles should be extended and enforceable for conventional banks and licensed FinTech operators with proper verification and reporting to eliminate greenwashing.

The CBN's regulatory sandbox arrangement for innovative financial products by fintech firms should be extended to include a separate track for green financial products which will grant regulatory waivers and fast-track approval for financial products developed with the CBN's CE Approval. This would minimize uncertainty for regulators to prevent the high-risk nature of fintech investments in green products without compromising underlying consumer protection and systemic stability protections.

8.2 Strengthening Digital Infrastructure

The success of fintech-enabled CE financing largely relies on Nigeria's digital infrastructure deficit, which is to be addressed first. The Federal government with its partners State governments and private sector should move forward with the implementation of the National Broadband Plan (2020-25) aimed at country-wide broadband penetration of 70% and minimum download speed of 25 Mbps per second (NCC, 2020). Special focus should be placed on improving the availability of broadband connectivity in secondary cities, rural agricultural areas and industrial concentrations in areas where CE-oriented SMEs are prevalent but are currently not being well served by digital infrastructure.

The financing of off-grid renewable energy solutions, especially digital infrastructure powered by solar energy, should be part of the fintech-CE financing agenda. In Nigeria, solar-powered internet hotspots, mobile charging stations and off-grid banking agent networks can help tackle two important challenges facing CE adoption: a lack of electricity and limited internet. There are already mechanisms in place for financing these hybrid energy-information technology projects in other countries such as Africa Finance Corporation and the International Finance Corporation that can be translated to the Nigerian context (IFC, 2021).

The Nigerian Communications Commission (NCC) should also be given the mandate to ensure that telecom operators achieve universal service, so the investments in network infrastructure can extend to communities that are not served, instead of focusing on lucrative urban markets. Spectrum allocation policies need to be updated to enable the deployment of low cost, long-range connectivity technologies that are especially suitable for communicating and reporting the digital information of CE oriented supply chain finance platforms such as narrowband Internet of Things (NB-IoT) networks.

8.3 Promote digital and financial literacy and the responsible use of technology.

Complementary to the regulatory and infrastructure reforms will be the development of digital and financial literacy of Nigerian SME operators. A national SME digital literacy programme should be designed and implemented by the federal government under SMEDAN and the Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) to provide skills for SMEs to use fintech platforms in an effective and safe manner. This programme should be delivered through a mix of face-to-face business development service centre training, mobile learning delivered via feature phones, and peer-to-peer learning networks which utilise the social learning dynamics of Rogers (2003) Diffusion of Innovation.

Financial education courses for SMEs need to include dedicated sections relating to the environmental performance criteria of CE-related loan products, as well as CE business models and green finance instruments. CBN's financial literacy programmes, through the Consumer Protection Department and Financial Inclusion Secretariat, ought to be scaled up to incorporate concepts of circular economy and financing through fintech, in accessible vernacular language and into the reach of SMEs outside the formal education system. Mobile network operators can help reach SMEs who do not have internet access by providing SMS and Unstructured Supplementary Service Data (USSD) platforms (EFInA, 2020).

8.4 Fintech Platforms to incentivize green lending

There is a need for regulatory incentives to spur fintech platforms in creating and offering lending products for CE activities. The CBN should establish an intervention fund structure for green financing, with concessionary wholesale funding for fintech platforms that finance SMEs that meet specific CE performance standards. Concessionary rates may be designed as a graduated interest rate subsidy that reflects the environmental additionality of financed activities, in that lower rates may be applied to higher impact CE investments like renewable energy, closed-loop manufacturing systems. A similar tax incentive for fintech platforms that use the Federal Inland Revenue Service (FIRS) that would require financial institutions to demonstrate lending in under-served communities, as in the United States under the Community Reinvestment Act. A similar tax incentive to be introduced by the Federal Inland Revenue Service (FIRS) akin to the Community Reinvestment Act requirement for financial institutions to demonstrate lending in under-served communities in the United States (Beck et al., 2018). Furthermore, the credit risk reserve requirements of the CBN could be adjusted to lower the capital charge of a verified CE loan, thereby making green loans account for a higher risk-adjusted return for fintech platforms and more lucrative compared to conventional SME loans.

Nigeria's NSIA and Bank of Industry (BOI) ought to co-invest in a blended finance facility in a separate dedicated initiative for fintech-enabled CE financing, which will help de-risk the tool. In developing blended finance solutions, public finance concessional can be combined with commercial fintech finance to help lower the effective cost of CE financing to SMEs but still generate market rate returns for private investors, proving the commercial viability of green fintech products in the Nigerian market (Nassiry, 2018; Sartzetakis, 2021).

8.5 Building a Multi-Stakeholder Coordination Platform

The fintech-CE-SME nexus in Nigeria is complex and demands a multi-stakeholder, coordinated governance structure with three components: regulatory, financing, and technical assistance and advocacy, which are currently fragmented across different institutions. The Federal government should create a National Green Fintech Council co-convened by the Federal Ministry of Finance, Federal Ministry of Environment, SMEDAN, SEC Nigeria, and co-chaired by CBN, and include representatives from the fintech industry, SME associations, CSOs, and DFIs.

This council should be tasked with creating a National Green Fintech Roadmap, establish time-bound targets for the volume of digital lending linked to CEs, coordinate with the creation of standard definitions and verification processes for green finance, monitor and review progress towards financial inclusion and adoption of digital lending with CE benchmarks, and be responsible for the implementation of regulatory sandbox for green fintech. International development partners should be technical and financial partners of the council, including UNEP Finance Initiative (UNEP-FI), the Green Climate Fund (GCF), and the World Bank's International Development Association (IDA), who have experience in coordinating green finance initiatives in other countries such as Bangladesh, India, and Kenya (AfDB, 2021; World Bank, 2020).

9. Conclusion

This paper has explored the various dimensions of fintech-circular economy financing-SME development Nexus in Nigeria, which has become a strategic linkage in recent times due to the economic reliance of Nigeria on its SME sector and the need for development pathways that are sustainable. The analysis shows that there is a robust and substantive "win" side as well as a robust and substantive "challenge" side of the landscape, and that policy interventions are necessary and should be coordinated, to navigate the "win" side productively.

The possibilities are legitimate and significant. The digital lending platforms are clearly enhancing access to credit for Nigerian invisible small businesses through alternative credit scoring techniques that can be built to evaluate CE-focussed companies based on their operational performance, as opposed to the value of their collateral holdings (Beck et al., 2018; Nassiry, 2018). New opportunities for impact driven funding on platforms for crowd sourcing are developing for circular business models that combine environmental and commercial value proposition. Blockchain-based supply chain finance is emerging to offer a solution for the information asymmetry that has prevented green financing from being a cost-effective form of financing; mobile payment infrastructure is developing the foundation to create a digital financial identity that SMEs can use to take advantage of more advanced fintech products (Jia et al., 2020).

Meanwhile, the problems are not easy and not easily solved. Regulatory fragmentation results in uncertainty of compliance and stifles green fintech innovation. The lack of digital infrastructure, especially power and internet connectivity in rural and peri-urban areas, are depriving fintech platforms of reaching the very SMEs most active in CE activities like agriculture and waste management. Low levels of digital and financial literacy restrict the benefits of the available fintech products, and cybersecurity issues are a source of financial and reputational risks that can compromise investors' trust in green fintech ecosystem (Macchiavello & Siri, 2022; Ozili, 2018).

A set of theoretical frameworks are used in this paper to offer complementary analytical insights into these dynamics. The Resource Based View theory sheds light on strategic value of fintech adoption from the perspective of CE oriented SMEs to develop digital financial identity and access to capital on terms that are appropriate to their true operating capacity (Barney, 1991; Teece et al., 1997). The Diffusion of Innovation theory helps to explain the uneven rates of uptake of fintech products among the SME population as well as the attributes of fintech products that policymakers and platform designers may optimize to move them towards the use of fintech products by CE-oriented enterprises, namely relative advantage, compatibility and observability (Rogers, 2003).

Systematic challenges have led to the recommendations that are proposed in the present policy paper. Regulatory harmonization, infrastructure investment, literacy enhancement, financial incentives for green lending and multi-stakeholder coordination are not stand-alone policies but complementary parts of a policy package. Advances in one dimension, but not the other(s), will be sub-optimal. It is therefore imperative that Nigeria's policy makers, fintech innovators, development finance institutions, and SME advocates align their efforts and collaborate towards the vision of a digitally enabled, circular and inclusive economy.

In view of the growing body of literature on sustainable finance, green entrepreneurship and financial inclusion in digital forms in Sub-Saharan Africa, this paper is an effort to systematically review the evidence on fintech-CE-SME nexus in Nigeria. Future studies should further contribute to this by collecting primary data from Nigerian SMEs, conducting comparative analyses on other Sub-Saharan African markets, and longitudinal analyses of the effects of specific policy measures on the financing outcomes of CE. The synergy of fintech technologies with the need for a circular economy is one of the most potential and unexploited avenues for Nigeria's policy makers and entrepreneurs to pursue as the country works towards achieving the Sustainable Development Goals and the Paris Agreement's commitments.

References

- Adeyemi, A. A., & Azeez, B. A. (2021). Financing green enterprises in Nigeria: Constraints and prospects. *Journal of Sustainable Finance & Investment*, 11(3), 245–263. . [text](#)
- AfDB. (2021). *African Economic Outlook 2021: From Debt Resolution to Growth: The Road Ahead for Africa*. Abidjan: AfDB.
- African Economic. (2021). *From debt resolution to growth: The road ahead for Africa*. Africa Development Bank Group Publications.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99–120. [text](#)
- Beck, T., Demirguc-Kunt, A., & Levine, R. (2004). Finance, inequality, and poverty: Cross-country evidence. In: National Bureau of Economic Research Cambridge, Mass., USA.
- Beck, T., Pamuk, H., Ramrattan, R., & Uras, B. R. (2018). Payment instruments, finance and development. *Journal of Development Economics*, 133, 162–186.
- Belleflamme, P., Lambert, T., & Schwienbacher, A. (2014). Crowdfunding: Tapping the right crowd. *Journal of business venturing*, 29(5), 585–609.
- CBN. (2020). *Development Finance Department Report on SME Credit Access Survey 2020*. Abuja: CBN.
- CBN. (2021a). *Annual Report 2021*. Abuja: CBN.
- CBN. (2021b). *Sustainable Finance Roadmap for Nigeria*. . Abuja: CBN.
- CBN. (2022a). *Annual Report 2022*. Abuja: CBN.
- CBN. (2022b). *Revised Framework for Regulatory Sandbox Operations*. Abuja: CBN.
- Creswell, J. W., & Creswell, J. D. (2017). *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage publications.
- Cumming, D., Meoli, M., & Vismara, S. (2019). Investors' choices between cash and voting rights: Evidence from dual-class equity crowdfunding. *Research Policy*, 48(8), 103740.
- EFINA. (2020). *Access to Financial Services in Nigeria 2020 Survey*. (Lagos: EFINA (Enhancing Financial Innovation and Access), Issue.
- Geissdoerfer, M., Savaget, P., Bocken, N. M., & Hultink, E. J. (2017). The circular economy—A new sustainability paradigm? *Journal of cleaner production*, 143, 757–768. [text](#)
- Ghisellini, P., Cialani, C., & Ulgiati, S. (2016). A review on circular economy: The expected transition to a balanced interplay of environmental and economic systems. *Journal of cleaner production*, 114, 11–32. [text](#)
- Gomber, P., Koch, J.-A., & Siering, M. (2017). Digital Finance and FinTech: Current research and future research directions. *Journal of Business Economics* 87(5), 537–580. [text](#)
- IFC. (2021). *Digital Financial Services and SME Finance in Emerging Markets*. Washington, D.C.: International Finance Corporation.
- Jia, F., Zhang, T., & Chen, L. (2020). Sustainable supply chain Finance: Towards a research agenda. *Journal of cleaner production*, 243, 118680. [text](#)
- Kirchherr, J., Reike, D., & Hekkert, M. (2017). Conceptualizing the circular economy: An analysis of 114 definitions. *Resources, conservation and recycling*, 127, 221–232. [text](#)
- KPMG. (2022). *Pulse of Fintech H2 2021: Global Analysis of Investment in Fintech*. (Amstelveen: KPMG International., Issue.
- Lashitew, A. A., Van Tulder, R., & Liasse, Y. (2019). Mobile phones for financial inclusion: What explains the diffusion of mobile money innovations? *Research Policy*, 48(5), 1201–1215. [text](#)
- MacArthur, E. (2013). Towards the circular economy. *Journal of industrial ecology*, 2(1), 23–44.
- Macchiavello, E., & Siri, M. (2022). Sustainable finance and fintech: Can technology contribute to achieving environmental goals? A preliminary assessment of 'green fintech' and 'sustainable digital finance'. *European Company and Financial Law Review*, 19(1), 128–174. [text](#)
- McKinsey, & Company. (2022). *Fintech in Africa: The end of the beginning*. In. New York: McKinsey Global Institute.: McKinsey & Company.
- Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of business venturing*, 29(1), 1–16.
- Murray, A., Skene, K., & Haynes, K. (2017). The circular economy: An interdisciplinary exploration of the concept and application in a global context. . *Journal of Business Ethics*, 140(3), 369–380. . <https://doi.org/10.1007/s10551-015-2693-2>
- Nassiry, D. (2018). The role of fintech in unlocking green finance: Policy insights for developing countries. <https://www.econstor.eu/handle/10419/190304>
- NBS. (2020). *Financial Literacy Survey Report 2020*. . Abuja: NBS.
- NBS. (2021a). *Gross Domestic Product Report Q4 2021 and Full Year 2021*. . Abuja: NBS.
- NBS. (2021b). *National Survey of Micro, Small and Medium Enterprises (MSMEs) 2021*. . Abuja: NBS. (Joint publication with SMEDAN.).
- NCC. (2020). *National Broadband Plan 2020–2025*. Abuja: Nigerian Communications Commission.
- NCC. (2022). *Subscriber/Teledensity Data 2022*. Abuja: Nigerian Communications Commission.
- NIBSS. (2021). *Industry Fraud Report 2020*. Lagos: Nigeria Inter-Bank Settlement System.
- NITDA. (2019). *Nigeria Data Protection Regulation 2019*. Abuja: National Information Technology Development Agency.
- Onyekachi, O., & Ikechukwu, A. (2019). Challenges and prospects of small and medium enterprises financing in Nigeria: An empirical investigation. . *International Journal of Business and Management*, 14(8), 117–130. . <https://doi.org/10.5539/ijbm.v14n8p117>
- Ozili, P. K. (2018). Impact of digital finance on financial inclusion and stability. *Borsa istanbul review*, 18(4), 329–340. <https://www.sciencedirect.com/science/article/pii/S2214845017301503>

References

- Penrose, E. T. (1959). *The Theory of the Growth of the Firm*. Oxford university press.
- Rizos, V., Behrens, A., van der Gaast, W., Hofman, E., Ioannou, A., Kafyeke, T., Flamos, A., Rinaldi, R., Papadelis, S., Hirschnitz-Garbers, M., & Topi, C. (2016). Implementation of circular economy business models by small and medium-sized enterprises (SMEs): Barriers and enablers. *Sustainability*, 8(11). <https://doi.org/10.3390/su8111212>
- Rogers, E. (2003). *Diffusion of innovations* In (5th ed.): New York: Free press.
- Sartzetakis, E. S. (2021). Green bonds as an instrument of finance for the transition to a low carbon economy. *Environmental and Resource Economics*, 80(2), 257–291. <https://doi.org/10.1007/s10640-021-00573-z>
- Schueffel, P. (2016). Taming the beast: A scientific definition of fintech. *Journal of innovation management*, 4(4), 32–54. https://doi.org/https://doi.org/10.24840/2183-0606_004.004_0004
- SEC. (2021). *SEC Crowdfunding Regulatory Framework 2021*. Abuja: Securities and Exchange Commission Nigeria (SEC) Nigeria.
- SMEDAN. (2021). *National Policy on Micro, Small and Medium Enterprises (MSMEs) 2021*. Abuja: SMEDAN.
- Stahel, W. R. (2019). *The circular economy: A user's guide*. Routledge.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic management journal*, 18(7), 509–533. [https://sms.onlinelibrary.wiley.com/doi/abs/10.1002/\(SICI\)1097-0266\(199708\)18:7%3C509::AID-SMJ882%3E3.0.CO;2-Z](https://sms.onlinelibrary.wiley.com/doi/abs/10.1002/(SICI)1097-0266(199708)18:7%3C509::AID-SMJ882%3E3.0.CO;2-Z)
- UNEP. (2020). *Circular Economy in Africa: Towards a Framework for Understanding and Implementation*. Nairobi: United Nations Environment Programme.
- World Bank. (2020). *Nigeria Digital Economy Diagnostic Report*. Washington, D.C.: World Bank Group.
- World Bank. (2021). *Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*. Washington, D.C.: World Bank Group.
- Yin, R. K. (2018). *Case study research and applications* (Vol. 6). Sage Thousand Oaks, CA.

Appendices

Appendix A: Summary of Key Policy Frameworks Relevant to Fintech-CE-SME Nexus in Nigeria
Table A1: Key Policy and Regulatory Frameworks

Appendices

Appendix A: Summary of Key Policy Frameworks Relevant to Fintech-CE-SME Nexus in Nigeria
Table A1: Key Policy and Regulatory Frameworks

Policy/Framework	Issuing Body	Year	Relevance to Fintech-CE-SME Nexus
National Financial Inclusion Strategy (Revised)	CBN	2018	Sets targets for reducing financial exclusion; identifies fintech as key enabler
Payment Service Banks Framework	CBN	2018	Enables non-bank entities to offer financial services, expanding SME access
Regulatory Sandbox Framework	CBN	2021	Allows testing of innovative fintech products in controlled environment
Sustainable Finance Roadmap	CBN	2021	Establishes green finance standards and promotes ESG lending
Crowdfunding Regulatory Framework	SEC Nigeria	2021	Permits equity and debt crowdfunding for SMEs up to ₦100 million annually
NGX Sustainability Disclosure Guidelines	NGX	2021	Encourages ESG reporting among listed companies; signals green finance commitment
eNaira CBDC Framework	CBN	2021	Establishes digital currency infrastructure for digital transactions
Virtual Assets Service Providers Framework	CBN	2022	Regulates crypto-based financial services relevant to blockchain CE finance
Digital Lending Guidelines (Revised)	CBN	2022	Regulates digital credit, including consumer protection provisions
Nigeria Data Protection Regulation (NDPR)	NITDA	2019	Governs data privacy relevant to fintech data processing
National Broadband Plan	FMoCDE	2020	Targets 70% broadband penetration by 2025
National MSME Policy	SMEDAN	2021	Sets development framework for SMEs including financing provisions
Agricultural Credit Guarantee Scheme Fund	CBN	Ongoing	Provides credit guarantees for agricultural SMEs including CE-aligned activities

Source: Authors' compilation from CBN, SEC, NGX, NITDA, SMEDAN official publications (various years).

Appendix B: Fintech Ecosystem Map for CE SME Financing in Nigeria
Table B1: Fintech Platforms and Their CE SME Financing Applications

Fintech Category	Key Nigerian Platforms	CE SME Financing Application	Limitations
Digital Payments	Flutterwave, Paystack, Interswitch, Paga	Working capital management, supply chain payments, revenue collection	High transaction fees; limited long-term financing
Digital Lending	Carbon, FairMoney, Renmoney, Lidya	Short-term working capital for CE operations	High interest rates (24–120% p.a.); short tenors (3–12 months)
Mobile Money	OPay, PalmPay, MoMo (MTN), SmartCash (Airtel)	Financial access for rural CE SMEs; micro-credit	Low transaction limits; limited SME-specific products
Crowdfunding	Farmcrowdy, Thrive Agric, StartCrunch	Equity/debt capital for CE agri-SMEs	Low awareness; limited to ₦100M per issuer annually (SEC cap)
Investment Platforms	Cowrywise, PiggyVest, Risevest	Green bond distribution to retail investors	Limited CE-specific investment products
Insurtech	Casava, AXA Mansard Digital, Leadway Digital	Risk mitigation for CE equipment and operations	Low penetration among rural SMEs
Blockchain/DLT	SystemSpecs (Remita), eNaira (CBN)	Supply chain transparency; smart contracts; carbon credit tokenization	Early-stage; limited awareness; regulatory uncertainty
BNPL/Lease Finance	CredPal, Carbon Zero	Equipment financing for CE machinery	Nascent market; limited CE-specific products

Source: Authors' compilation from CBN (2022), KPMG (2022), and company reports.

Appendix C: Nigeria's SME Financing Gap and CE Sector Breakdown
Table C1: Estimated Annual Financing Gap for CE-Engaged SMEs in Nigeria

CE Sector	Estimated No. of SMEs	Estimated Financing Need (₦ billion)	Current Formal Finance Access (%)	Estimated Financing Gap (₦ billion)
Waste Management & Recycling	1,200,000	185.4	3.20%	179.5
Renewable Energy (Solar, Biogas)	400,000	142.8	5.10%	135.5
Sustainable/Organic Agriculture	2,300,000	215.6	4.70%	205.5
Remanufacturing & Repair	850,000	97.2	2.80%	94.5
Green Construction & Materials	320,000	88.5	3.90%	85
Sustainable Textiles & Fashion	480,000	54.3	2.10%	53.2
Water & Wastewater Management	210,000	62.1	4.40%	59.4
Total	5,760,000	845.9	Avg. 3.7%	812.6

Source: Authors' estimates based on NBS (2021), SMEDAN (2021), CBN Development Finance Department (2020), REA (2022).

REVISITING TRAIT THEORY THROUGH THE LENS OF DARK LEADERSHIP: A SYSTEMATIC LITERATURE REVIEW

Jeff Etemah; *University of Greater Manchester, UK*

Olusola Daniel Oladiran; *Ravensbourne University, UK*

Abstract

Leadership research has traditionally focused on identifying the characteristics that distinguish effective leaders from non-leaders. Trait Theory remains one of the most influential perspectives in leadership studies, proposing that relatively stable individual characteristics influence leadership emergence, behaviour, and effectiveness (Stogdill, 1948; Kirkpatrick & Lock, 1991; Zaccaro, 2007). However, contemporary leadership research has increasingly shifted attention towards the darker aspects of leadership, including destructive leadership, toxic leadership, and abusive supervision (Antonakis et al., 2012; Krasikova et al., 2013; Tepper, 2000). Despite substantial growth in dark leadership research, an important theoretical question remains underexplored, whether dark leadership represents a distinct theoretical perspective or an extension of traditional trait-based explanations of leadership.

This paper proposes a systematic literature review examining the relationship between Trait theory and dark leadership research. Specifically, it would explore the extent to which dark leadership research extends, complements, or duplicates the assumptions of Trait theory. The review will synthesise research examining leader characteristics, personality traits, and destructive leadership behaviours, with particular attention to the role of dark personality traits, including narcissism, Machiavellianism, and psychopathy (Paulhus & Williams, 2002; Spain et al., 2014).

The study contributes to leadership theory by critically examining whether the proliferation of dark leadership constructs represents genuine theoretical advancement or conceptual fragmentation. By integrating insight from trait-based leadership and dark leadership scholarship, this review aims to explore whether dark leadership should be understood as a separate research domain or as an extension of Trait theory focusing on the negative characteristic of leaders.

Keywords: *Trait theory, dark leadership, destructive leadership, leader personality and dark triad.*

Introduction

Leadership research has historically focused on identifying the characteristic that distinguish effective leaders from non-leaders. Early Trait theory propose that leadership is fundamentally associated with personal characteristics that influence an individual's ability to emerge as and perform as a leader (Einarsen et al., 2007; Kirkpatrick & Lock, 1991; Stogdill, 1948). Although leadership scholarship has evolved towards behavioural contingency, and relational perspectives, the assumption that leader characteristics influence leadership behaviour and organisational outcomes remains central within leadership research (Judge et al., 2002; Yukl, 2013; Zaccaro, 2007). Recently, leadership scholarship has increasingly examined the negative consequences of leadership through concepts such as destructive leadership, toxic leadership, exploitative leadership, and abusive supervision (Ahmed et al., 2024; Antonakis et al., 2012; Ashforth, 1994; Gauglitz et al., 2023; Krasikova et al., 2013; Mackey et al., 2021; Tepper, 2000). This growing body of research demonstrates that harmful leadership behaviours are associated with significant organisational consequences, including employee psychological distress, burnout, workplace deviance, and reduced organisational commitment (Bueno-de la Fuente et al., 2025; Mackey et al., 2021; Spain et al., 2014).

Despite the growth of dark leadership research, a theoretical inconsistency remains insufficiently explored. Dark leadership studies frequently explain destructive behaviour through leader characteristics and personality traits, reflecting the same underlying assumption found in trait theory that enduring individual differences influence leadership behaviour (Einarsen et al., 2007; Kirkpatrick & Lock, 1991; Paulhus & Williams, 2002; Tranfield et al., 2003). The difference is primarily the nature of the characteristics being examined. Traditional trait theory has largely focused on attributes associated with effective leaders, whereas dark leadership research examines undesirable characteristics of a leader that contributes to harmful or unfavourable outcomes (Spain et al., 2014).

This overlap raises an important theoretical question, does dark leadership represent a genuinely distinct leadership perspective, or does it extend trait-based explanations by focusing on negative leader characteristics?

Research Gap

Although previous studies have examined the antecedents and consequences of dark leadership (Krasikova et al., 2013; Mackey et al., 2021), limited attention has been given to its theoretical relationship with trait theory. Leadership research has largely developed dark leadership constructs independently, resulting in multiple overlapping concepts including toxic leadership, destructive leadership and abusive supervision (Einarsen et al., 2007). These constructs frequently share similar explanations, particular the role of dark personality traits such as narcissism, Machiavellianism, and psychopathy (Spain et al., 2014).

Recent research suggests that dark leadership literature may contain considerable conceptual overlap, with different constructs often relying on similar personality-based explanations for destructive behaviour (Bueno-de la Fuente et al., 2025; Spain et al., 2014). However, the extent to which these explanations represent an extension of trait theory rather than a separate theoretical development remains unclear.

This study addresses this gap by examining whether dark leadership research advances leadership theory beyond traditional trait perspectives or whether it represent a negative interpretation of existing trait assumptions.

Research Question

To what extent does dark leadership research extend, complement, or duplicate the assumptions of Trait Theory?

This study does not argue that dark leadership and trait theory are identical, but rather the foundation and explanation of dark leadership is based on classical trait theory and extend trait theory by focusing on the negative characteristic of a leader.

Methodology

This study will employ a systematic literature review methodology to identify, evaluate, and synthesise existing research on trait theory and dark leadership. A systematic review approach is appropriate because the objective of this study is to synthesise fragmented theoretical perspectives, identify conceptual overlap, and develop a more integrated understanding of the relationship between Trait Theory and dark leadership (Xiao & Watson, 2019).

The search focused on peer-reviewed journal articles published between 2000 and 2026 in the English language. This period was selected because it captures the emergence and subsequent expansion of contemporary dark leadership research following Tepper's (2000) influential work on abusive supervision. The review will search relevant academic databases using structured search strategies covering three conceptual areas: (1) trait-based leadership and leader characteristics, (2) dark and destructive leadership behaviours, and (3) dark personality traits associated with leadership. Studies will be screened according to predefined inclusion and exclusion criteria, focusing on peer-reviewed academic research examining leader characteristics, personality, and harmful leadership behaviours.

The analysis will use thematic synthesis to compare assumptions across the two research streams. Specifically, the review will examine whether dark leadership research introduces new theoretical explanations or primarily applies established trait-based assumptions to negative leadership outcomes.

Expected Contribution

This study aims to provide a theoretical clarification of the relationship between Trait Theory and dark leadership research. By integrating two previously separated streams of leadership scholarship, the review contributes to understanding whether dark leadership represents theoretical progression, conceptual duplication, or an extension of existing leadership trait perspectives.

The findings may contribute to reducing conceptual fragmentation within dark leadership research by identifying common underlying mechanisms across different destructive leadership constructs. Furthermore, understanding whether dark leadership is fundamentally trait-driven has practical implications for leader selection, leadership development, and organisational governance.

Overall, this study seeks to reposition dark leadership within broader leadership theory by examining whether the “dark side” of leadership represents a new theoretical direction or an overlooked continuation of the original trait perspective.

Conclusion

This paper responds to a significant theoretical gap by systematically examining the relationship between trait theory and dark leadership. By examining whether dark leadership extend, compliments, or duplicates the assumptions of trait theory, the review seeks to clarify conceptual boundaries within leadership scholarship and provide a stronger theoretical foundation for future research on destructive leadership.

References

- Ahmed, M. A. O., Zhang, J., Fouad, A. S., Mousa, K., & Nour, H. M. (2024). The dark side of leadership: How toxic leadership fuels counterproductive work behaviors through organizational cynicism and injustice. *Sustainability*, 17(1), 105.
- Antonakis, J., Day, D. V., & Schyns, B. (2012). Leadership and individual differences: At the cusp of a renaissance. *The Leadership Quarterly*, 23(4), 643-650.
- Ashforth, B. (1994). Petty tyranny in organizations. *Human relations*, 47(7), 755-778.
- Bueno-de la Fuente, C., Núñez-Rodríguez, S., de la Fuente-Anuncibay, R., & González-Bernal, J. J. (2025). Relationship Between Leadership, Personality, and the Dark Triad in Workplace: A Systematic Review. *Behavioral Sciences*, 15 (3), 297.
- Einarsen, S., Aasland, M. S., & Skogstad, A. (2007). Destructive leadership behaviour: A definition and conceptual model. *The leadership quarterly*, 18(3), 207-216.
- Gauglitz, I. K., Schyns, B., Fehn, T., & Schütz, A. (2023). The dark side of leader narcissism: The relationship between leaders' narcissistic rivalry and abusive supervision. *Journal of Business Ethics*, 185(1), 169-184.
- Judge, T. A., Bono, J. E., Ilies, R., & Gerhardt, M. W. (2002). Personality and leadership: a qualitative and quantitative review. *Journal of applied psychology*, 87(4), 765.
- Kirkpatrick, S. A., & Locke, E. A. (1991). Leadership: do traits matter?. *Academy of management perspectives*, 5(2), 48-60.
- Krasikova, D. V., Green, S. G., & LeBreton, J. M. (2013). Destructive leadership: A theoretical review, integration, and future research agenda. *Journal of management*, 39(5), 1308-1338.
- Mackey, J. D., Ellen III, B. P., McAllister, C. P., & Alexander, K. C. (2021). The dark side of leadership: A systematic literature review and meta-analysis of destructive leadership research. *Journal of Business Research*, 132, 705-718.
- Paulhus, D. L., & Williams, K. M. (2002). The dark triad of personality: Narcissism, Machiavellianism, and psychopathy. *Journal of research in personality*, 36(6), 556-563.
- Spain, S. M., Harms, P., & LeBreton, J. M. (2014). The dark side of personality at work. *Journal of organizational behavior*, 35(S1), S41-S60.
- Stogdill, R. M. (1948). Personal factors associated with leadership: A survey of the literature. *The Journal of psychology*, 25(1), 35-71.
- Tepper, B. J. (2000). Consequences of abusive supervision. *Academy of management journal*, 43(2), 178-190.
- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British journal of management*, 14(3), 207-222.
- Xiao, Y., & Watson, M. (2019). Guidance on conducting a systematic literature review. *Journal of planning education and research*, 39(1), 93-112.
- Zaccaro, S. J. (2007). Trait-based perspectives of leadership. *American psychologist*, 62(1), 6.

STRENGTHENING NIGERIA'S FINANCIAL SECTOR TO SUPPORT AGRICULTURAL GROWTH: A FOCUS ON TREE CROPS (COCOA, KOLA, AND CASHEW)

Joseph Oryinem Ejugwu and Ayodele Adetuyi; *University of the West of Scotland, UK*
Adewumi Ibrahim Adedoyin; *Cocoa Research Institute of Nigeria, Nigeria*

Abstract

This systematic literature review investigates the intricate relationship between financial sector development and agricultural growth in Nigeria, with a specific focus on perennial tree crops: cocoa, kola, and cashew. The study addresses the critical need to strengthen Nigeria's financial sector to unlock the full potential of its agricultural economy, particularly within high-value tree-crop value chains. Employing a rigorous PRISMA-style methodology, the review synthesizes global and Nigerian scholarship from diverse databases, including Scopus, Web of Science, and institutional reports, covering the period from 1990 to 2025. Key themes emerging from the literature include the impact of credit access on farm productivity, the role of value chain financing, and the challenges of financial inclusion for smallholder farmers. The review identifies significant research gaps, particularly concerning the financing of kola nut production and the long-term financial support systems for tree crops. The major conclusion is that while financial sector development positively influences agricultural output, persistent issues such as high lending rates, insecurity, and inadequate integration of digital finance hinder optimal growth. Strengthening financial systems through targeted policies and innovative financial models is crucial for agricultural transformation in Nigeria.

Keywords: *Financial Sector Development, Agricultural Growth, Tree Crops, Cocoa, Kola, Cashew, Nigeria, Value Chain Financing, Financial Inclusion, Systematic Literature Review.*

1. Introduction

1.1 Problem Statement

Nigeria's agricultural sector is a cornerstone of its economy, contributing significantly to Gross Domestic Product (GDP), employment, and food security. Within this sector, perennial tree crops such as cocoa, kola, and cashew hold substantial economic importance, serving as key sources of foreign exchange earnings and livelihoods for millions of smallholder farmers (Adeoti, 2009; African Development Bank, 2013). A robust financial sector is critical for fostering agricultural development, as it facilitates access to credit, insurance, and other essential financial services, which are crucial for enhancing productivity, promoting investment, and integrating farmers into broader value chains (Ajudua et al., 2015).

Despite the immense potential of Nigeria's tree-crop sub-sector, it faces persistent and significant challenges in accessing adequate and appropriate financing. Historically, the financial sector's engagement with agriculture has been marked by various interventions. Yet, the sector continues to grapple with issues such as insufficient credit supply, high interest rates, stringent collateral requirements, and a lack of tailored financial products (Aroyewun et al., 2024; Beck et al., 2000). For tree crops, these challenges are exacerbated by their long gestation periods, which create a mismatch with traditional short-term loan structures, and the inherent risks associated with climate variability and market fluctuations (Central Bank of Nigeria, 1977). Cocoa farmers struggle with financing for farm rehabilitation and modern inputs (Central Bank of Nigeria, 2018), cashew value chains are constrained by insufficient processing finance (Eze et al., 2023), and the kola nut sector remains largely excluded from formal financial support despite its economic significance (Food and Agriculture Organization, 1998). These structural rigidities and perceived high risks deter financial institutions, leading to a substantial financing gap that impedes the growth and transformation of these vital agricultural value chains.

1.2 Research Gap

Existing literature broadly acknowledges the pivotal role of financial sector development in fostering agricultural growth within developing economies (Beck et al., 2000; Levine, 2005). In Nigeria, studies have explored the overall impact of financial development on agricultural output (Aroyewun et al., 2024; Ejinkonye et al., 2024) and the challenges of accessing agricultural credit (Udoh & Akpan, 2014; Olomola, 2002). Specific research has also delved into the financing of cocoa (Kehinde et al., 2024; Oladoyin et al., 2025) and cashew (World Bank, 2021; Peprah, 2025) value chains, highlighting issues such as long gestation periods and collateral requirements (Okoruwa & Daramola, 2009).

However, despite this body of work, a critical gap persists in the comprehensive and systematic understanding of the financial sector-agriculture nexus, specifically concerning the interconnected challenges and opportunities across the cocoa, kola, and cashew tree crop value chains in Nigeria. Previous research often treats these crops in isolation or focuses on broad agricultural finance without a granular analysis of their unique financial needs and constraints. For instance, while cocoa and cashew have received some attention, there is a notable paucity of research on formal financial models tailored for kola nut production and its value chain, despite its significant economic and cultural importance (Ojo & Ehinmowo, 2010). Furthermore, the literature lacks a synthesized perspective on the long-term financial support systems specifically required for perennial crops, which are characterized by extended investment horizons (Okoruwa & Daramola, 2009). While digital finance is emerging as a transformative force in financial inclusion (Ozili, 2018), its specific impact and effective integration within these distinct tree crop value chains in Nigeria remain largely unexplored (Ajudua et al., 2015). This fragmented and often generalized approach limits the ability to formulate targeted, evidence-based policies and innovative financial solutions that can effectively strengthen Nigeria's financial sector and support sustainable growth across these vital tree-crop sub-sectors.

1.3 Solution: Purpose, Aim, and Objectives of the Study

To address this identified research gap, this systematic literature review aims to provide a robust evidence base by comprehensively mapping and synthesizing existing academic and grey literature on the interplay between financial sector development and agricultural growth in Nigeria, with a specific focus on cocoa, kola, and cashew value chains. By adhering to rigorous systematic review principles, this study seeks to offer an unbiased overview of the literature, contributing to a deeper understanding of the financial mechanisms that can drive sustainable agricultural transformation in Nigeria.

The overarching aim of this review is to contribute to the study titled “Strengthening Nigeria’s Financial Sector to Support Agricultural Growth: A Focus on Tree Crops (Cocoa, Kola, and Cashew)” by providing a critical synthesis of existing literature. Specifically, this review aims to:

1. Examine the theoretical and empirical linkages between financial sector development and agricultural growth in emerging economies.
2. Identify and analyze the specific financial-sector elements (e.g., credit systems, insurance, value chain financing) that affect the productivity and development of the cocoa, kola, and cashew value chains in Nigeria.
3. Uncover the financing constraints and opportunities prevalent within these tree crop sectors.
4. Highlight successful financial models and interventions that have supported agricultural growth in similar contexts.
5. Pinpoint significant research gaps in the existing literature to guide future empirical investigations within the study.

This systematic literature review will address the following research questions:

1. How does financial sector development influence agricultural growth, particularly within the tree crop sub-sector in Nigeria?
2. What are the primary financial constraints affecting cocoa, kola, and cashew farmers in Nigeria?
3. What financial models and mechanisms have proven effective in supporting tree crop value chains in Nigeria and other comparable emerging economies?
4. What is the role of various financial institutions (e.g., commercial banks, development finance institutions, microfinance) and government programs in financing tree crop agriculture in Nigeria?
5. What are the key research gaps concerning financial sector support for cocoa, kola, and cashew value chains in Nigeria?

Building upon the research questions, the objectives of this systematic literature review are to:

- To critically assess the existing literature on the impact of financial sector development on agricultural growth in Nigeria, with a specific focus on cocoa, kola, and cashew.
- To identify and categorize the financial constraints faced by farmers involved in cocoa, kola, and cashew production in Nigeria.
- To analyze and synthesize various financial models and mechanisms that have been implemented or proposed for strengthening tree crop value chains in Nigeria and other relevant contexts.
- To evaluate the effectiveness and contributions of different financial institutions and government agricultural credit programs in supporting the tree crop sub-sector in Nigeria.
- To delineate the current knowledge gaps and suggest future research directions to enhance financial sector support for cocoa, kola, and cashew value chains in Nigeria.
-

2. Systematic Literature Review

2.1 Literature Search Strategy

This systematic literature review adhered to a rigorous methodology, drawing inspiration from the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines to ensure transparency and reproducibility. The literature search was conducted across multiple academic databases and institutional repositories to capture a comprehensive range of relevant publications. The primary databases utilized included Scopus, Web of Science, Google Scholar, and ResearchGate, which provide access to a vast collection of peer-reviewed journal articles, conference proceedings, and academic theses. Additionally, reports and publications from international organizations such as the Food and Agriculture Organization (FAO), the World Bank, and the International Food Policy Research Institute (IFPRI) were consulted to incorporate grey literature and policy-oriented analyses (IIARD International Journal of Economics and Financial Management, 2024).

The search strategy involved systematically combining keywords and Boolean operators to identify pertinent studies. The core analytical themes guided the selection of keywords, including variations and synonyms for “Financial Sector,” “Credit,” “Agriculture,” “Tree Crops,” “Nigeria,” “Sub-Saharan Africa,” “Cocoa,” “Cashew,” and “Kola.” Specific search strings were constructed to maximize the retrieval of relevant articles while minimizing irrelevant results. An example of a comprehensive search string used was: (“Financial Sector” OR “Credit”) AND (“Agriculture” OR “Tree Crops”) AND (“Nigeria” OR “Sub-Saharan Africa”) AND (“Cocoa” OR “Cashew” OR “Kola”).

Inclusion Criteria: Studies were included if they were peer-reviewed academic articles, institutional reports, or policy briefs published between 1990 and 2025. The geographical focus was primarily on Nigeria, with relevant comparative studies from other Sub-Saharan African countries also considered. The thematic focus was on financial sector development, agricultural finance, and the specific tree crops (cocoa, kola, and cashew).

Exclusion Criteria: Studies were excluded if they were not published in English, did not have a clear financial or agricultural focus, or were limited to short abstracts without substantial content. Publications outside the specified time range or those focusing on non-tree crops were also excluded. The initial screening involved reviewing titles and abstracts, followed by a full-text review of potentially relevant articles to determine final eligibility. This iterative process ensured that only the most relevant and high-quality literature was included in the synthesis.

2.2 Conceptual Framework

To guide this systematic review, a conceptual framework is developed to illustrate the hypothesized linkages among financial sector strength, agricultural finance, tree-crop productivity, and overall agricultural growth. This framework posits a sequential and interconnected relationship in which improvements in one stage are expected to positively influence subsequent stages, ultimately contributing to sustainable agricultural development in Nigeria.

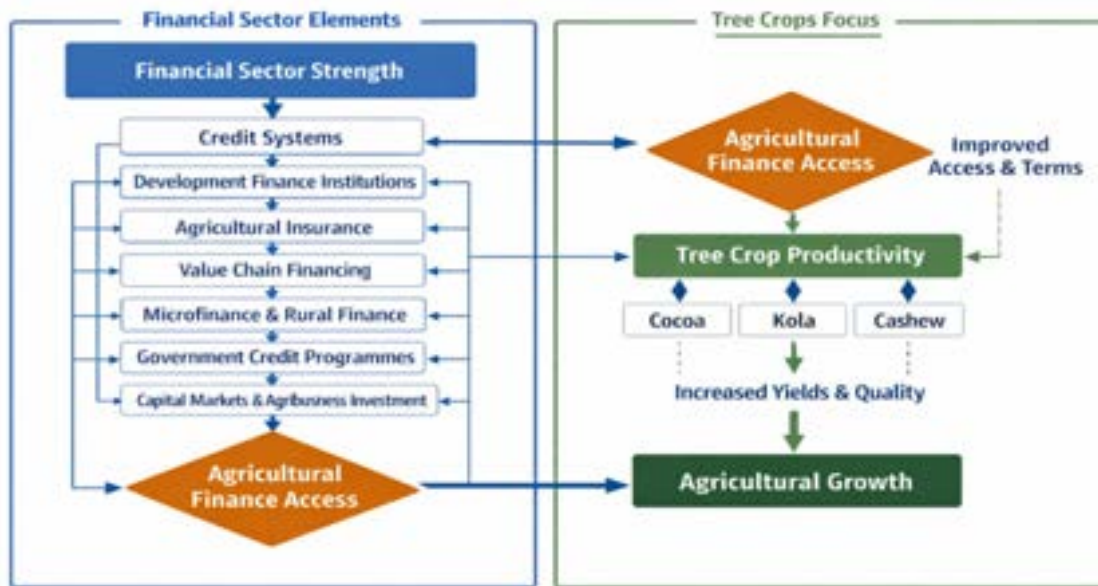


Figure 1: Conceptual Framework for Financial Sector Influence on Agricultural Growth
Conceptual Explanation

Financial Sector Strength: This foundational component refers to the overall health, depth, and efficiency of the financial system. It encompasses the regulatory environment, the diversity of financial institutions, the availability of various financial products, and the stability of financial markets. A strong financial sector is characterized by effective financial intermediation, robust infrastructure, and policies that promote financial inclusion and stability (Akubo et al., 2022). In the context of this study, it specifically relates to the elements identified in the prompt, such as agricultural credit systems, commercial bank financing, development finance institutions, agricultural insurance, value chain financing, microfinance, government agricultural credit programmes, capital markets, and financial inclusion for farmers.

Agricultural Finance Access: A strong financial sector translates into improved access to agricultural finance. This includes the availability of loans, credit facilities, insurance products, and other financial services tailored to the unique needs of the agricultural sector. For tree crop farmers, access to appropriate finance is crucial for purchasing inputs, investing in farm improvements, adopting modern technologies, and managing risks associated with long gestation periods and climate variability (Kehinde et al., 2024). The ease of access, affordability, and suitability of financial products are key determinants here.

Tree Crop Productivity: Enhanced access to agricultural finance directly impacts tree crop productivity. With adequate financial resources, farmers can invest in high-quality seedlings, fertilizers, pesticides, irrigation systems, and improved farming techniques. This investment leads to increased yields, better crop quality, and reduced post-harvest losses for cocoa, kola, and cashew. Furthermore, financial support can enable farmers to access training and extension services, further boosting their productivity and efficiency (Kehinde, 2026).

Agricultural Growth: Ultimately, increased tree crop productivity contributes significantly to overall agricultural growth. This growth is manifested through higher output, increased income for farmers, enhanced food security, and greater export earnings for the nation. Strengthening tree-crop value chains through improved financing also fosters agribusiness development, creating employment opportunities and stimulating rural economies. This holistic growth contributes to broader economic development and poverty reduction, aligning with national development goals (Kolapo et al., 2025).

This framework underscores the importance of a well-functioning financial sector as a catalyst for agricultural transformation, particularly in Nigeria's tree-crop sub-sector. It also provides a structured approach for analyzing the empirical literature and identifying points of intervention.

2.3 Review of Empirical Literature

2.3.1 Financial Sector Development and Agricultural Growth

The relationship between financial sector development and agricultural growth has been a subject of extensive research, particularly in developing economies. A well-developed financial sector is widely recognized as a crucial catalyst for economic growth, including the agricultural sector, by facilitating capital accumulation, efficient resource allocation, and risk management (Koloma & Some, 2023). Studies in Nigeria have consistently shown a positive, albeit sometimes nuanced, impact of financial sector development on agricultural output. For instance, Aroyewun et al. (2024) found that while bank loans to the private and agricultural sectors positively affected agricultural output in the short run, long-run effects were constrained by factors such as high lending rates and insecurity (Adeoti, 2009). This suggests that the mere availability of credit is insufficient; the terms and conditions, as well as the broader enabling environment, are equally critical.

Further empirical evidence indicates that various indicators of financial development, such as financial deepening (measured by broad money supply to GDP), credit to the private sector, and the efficiency of financial intermediation, are positively correlated with agricultural productivity and growth (Levine, 2005). However, the magnitude and significance of this impact can vary depending on the specific financial instruments and the agricultural sub-sector under consideration. For tree crops, which typically have long gestation periods and require substantial upfront investment, the nature of financial support becomes even more critical. The literature highlights that traditional commercial bank lending often falls short of meeting the unique needs of tree-crop farmers due to collateral requirements, perceived high risk, and a mismatch between loan tenors and crop cycles (Mago & Chitokwindo, 2014). This necessitates the involvement of specialized financial institutions and innovative financing models to effectively support this sub-sector.

2.3.2 Agricultural Credit Access and Farm Productivity

Access to agricultural credit is a critical determinant of farm productivity and the adoption of modern farming technologies, particularly for smallholder farmers in developing countries (Mahul & Stutley, 2010). In Nigeria, studies have consistently demonstrated a positive correlation between farmers' access to credit and their output, income, and overall welfare. For cocoa farmers, for instance, access to credit has been shown to significantly affect farm incomes and their willingness to invest in improved inputs such as EU-approved pesticides, leading to higher yields (Miller & Jones, 2010). However, the availability of credit does not automatically translate to improved productivity; effective utilization of these funds is equally important (Nigerian Agricultural Insurance Corporation, 1987).

Despite the recognized benefits, many Nigerian farmers, especially those in the tree crop sector, face significant barriers to accessing formal credit. These barriers include stringent collateral requirements, high interest rates, complex application procedures, and a lack of financial literacy (North, 1990). The long gestation periods of tree crops such as cocoa, kola, and cashew further complicate access to credit, as traditional short-term loans are often unsuitable for investments that yield returns over several years. This mismatch between loan tenor and crop cycle often forces farmers to rely on informal credit sources, which typically carry higher interest rates and less favorable terms, thereby limiting their capacity for significant investment and productivity improvements (Ojo & Ehinmowo, 2010). Addressing these challenges requires innovative credit delivery mechanisms, tailored financial products, and capacity-building initiatives to improve farmers' creditworthiness and financial management skills.

2.3.4 Financial Inclusion and Smallholder Farmers

Financial inclusion, defined as the access to and usage of affordable, useful, and responsible financial products and services, is crucial for empowering smallholder farmers and driving agricultural development (Peprah, 2025). In Nigeria, a significant portion of the rural population, predominantly smallholder farmers, remains financially excluded, limiting their ability to invest in productive activities, manage risks, and improve their livelihoods (Oladoyin et al., 2025). For tree crop farmers, financial inclusion can mean access to savings accounts, credit, insurance, and payment services that are vital for managing the long production cycles and inherent risks associated with perennial crops.

2.3 Review of Empirical Literature

2.3.1 Financial Sector Development and Agricultural Growth

The relationship between financial sector development and agricultural growth has been a subject of extensive research, particularly in developing economies. A well-developed financial sector is widely recognized as a crucial catalyst for economic growth, including the agricultural sector, by facilitating capital accumulation, efficient resource allocation, and risk management (Koloma & Some, 2023). Studies in Nigeria have consistently shown a positive, albeit sometimes nuanced, impact of financial sector development on agricultural output. For instance, Aroyewun et al. (2024) found that while bank loans to the private and agricultural sectors positively affected agricultural output in the short run, long-run effects were constrained by factors such as high lending rates and insecurity (Adeoti, 2009). This suggests that the mere availability of credit is insufficient; the terms and conditions, as well as the broader enabling environment, are equally critical.

Further empirical evidence indicates that various indicators of financial development, such as financial deepening (measured by broad money supply to GDP), credit to the private sector, and the efficiency of financial intermediation, are positively correlated with agricultural productivity and growth (Levine, 2005). However, the magnitude and significance of this impact can vary depending on the specific financial instruments and the agricultural sub-sector under consideration. For tree crops, which typically have long gestation periods and require substantial upfront investment, the nature of financial support becomes even more critical. The literature highlights that traditional commercial bank lending often falls short of meeting the unique needs of tree-crop farmers due to collateral requirements, perceived high risk, and a mismatch between loan tenors and crop cycles (Mago & Chitokwindo, 2014). This necessitates the involvement of specialized financial institutions and innovative financing models to effectively support this sub-sector.

2.3.2 Agricultural Credit Access and Farm Productivity

Access to agricultural credit is a critical determinant of farm productivity and the adoption of modern farming technologies, particularly for smallholder farmers in developing countries (Mahul & Stutley, 2010). In Nigeria, studies have consistently demonstrated a positive correlation between farmers' access to credit and their output, income, and overall welfare. For cocoa farmers, for instance, access to credit has been shown to significantly affect farm incomes and their willingness to invest in improved inputs such as EU-approved pesticides, leading to higher yields (Miller & Jones, 2010). However, the availability of credit does not automatically translate to improved productivity; effective utilization of these funds is equally important (Nigerian Agricultural Insurance Corporation, 1987).

Despite the recognized benefits, many Nigerian farmers, especially those in the tree crop sector, face significant barriers to accessing formal credit. These barriers include stringent collateral requirements, high interest rates, complex application procedures, and a lack of financial literacy (North, 1990). The long gestation periods of tree crops such as cocoa, kola, and cashew further complicate access to credit, as traditional short-term loans are often unsuitable for investments that yield returns over several years. This mismatch between loan tenor and crop cycle often forces farmers to rely on informal credit sources, which typically carry higher interest rates and less favorable terms, thereby limiting their capacity for significant investment and productivity improvements (Ojo & Ehinmowo, 2010). Addressing these challenges requires innovative credit delivery mechanisms, tailored financial products, and capacity-building initiatives to improve farmers' creditworthiness and financial management skills.

2.3.4 Financial Inclusion and Smallholder Farmers

Financial inclusion, defined as the access to and usage of affordable, useful, and responsible financial products and services, is crucial for empowering smallholder farmers and driving agricultural development (Peprah, 2025). In Nigeria, a significant portion of the rural population, predominantly smallholder farmers, remains financially excluded, limiting their ability to invest in productive activities, manage risks, and improve their livelihoods (Oladoyin et al., 2025). For tree crop farmers, financial inclusion can mean access to savings accounts, credit, insurance, and payment services that are vital for managing the long production cycles and inherent risks associated with perennial crops.

The literature highlights various initiatives to enhance financial inclusion in Nigeria's agricultural sector, including the promotion of microfinance institutions, cooperative societies, and government-backed agricultural credit schemes (Schumpeter, 1911). However, the impact of these initiatives on smallholder tree crop farmers has been mixed. While some studies report positive outcomes, including increased access to credit and improved farm incomes, others point to persistent challenges, such as geographical barriers, limited financial literacy, and products that are not adequately tailored to these farmers' specific needs (Villalba et al., 2023).

The advent of digital finance, including mobile banking and agent banking, offers promising avenues for expanding financial inclusion to remote rural areas where tree crops are cultivated. These technologies can reduce transaction costs, increase convenience, and facilitate faster access to financial services (Statista, 2023). However, the effective integration of digital finance into tree-crop value chains requires addressing issues such as inadequate infrastructure, low digital literacy among farmers, and the need for robust regulatory frameworks. Ultimately, achieving meaningful financial inclusion for smallholder cocoa, kola, and cashew farmers will require a multi-pronged approach that combines policy support, innovative financial products, and capacity building to bridge the existing gaps (Stiglitz & Weiss, 1981).

2.3.5 Financing Constraints in Cocoa, Cashew, and Kola Value Chains

The tree crop sub-sector in Nigeria, encompassing cocoa, cashew, and kola, faces a unique set of financing constraints that impede its growth and development. While some challenges are common across all agricultural sub-sectors, the perennial nature of these crops introduces specific complexities. A primary constraint is the long gestation period of tree crops, which means a significant time lag between initial investment and the first harvest. This makes traditional short-term commercial loans unsuitable and unattractive for both lenders and farmers, as the repayment schedules often do not align with the cash flow patterns of these crops (Mago & Chitokwindo, n.d.).

For cocoa, despite its historical importance, farmers struggle with access to credit for farm rehabilitation, replanting aging trees, and adopting modern farming practices. Studies indicate that limited credit access contributes to declining yields and a lack of investment in quality-enhancing inputs (Central Bank of Nigeria, 1977; Miller & Jones, 2010). The perceived high risk of cocoa farming, often exacerbated by price volatility and climate change, further deters financial institutions from lending to this sector (Udoh & Akpan, 2014).

The cashew value chain, while showing immense potential for exports and value addition, is constrained by insufficient financing for processing facilities and working capital for aggregators and processors. Smallholder cashew farmers also face challenges in accessing credit for improved seedlings and farm management, which limits their ability to meet the quality standards required for international markets (Eze et al., 2023). The lack of structured financing across the entire value chain, from production to processing and export, means that much of the potential for value addition remains untapped (Ugbor et al., 2018).

The kola nut value chain presents perhaps the most significant financing challenges. Often operating within informal markets, kola farmers and traders have very limited access to formal financial services. Research highlights a notable lack of formal credit models tailored to kola production, in stark contrast to the relatively more developed, albeit still insufficient, financing mechanisms for cocoa (Food and Agriculture Organization, 1998). This financial neglect contributes to low productivity, poor market integration, and a perpetuation of traditional, less efficient farming methods. The informal nature also makes it difficult for financial institutions to assess creditworthiness and collateral, creating a vicious cycle of exclusion (Onyeneke, 2019).

Across all three crops, other pervasive constraints include high interest rates, stringent collateral requirements, complex loan application procedures, and a general lack of financial literacy among farmers. Insecurity in some farming regions also heightens perceived risk, making lenders hesitant to extend credit (Adeoti, 2009). These multifaceted constraints underscore the need for tailored financial products and innovative approaches to unlock the full potential of Nigeria's tree crop sector.

2.3.6 Role of Development Finance Institutions

Development Finance Institutions (DFIs) play a crucial role in addressing market failures in agricultural finance, particularly in developing countries where commercial banks may be reluctant to lend to the sector due to perceived high risks and low returns (UNIDO, 2011). In Nigeria, DFIs such as the Bank of Agriculture (BOA), the Central Bank of Nigeria (CBN) through its various intervention funds, and the African Development Bank (AfDB) have been instrumental in providing long-term credit, technical assistance, and capacity building to the agricultural sector (Williamson, 2000). These institutions often offer more flexible lending terms, lower interest rates, and longer repayment periods than commercial banks, making them better suited to financing tree crops with their extended gestation periods.

The literature indicates that DFIs have supported various agricultural value chains, including tree crops, through direct lending, guarantees, and partnerships with commercial banks and microfinance institutions (World Bank, 2008). For cocoa, DFIs have provided funding for farm rehabilitation, input supply, and processing facilities, aiming to boost production and improve quality for export markets. Similarly, for cashew, DFIs have been involved in initiatives to strengthen the value chain by financing processing units and supporting smallholder farmers to access improved seedlings and farming techniques (World Bank, 2008).

However, the effectiveness of DFIs is not without challenges. Studies point to issues such as limited outreach, bureaucratic processes, political interference, and insufficient capital to meet the agricultural sector's vast financing needs (World Bank, 2008). For kola nuts, the involvement of DFIs appears even more limited, reflecting the general neglect of this crop within formal financial schemes. Despite these limitations, DFIs remain critical players in strengthening Nigeria's financial sector to support agricultural growth, especially for tree crops. Their developmental mandate allows them to take on higher risks and focus on long-term impact, which is essential for a sector characterized by inherent uncertainties and long investment horizons (World Bank, 2008). Enhancing their operational efficiency, expanding their reach, and fostering greater collaboration with other financial actors are key recommendations in the literature for maximizing their impact.

2.3.7 Agricultural Insurance and Risk Financing

Agricultural insurance and other risk financing mechanisms are crucial for mitigating the inherent uncertainties in farming, particularly for tree crops that are susceptible to a range of climatic and biological risks over their long production cycles (World Bank, 2010). In Nigeria, the agricultural sector is highly vulnerable to adverse weather conditions, pests, diseases, and market price fluctuations, which can lead to significant losses for farmers and deter investment (World Bank, 2010). For cocoa, kola, and cashew farmers, these risks are amplified by the perennial nature of their crops, in which a single adverse event can affect multiple years of harvest.

The literature indicates that agricultural insurance penetration in Nigeria remains low despite initiatives such as the Nigerian Agricultural Insurance Scheme (NAIS). Several factors contribute to this low uptake, including a lack of awareness among farmers, high premium costs, complex claim-settlement procedures, and products that are not adequately tailored to the specific risks faced by tree-crop farmers (Mahul & Stutley, 2010). For instance, traditional crop insurance often focuses on annual crops and may not fully cover the long-term investment risks associated with tree crops. The absence of comprehensive insurance coverage leaves farmers exposed to significant financial shocks, making them less likely to invest in productivity-enhancing technologies or access formal credit.

Innovative risk financing solutions, such as index-based insurance (which pays out based on a pre-defined index like rainfall rather than actual loss assessment), weather-indexed insurance, and area-yield index insurance, have been explored in some contexts as potential alternatives to traditional insurance (World Bank, 2007). These products can reduce administrative costs and moral hazard, making them more accessible to smallholder farmers. However, their application in Nigeria, particularly for tree crops, is still nascent and requires further development and adaptation to local conditions. Strengthening agricultural insurance and developing tailored risk financing products are essential for building resilience among tree crop farmers, encouraging investment, and ultimately supporting sustained agricultural growth in Nigeria (World Bank, 2010).

2.3.8 Digital Finance and Agricultural Lending

The rapid advancement of digital technologies has ushered in a new era for financial services, with digital finance emerging as a transformative force in agricultural lending, particularly in developing economies. Digital finance encompasses a range of innovations, including mobile banking, agent banking, digital payment platforms, and data-driven credit scoring, all of which have the potential to bridge the financial inclusion gap for smallholder farmers (Ozili, 2018). In Nigeria, the adoption of digital finance in agriculture is still in its nascent stages but holds significant promise for strengthening financial support to tree crop value chains.

Studies suggest that digital finance can significantly reduce the transaction costs associated with traditional lending, enhance efficiency, and expand the reach of financial services to remote rural areas where cocoa, kola, and cashew farmers are predominantly located (Ajudua et al., 2015). Mobile money platforms, for instance, can facilitate faster and more secure payments for agricultural produce, enable farmers to save digitally, and provide a verifiable transaction history that can be used for credit assessment. This is particularly beneficial for tree crop farmers who often operate in informal markets and lack formal financial records (Kehinde et al., 2024).

However, the effective integration of digital finance into Nigeria's tree crop sector faces several challenges. These include inadequate digital infrastructure (e.g., network connectivity, electricity), low digital literacy among older farmers, concerns about data privacy and security, and the need for appropriate regulatory frameworks to protect consumers and foster innovation (Ozili, 2018). Despite these hurdles, the literature emphasizes the potential of digital finance to revolutionize agricultural lending by enabling tailored financial products, facilitating risk assessment through alternative data sources, and fostering greater transparency in value chains. Successful implementation will require concerted efforts from policymakers, financial service providers, and agricultural stakeholders to address the existing barriers and leverage the full potential of digital solutions for the benefit of cocoa, kola, and cashew farmers (Ajudua et al., 2015).

2.4 Theoretical Review

2.4.1 Financial Intermediation Theory

Financial intermediation theory posits that financial institutions act as intermediaries between savers and borrowers, facilitating the flow of funds from surplus units to deficit units within an economy (Schumpeter, 1911). This process is crucial for economic development, as it enhances the efficiency of resource allocation, reduces transaction costs, and mitigates information asymmetry between lenders and borrowers. In the context of agricultural finance, financial intermediaries (such as commercial banks, microfinance institutions, and development banks) play a vital role in mobilizing rural savings and channeling them into productive agricultural investments (Okoruwa & Daramola, 2009).

For Nigeria's tree crop sector, this theory suggests that a well-functioning financial intermediation system can significantly enhance agricultural growth. By transforming short-term deposits into long-term loans, financial intermediaries can address the maturity mismatch inherent in financing tree crops, which require long-term capital due to their extended gestation periods (Mago & Chitokwindo, 2014). Furthermore, these institutions can pool risks, diversify portfolios, and provide specialized expertise in assessing agricultural projects, thereby reducing the perceived risks associated with lending to the sector. However, the effectiveness of financial intermediation in supporting tree-crop agriculture in Nigeria is often hampered by structural challenges, including weak rural financial infrastructure, high operational costs in remote areas, and a lack of specialized agricultural lending expertise among financial institutions (Adeoti, 2009). Understanding these dynamics through the lens of financial intermediation theory helps explain persistent financing gaps and inform strategies to strengthen financial institutions' capacity to serve the tree-crop sector more effectively.

2.4.2 Credit Market Imperfection Theory

Credit market imperfection theory, largely attributed to Stiglitz and Weiss (1981), posits that information asymmetries and transaction costs can lead to inefficient credit allocation, credit rationing, and even market failure. In agricultural credit markets, these imperfections are particularly pronounced due to factors such as the inherent risks of farming (e.g., weather-dependent production, price volatility), the dispersed nature of agricultural production, and the difficulty in assessing the creditworthiness of smallholder farmers who often lack formal collateral and verifiable financial records (Olomola, 2002).

In Nigeria's tree crop sector, credit market imperfections manifest in several ways. Lenders face challenges in distinguishing between high-risk and low-risk borrowers (adverse selection) and in ensuring that borrowers use loans for their intended productive purposes (moral hazard). This leads banks to either charge higher interest rates to compensate for perceived risks or, more commonly, ration credit to agricultural borrowers, especially smallholder tree-crop farmers (Ojo & Ehinmowo, 2010). The long gestation periods of cocoa, kola, and cashew crops exacerbate these issues, as they extend the time horizon over which information asymmetries can persist and risks can materialize. Consequently, many tree crop farmers are excluded from formal credit markets, forcing them to rely on informal, often exploitative, sources of finance (North, 1990).

Understanding credit market imperfections is crucial for designing effective financial interventions. Policies aimed at improving information flow (e.g., credit bureaus, farmer registries), reducing transaction costs (e.g., digital lending platforms), and mitigating risks (e.g., agricultural insurance, value chain financing) can help overcome these imperfections and facilitate greater access to formal credit for tree-crop farmers. The theory underscores that simply increasing the supply of credit without addressing underlying market imperfections may not yield the desired agricultural growth outcomes.

2.4.3 Value Chain Finance Theory

Value Chain Finance (VCF) theory extends traditional financial intermediation by focusing on the flow of funds and financial services across the entire value chain, rather than on individual transactions or entities (Okoruwa & Daramola, 2009). This approach recognizes that the interdependencies and relationships among actors within a value chain (e.g., input suppliers, farmers, processors, distributors, retailers) can be leveraged to mitigate risks, reduce transaction costs, and improve access to finance for all participants. The core premise is that financing decisions are influenced by the structure and dynamics of the value chain itself, and that financial innovation can occur by tailoring products and services to the chain's specific needs and cash flow patterns (Miller & Jones, 2010).

In the context of Nigeria's tree-crop sector, VCF theory offers a powerful lens for analyzing and designing financial interventions. Tree crop value chains, such as those for cocoa, cashew, and kola, are characterized by multiple stages, diverse actors, and varying levels of risk and profitability. By understanding the flow of goods, information, and money within these chains, financial institutions can develop more appropriate and sustainable financing solutions. For example, VCF can facilitate pre-harvest financing for farmers through off-take agreements with processors, or provide working capital to processors, secured by future sales to exporters (Olomola, 2002). This reduces reliance on traditional collateral and addresses the long gestation period challenge by aligning repayment schedules with revenue-generating points within the chain.

The theory also emphasizes the role of lead firms (e.g., large processors or exporters) in facilitating finance for smaller actors in their value chain, often through embedded finance or by guaranteeing loans. This approach can overcome information asymmetries and build trust, which are critical in agricultural markets prone to imperfections (Ozili, 2018). However, the successful application of VCF theory in Nigeria's tree-crop sector requires strong coordination, transparent contractual arrangements, and the development of robust information systems to track transactions and performance throughout the chain. It also necessitates a shift in perspective from individual-farmer lending to a more holistic, chain-wide financing strategy that recognizes the collective strength and interdependencies among the actors involved (Kehinde et al., 2024).

2.4.4 Institutional Theory

Institutional theory provides a framework for understanding how formal and informal rules, norms, and practices shape economic behavior and outcomes, particularly in the context of financial systems and agricultural development (North, 1990). Institutions, whether formal (e.g., laws, regulations, property rights, financial policies) or informal (e.g., cultural norms, traditions, social networks), create the incentive structures that influence how financial markets function and how actors within the agricultural sector interact with these markets (Williamson, 2000).

In Nigeria, institutional factors significantly affect the effectiveness of financial sector support for tree-crop agriculture. Formal institutions, such as land tenure systems, contract enforcement mechanisms, and the regulatory environment for financial services, directly affect the willingness of banks to lend and farmers to borrow. For instance, weak property rights and difficulties in enforcing contracts can increase lenders' perceived risk, leading to higher collateral requirements or outright exclusion of farmers from formal credit (Olomola, 2002). Similarly, the effectiveness of government agricultural credit programs is often influenced by the institutional capacity of implementing agencies and the transparency of their operations (World Bank, 2008).

Informal institutions also play a crucial role, especially in the kola nut value chain, which is largely governed by traditional practices and social networks rather than formal contracts (Food and Agriculture Organization, 1998). While these informal institutions can facilitate trust and cooperation within communities, they often limit the scalability of financial interventions and hinder integration into formal financial systems. Institutional theory suggests that strengthening formal institutions (e.g., improving land titling and enhancing legal frameworks for contract enforcement) and understanding their interplay with informal institutions are essential for creating an enabling environment for agricultural finance. This theoretical lens highlights that financial sector development is not merely about increasing the supply of credit but also about reforming and strengthening the underlying institutional architecture that governs financial transactions and agricultural activities, particularly for long-term investments in tree crops such as cocoa, kola, and cashew (Adeoti, 2009).

2.5 Synthesis of Literature

The synthesis of the reviewed literature reveals a complex and multifaceted relationship between financial sector development and the growth of Nigeria's tree crop sub-sector. A consistent pattern across studies is the acknowledgment that while financial sector development, measured by credit availability and institutional presence, has a positive theoretical and short-term empirical impact on agricultural output, its long-term effectiveness is severely constrained by structural and operational weaknesses (Adeoti, 2009; Levine, 2005).

Major Determinants of Agricultural Financing: The literature identifies several key determinants that influence the flow of finance to tree crops. These include the macroeconomic environment (e.g., interest rates, inflation), the perceived risk profile of the crops (exacerbated by climate change and price volatility), the availability of collateral, and the level of financial literacy among farmers (North, 1990; Udoh & Akpan, 2014). Furthermore, the institutional framework, particularly land tenure security and contract enforcement, plays a decisive role in shaping lenders' risk assessments (Olomola, 2002).

Financial System Weaknesses: A prominent theme is the mismatch between the financial products offered by traditional commercial banks and the specific needs of tree crop farmers. The long gestation periods of cocoa, cashew, and kola require long-term, patient capital, which is often unavailable or prohibitively expensive (Mago & Chitokwindo, 2014). High interest rates, stringent collateral requirements, and complex application processes further alienate smallholder farmers, driving them towards informal, often exploitative, credit sources (Ojo & Ehinmowo, 2010). Additionally, the low penetration of agricultural insurance leaves farmers exposed to significant risks, further deterring investment and formal lending (Mahul & Stutley, 2010).

Successful Financial Models: Despite these weaknesses, the literature highlights several promising models. Value Chain Financing (VCF) emerges as a particularly effective approach, as it leverages relationships within the chain to mitigate risks and improve access to finance for all actors, from input suppliers to processors (Okoruwa & Daramola, 2009; Olomola, 2002). The “Ecosystem Approach” to VCF, which integrates financial services, market linkages, and technical assistance, shows significant potential for establishing sustainable financing schemes (Kehinde et al., 2024). Furthermore, the strategic involvement of Development Finance Institutions (DFIs) in providing long-term capital and the emerging role of digital finance in expanding financial inclusion are identified as critical components of a strengthened financial ecosystem (Williamson, 2000).

2.6 Research Gaps

Despite the growing body of literature on financial sector development and agricultural growth in Nigeria, this systematic review identifies several critical research gaps, particularly in the tree-crop sub-sector. Addressing these gaps is crucial for advancing both academic understanding and policy effectiveness.

Gap 1: Financing of Kola Nut Value Chain

There is a significant dearth of research specifically on the financing of kola nut production and its value chain. Compared to cocoa and cashew, which have received relatively more attention, kola nuts, despite their economic and cultural importance, remain largely understudied in terms of formal financial interventions and their impact (Food and Agriculture Organization, 1998). Existing studies often focus on production and marketing aspects, with limited exploration of financial access, constraints, and innovative financing models tailored to this crop. This gap highlights a need for dedicated research to understand the unique financial needs and challenges of kola farmers and traders (Ojo & Ehinmowo, 2010). A recent stakeholder engagement emphasized the need for in-depth exploration of kola plants to contribute to sustainable economic models and poverty reduction strategies in Nigeria (Guardian, 2024).

Gap 2: Long-Term Financial Support for Perennial Crops

The literature reveals a pervasive issue of inadequate long-term financial support systems for perennial crops. While the long gestation period of tree crops is consistently acknowledged as a major constraint, there is limited empirical evidence on the effectiveness of specific long-term financial products or mechanisms designed to address this challenge in the Nigerian context (Mago & Chitokwindo, 2014). Most available credit is short-term, creating a fundamental mismatch with the investment cycles of cocoa, cashew, and kola. Future research should explore the design, implementation, and impact of patient capital, blended finance, and other long-term financial instruments. This gap is further underscored by the absence of structured financing across entire value chains, which limits value addition and export potential (Ugbor et al., 2018).

Gap 3: Impact of Digital Finance on Tree-Crop Value Chains

While digital finance is emerging as a promising avenue for financial inclusion, there is limited empirical evidence on its specific impact and integration into the perennial tree-crop value chains in Nigeria. Studies often discuss digital finance in a general agricultural context. However, granular analysis on how mobile banking, digital payments, and data-driven credit scoring are specifically transforming financing for cocoa, cashew, and kola farmers is scarce (Ozili, 2018). Research is needed to assess the effectiveness, adoption rates, and challenges of digital financial services for these specific value chains. A recent case study from Nigeria highlights the potential of digital finance to transform agri-food value chains, but notes that export-oriented chains like cocoa remain less integrated into digital financial services compared to staple food crops (CGIAR, 2025).

Gap 4: Regional Disparities in Research Focus

There is a regional disparity in research focus, with a disproportionate number of studies concentrating on cocoa in the Southwest region of Nigeria. This leaves significant gaps in understanding the financial dynamics of cashew production in other regions and, more critically, the largely informal kola nut value chain across various geographical areas (Food and Agriculture Organization, 1998). Comparative studies across different tree crop-producing regions could provide valuable insights into localized financial constraints and opportunities, contributing to more targeted policy interventions. This regional imbalance is further highlighted by the observation that tree crops across Nigeria face systemic neglect as policy focus shifts toward staple crops like rice and maize (Daily Trust, 2021). These identified gaps underscore the need for more focused, granular research to inform effective strategies to strengthen Nigeria's financial sector and support its vital tree-crop economy.

2.7 Conclusion

This systematic literature review has explored the critical nexus between financial sector development and agricultural growth in Nigeria, with a specific focus on the cocoa, kola, and cashew tree crop value chains. The synthesis of existing literature underscores that a robust and inclusive financial sector is indispensable for unlocking the full potential of Nigeria's agricultural economy. While financial sector development generally correlates positively with agricultural output, the effectiveness of financial interventions is significantly influenced by the unique characteristics of tree crops, particularly their long gestation periods and inherent risks.

Major Insights from the Literature: The review highlights that access to appropriate credit significantly boosts farm productivity and income among tree-crop farmers. Value Chain Financing (VCF) emerges as a promising model for mitigating risks and improving access to finance by leveraging interdependencies within the value chain. Development Finance Institutions (DFIs) play a crucial role in providing long-term capital that is often lacking in commercial banks. Furthermore, digital finance offers transformative potential for financial inclusion, especially in remote rural areas, though its full integration requires addressing infrastructure and literacy challenges. However, the pervasive issues of high lending rates, stringent collateral requirements, and inadequate agricultural insurance remain significant impediments.

Implications for Financial Sector Policy: The findings carry several implications for financial sector policy in Nigeria. There is a clear need for policies that promote the development of tailored financial products, such as long-term loans with flexible repayment schedules that align with the cash flow patterns of tree crops. Enhancing the capacity and outreach of DFIs, while improving their operational efficiency, is crucial. Policymakers should also foster an enabling environment for the growth of VCF models and the responsible adoption of digital finance solutions, ensuring that regulatory frameworks support innovation while protecting farmers. Addressing institutional weaknesses, such as land tenure insecurity and contract enforcement, is fundamental to reducing perceived risks for lenders and encouraging greater private sector participation.

Importance of Financial Reforms for Agricultural Growth: Ultimately, comprehensive financial reforms are paramount to achieving sustainable agricultural growth in Nigeria, particularly in the tree-crop sector. These reforms must move beyond simply increasing the volume of credit to focusing on the quality, suitability, and accessibility of financial services. By strengthening the financial ecosystem, Nigeria can empower its cocoa, kola, and cashew farmers to invest in productivity-enhancing technologies, manage risks more effectively, and integrate more deeply into profitable value chains. This, in turn, will contribute to enhanced food security, increased export earnings, and broader economic development, solidifying agriculture's role as a key driver of national prosperity.

References

- Adeoti, J. O. (2009). The role of development finance institutions in agricultural development in Nigeria. Globelics.
- African Development Bank. (2013). Agriculture and agro-industry. Retrieved from [text](#)
- Ajudua, E. I., Davis Ojima, J. P., & Okonkwo, O. N. (2015). A review of monetary policy and the Nigerian agricultural sector performance. *International Journal of Academic Research in Progressive Education and Development*, 4(3), 72–88. [text](#)
- Akubo, D., Iyaji, J., Akowe, I. I., Alabi, O. B., & Olatunbosun, B. A. (2022). Assessment of cashew nut value chain in Kogi State, Nigeria [Student project]. Afribary. [text](#)
- Aroyewun, B., Akinola, H., & Akintola, A. F. (2024). Financial sector development and agricultural output in Nigeria. *Caleb International Journal of Development Studies*, 7(2), 39–53.
- Beck, T., Levine, R., & Loayza, N. (2000). Financial intermediation and growth: Causality and causes. *Journal of Monetary Economics*, 46(1), 31–77.
- Central Bank of Nigeria. (1977). Agricultural Credit Guarantee Scheme Fund (ACGSF). Retrieved from [text](#)
- Central Bank of Nigeria. (2018). Development finance. Retrieved from [text](#)
- CGIAR. (2025). Digital finance and agri-food value chains: Case studies from Nigeria. CGIAR Research Program on Policies, Institutions, and Markets. [text](#)
- Daily Trust. (2021, September 19). Tree crops under threat as focus shifts to rice, maize. Daily Trust. [text](#)
- Ejinkonye, R. C., Nwali, T. B., Nwosu, S. N., Akiogbeme, M. I., & Momoh, D. Y. (2024). Effect of financial development on agricultural growth in Nigeria (1981–2022). *International Journal of Economics and Financial Management*, 9(3), 104–116. [text](#)
- Eze, A. V., Macharia, I., & Ngare, L. (2023). Economic viability of value-added cashew products processed in Southeast zone, Nigeria. *Heliyon*, 9(1), e12791. [text](#)
- Food and Agriculture Organization. (1998). Agricultural finance: Getting the policies right. FAO Agricultural Finance Revisited No. 2.
- Guardian. (2024, May 19). Stakeholders seek in-depth exploration of kola plants. The Guardian. [text](#)
- Kehinde, A. (2026). Access to credit and its influence on cocoa farmers' willingness to pay for EU-approved pesticides in Ondo and Osun States. ResearchGate.
- Kehinde, A., Ojo, T., Ogunleye, A., & Ogundej, A. (2024). Impact of access to cash remittances on cocoa yield in Southwestern Nigeria. *Sustainable Futures*, 7, Article 100168. [text](#)
- Kolapo, A., Tijani, A. A., Oluwatayo, I. B., Ojo, T. O., Khumalo, N. Z., Elhindi, K. M., Kassem, H. S., & Adeleye, F. A. (2025). Sustainable intensification of cocoa production under a changing climate in Southwest, Nigeria. *Frontiers in Sustainable Food Systems*, 9, Article 1505454. [text](#)
- Koloma, Y., & Some, J. (2023). The effects of public funding on agricultural performance and environmental degradation in Ghana: Case studies of three arboriculture value chains (Cocoa, Cashew & Mango). Econstor.
- Levine, R. (2005). Finance and growth: Theory and evidence. In P. Aghion & S. Durlauf (Eds.), *Handbook of economic growth* (Vol. 1, pp. 865–934). Elsevier.
- Mago, S., & Chitokwindo, S. (2014). The impact of mobile banking on financial inclusion in Zimbabwe: A case for Masvingo Province. *Mediterranean Journal of Social Sciences*, 5(9), 221–230. [text](#)
- Mahul, O., & Stutley, C. J. (2010). Government support to agricultural insurance: Challenges and options for developing countries. World Bank Publications.
- Miller, C., & Jones, L. (2010). Agricultural value chain finance: Strategy and tools. FAO and Practical Action Publishing.
- Nigerian Agricultural Insurance Corporation. (1987). Nigerian Agricultural Insurance Corporation. Retrieved from [text](#)
- North, D. C. (1990). Institutions, institutional change and economic performance. Cambridge University Press.
- Ojo, S. O., & Ehinmowo, O. O. (2010). Economic analysis of kola-nut production in Nigeria. *Journal of Social Sciences*, 24(3), 209–214.
- Okoruwa, V. O., & Daramola, A. G. (2009). Financial intermediation in agriculture: A suggested analytical model. *Southern Journal of Agricultural Economics*, 41(1), 1–15.
- Oladoyin, O. P., Ajayi, O. O., Ibrahim, A. T., & Borokini, E. A. (2025). Determinants and impact of credit utilization among rural cocoa farmers: Evidence from Ondo State, Nigeria. *International Journal of Research and Innovation in Social Science*, IX(IV), 2651–2663. [text](#)
- Olomola, A. S. (2002). Credit market imperfections and the adoption of agricultural innovations in Nigeria (AERC Research Paper 120). African Economic Research Consortium.
- Onyeneke, R. U. (2019). Climate change adaptation in Nigerian agricultural sector. *AIMS Agriculture and Food*, 4(4), 967–984.
- Ozili, P. K. (2018). Impact of digital finance on financial inclusion and stability. *Journal of Financial Economic Policy*, 10(4), 412–432.

References

- Peprah, C. (2025). Cashew production: A conduit to attaining sustainable development in West Africa. *Cogent Social Sciences*, 11(1), Article 2535763. <https://doi.org/10.1080/23311932.2025.2535763>
- Schumpeter, J. A. (1911). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Harvard University Press.
- Statista. (2023). Value of cashew nuts exported from Nigeria 2015–2021. Retrieved from <https://www.statista.com/statistics/1257790/value-of-cashew-nuts-exported-from-nigeria/>
- Stiglitz, J. E., & Weiss, A. (1981). Credit rationing in markets with imperfect information. *The American Economic Review*, 71(3), 393–410.
- Udoh, E. J., & Akpan, S. B. (2014). Determinants of agricultural credit demand and supply in Akwa Ibom State, Nigeria. *Journal of Agricultural Economics and Rural Development*, 2(1), 1–8.
- Ugbor, O., Omeje, A., & Mba, O. (2018). Financial inclusion in the agricultural sector in Nigeria: An index of penetration. *Academia.edu*.
- UNIDO. (2011). *Unleashing agricultural development in Nigeria through value chain financing*. United Nations Industrial Development Organization. Retrieved from https://www.unido.org/sites/default/files/2011-01/Nigeria_Finance_Diagnostics_final2_0.pdf
- Villalba, R., Venus, T. E., & Sauer, J. (2023). The ecosystem approach to agricultural value chain finance: A framework for rural credit. *World Development*, 164, Article 106177. <https://doi.org/10.1016/j.worlddev.2022.106177>
- Williamson, O. E. (2000). The new institutional economics: Taking stock, looking ahead. *Journal of Economic Literature*, 38(3), 595–613.
- World Bank. (1990). Imperfect information and rural credit markets: Puzzles and policy perspectives. *The World Bank Economic Review*, 4(3), 235–250.
- World Bank. (2007). *Managing agricultural risk at the country level: The case of index-based livestock insurance in Mongolia*. World Bank Publications.
- World Bank. (2008). *Global development finance 2008: Review, analysis, and outlook*. World Bank Publications.
- World Bank. (2010). *Government support to agricultural insurance: Challenges and options for developing countries*. World Bank Publications.
- World Bank. (2014). *Global financial development report 2014: Financial inclusion*. World Bank Publications. <https://doi.org/10.1596/978-0-8213-9985-9>
- World Bank. (2021). *Nigeria: Policy reforms and investment priorities in the cashew nuts value chain*. World Bank Publications. Retrieved from <https://documents.worldbank.org>

GENERATIVE CONSTRUCTIVE DECOLONISATION AND THE ELEVEN DOMAINS OF RELATIONAL OBLIGATION: AN AFRICA-ORIGINATING PROGRAMME FOR REPOSITIONING POWER, POLICY, AND PRACTICE IN A DISRUPTED WORLD

Jude Dunkwu; Centre for Online Distance Education (CODE), University of London, UK

Abstract

Repositioning Africa in a disrupted world calls not only for new institutional arrangements but for new methodological foundations — methods through which African intellectual traditions generate frameworks contributing to global scholarship and practice on their own terms. This paper introduces Generative Constructive Decolonisation (GCD) as such a method and Relational Obligation (RO) as the first programmatic illustration of what GCD produces. GCD is the scholarly programme of generating original frameworks from non-Western philosophical traditions, formalising them, operationalising them across institutional domains, and offering them to global discourse as independent and equal contributions to the sum of human knowledge. Building on the African critical tradition that has cleared the conceptual ground (Mbembe, Mamdani, Ndlovu-Gatsheni, Nyamnjoh, Tuhiwai Smith, Mignolo, Quijano), GCD is the constructive successor that builds frameworks the critical tradition was not designed to produce. The paper presents the eleven-domain RO architecture — derived from the Igbo philosophical principle *Ọnyèàýàná* (“thou shalt not abandon thy relation”) and operationalised across computing, medicine, environment, business, law, education, governance, sciences, engineering, agriculture, and humanities — and develops two illustrative applications (Corporate Relational Obligation and Relational Economic Obligation) that demonstrate the method’s reach. The Pan-African three-register architecture — Ubuntu’s descriptive-ontological, *Ìbùànyịdàndà*’s complementary-ontological, *Ọnyèàýàná*’s prescriptive-ethical — situates the contribution in continuity with the wider African philosophical tradition. The contribution is presented not as a survey of frameworks but as a programmatic demonstration of intellectual sovereignty: the capacity of African scholarship to generate, from within its own resources, the frameworks through which African institutions exercise authority, policy is made, and practice is governed in the disrupted world.

Keywords: *Generative Constructive Decolonisation (GCD); Relational Obligation (RO); African philosophy; methodological sovereignty; Ọnyèàýàná*

1. Introduction: Repositioning as Methodological Sovereignty

The Academy for African Studies has gathered around a question whose force is unmistakable. The international order that shaped development thinking for decades is itself under strain; institutions both domestic and international face limits in capacity, legitimacy, and coordination; the rules, norms, and centres of influence that once structured global engagement have become genuinely uncertain. In this disruption, the conference call observes, lies an invitation: not only to navigate but to build.

This paper accepts that invitation at the methodological level. It argues that the most durable form of repositioning available to African scholarship in the disrupted order is methodological sovereignty — the capacity to generate, from within African intellectual traditions, the frameworks through which African institutions exercise authority, African policy is made, and African practice is governed. Geopolitical repositioning without methodological sovereignty produces authority contingent on external recognition; institutional repositioning without philosophical foundation produces instruments whose legitimacy is borrowed rather than generated (Nkomo, 2011; Jack & Westwood, 2009; Tsui, 2004). Repositioning that endures requires intellectual sovereignty, and intellectual sovereignty requires a method.

The paper introduces such a method. Generative Constructive Decolonisation (GCD) is the scholarly programme of generating original frameworks from non-Western philosophical traditions, formalising them, operationalising them across institutional domains, and offering them to global discourse as independent and equal contributions to the sum of human knowledge. GCD is the principal contribution this paper offers. Relational Obligation (RO) is the first programmatic illustration of what GCD produces — a family of operational frameworks across eleven domains of human institutional activity, derived from a single Igbo philosophical principle and developed through the GCD method (Author, 2026a, 2026c, 2026d, 2026h, forthcoming).

The paper builds on substantial existing African scholarship rather than apart from it. The African critical and decolonial tradition associated with Mbembe (2001, 2016), Mamdani (1996), Ndlovu-Gatsheni (2018), Nyamnjoh (2012, 2019), Tuhiwai Smith (1999), Mignolo (2007, 2011), and Quijano (2000) has cleared the conceptual ground that makes generative-constructive work possible. The Africapitalism tradition (Elumelu, 2012; Amaeshi & Idemudia, 2015), Ubuntu philosophy (Ramose, 1999; Metz, 2007, 2024; Lutz, 2009), the African authentic leadership scholarship (Avolio & Gardner, 2005; Brown & Treviño, 2006; Harrison, 2024; Omeihe & Harrison, 2022), and the trust-and-indigenous-institutions literature (North, 1990; Granovetter, 1985; Fafchamps, 2004; Platteau, 2000; Omeihe, 2023) have built substantive African intellectual resources on which the GCD programme depends. GCD does not displace any of these contributions; it provides the methodological architecture from which they can be extended, complemented, and connected with a rigour that the absence of a shared method has made difficult.

The paper proceeds in seven further movements. Section 2 introduces GCD as method, situating it in the African critical tradition and specifying what it generates that critique alone does not produce. Section 3 introduces the philosophical foundation — Ọnyèàyàná — at the level of detail this paper requires. Section 4 presents Relational Obligation as the parent framework and the eleven-domain architecture as the programmatic scope of what GCD has produced from a single foundational principle. Section 5 develops two illustrative applications — CRO and REO — sufficient to show the method's reach without duplicating the full development given in companion papers. Section 6 develops implications for the conference theme: power, policy, and practice. Section 7 concludes.

2. Generative Constructive Decolonisation as Method

2.1 The Method Specified

Generative Constructive Decolonisation, formally introduced at the EDEN paper (Author, 2026c) and developed at full methodological length in the BEN-Africa paper (Author, 2026h), is the scholarly programme of generating original frameworks from non-Western philosophical traditions, placing them at the world's leading academic, professional, and policy venues, and demonstrating that they possess the intellectual precision required to operate within global scholarship and practice on their own terms — not as supplements, applications, or adaptations of existing frameworks, but as independent and equal contributions to the sum of human knowledge.

GCD is generative: it generates new frameworks. The output is theoretical content that did not exist before — a new theory of the firm, a new pricing instrument, a new ethics-of-AI framework, a new qualitative-research methodology. GCD is constructive: it works by building rather than only by critiquing, with the outputs designed for compatibility with existing instruments rather than as alternatives to them. GCD is decolonising in effect rather than label: the decolonising work comes from generating frameworks from non-Western philosophical traditions and offering them to global discourse as contributions on their own terms. And GCD is oriented toward global discourse: the frameworks generated travel because the conditions to which they speak — institutional obligation, constitutive relationship, extractive pressure, algorithmic governance — recur globally (Author, 2026c, 2026h).

2.2 The Six Steps

The method consists of six steps. Recovery is the identification of a foundational philosophical principle within a non-Western tradition. Authentication is the establishment, through tradition-internal sources, that the principle is genuinely operative. Formalisation translates the recovered principle into propositional form. Operationalisation derives a working framework applicable in a specific domain. Compatibility-testing maps the operationalised framework against existing instruments and conversations in the target domain. Contribution offers the framework to global discourse on its own terms (Author, 2026c, 2026h). The eleven-domain RO architecture presented in Section 4 is the result of applying this method to Ọnyèàyàná across the full range of institutional activity.

2.3 GCD and the African Critical Tradition

GCD's relationship to the African critical and decolonial tradition is one of indebted continuation rather than competition or supersession. The decolonisation project in African Studies and management scholarship has produced contributions of genuine and lasting significance. It has identified the ways in which knowledge production has historically privileged Western epistemological frameworks, marginalised non-Western knowledge traditions, and sustained asymmetries of intellectual power (Mbembe, 2001, 2016; Mamdani, 1996; Ndlovu-Gatsheni, 2018; Nkomo, 2011; Tsui, 2004; Jack & Westwood, 2009). It has documented the persistence of colonial logics within ostensibly post-colonial knowledge infrastructures (Nyamnjoh, 2012, 2019; Tuhiwai Smith, 1999) and traced the global coloniality of power across continents (Mignolo, 2007, 2011; Quijano, 2000). These are recognitions of decisive importance, and GCD stands in fully collegial dialogue with the scholars and traditions that have advanced them.

What GCD adds is method for the constructive task that the critical tradition has prepared but was not designed to perform. Diagnosis, however precise, does not by itself constitute the contribution that addresses what diagnosis identifies. GCD specifies how the constructive task can be undertaken: what counts as a foundational principle worth recovering; how authentication proceeds; how formalisation translates the principle into propositional form without losing its normative content; how operationalisation derives working frameworks; how compatibility-testing handles the relationship to existing instruments; how contribution is offered to global discourse. GCD offers the African critical tradition a constructive companion: it builds on the conceptual ground the critical work has cleared and produces operational frameworks that the critical work itself was not designed to deliver (Author, 2026c, 2026h).

2.4 GCD as a Transferable Methodology

GCD is offered as a method, not as a proprietary procedure. The six steps are not specific to the Igbo tradition through which they are illustrated in this paper; they are designed to support generative-constructive work from any non-Western philosophical tradition. Scholars working from Yoruba, Akan, Zulu, Hausa, Tswana, Wolof, or any other African philosophical tradition can apply the method to recover, authenticate, formalise, operationalise, compatibility-test, and contribute frameworks from those traditions. Scholars working from non-African philosophical traditions — Māori, Lakota, Mīmāṃsā, Confucian, Andean, and others — can do the same. The intended scope of GCD as a method is the full diversity of human philosophical traditions whose insights have not yet been operationalised at global scholarly venues. African Studies, as the disciplinary home of African philosophical resources, has a distinctive role in advancing the method, and this conference is particularly well-positioned to receive GCD on its own terms.

3. Ònyèàyàná: The Foundational Principle

Ònyèàyàná is recovered from Ònyèàyàná nwànnèyà, a living Igbo proper name borne by persons and families in the Okpanam community of Delta State, Nigeria. The principle the name encodes — and the philosophical analysis of its grammatical, onomastic, and ontological structure — is set out in the foundational journal paper (Author, 2026a) and refined further in its companion (Author, forthcoming). The treatment below preserves the substantive philosophical moves needed for the conference audience while necessarily compressing the full evidential apparatus, which the foundational paper provides.

The name issues an ethical command — thou shalt not abandon thy relation — and encodes an ontological claim that the nwánné bond is constitutive of who the parties to that bond are. Both functions are grammatically co-present, neither derived from the other. This grammatical co-presence is what the foundational paper identifies as the ought-is — the positive counterpart to Hume's (1739/2000) is-ought. A comparative survey across fifteen philosophical traditions and five continents establishes Ònyèàyàná as the first principle in that literature demonstrated to satisfy all three criteria of the ought-is simultaneously: grammatical co-constitution, intrinsic ontological morphology, and self-grounding normative authority (Author, 2026a, forthcoming). This is a contribution to global metaethics from the Igbo tradition, with consequences extending well beyond African philosophy.

3.1 The Pan-African Three-Register Architecture

Within the wider African philosophical tradition, Ònyèàyanà operates in the prescriptive-ethical register, alongside Ubuntu's descriptive-ontological register and Asouzu's (2007) Ìbùànyidàndà in the complementary-ontological register. Ubuntu — umuntu ngumuntu ngabantu — articulates what persons are: relational, mutually constituted, complete in community (Tutu, 1999; Ramose, 1999; Metz, 2007, 2024; Lutz, 2009). Ìbùànyidàndà articulates that reality's complementary structure makes every entity require its complement for completion (Asouzu, 2007). Ònyèàyanà articulates what persons must therefore do — without deriving that command from the other two registers. The three are not a hierarchy but a triad, each internally complete, none reducible to the others, together constituting a genuinely Pan-African philosophical architecture. The contribution this paper develops is Igbo-grounded, in continuity with the wider African tradition rather than positioned against it.

3.2 Trust, Onomastics, and the Empirical Grounding

The empirical grounding of Ònyèàyanà in African economic life is well established by the trust-and-indigenous-institutions literature. The Igbo concept of ntukwasi obi — relational faith grounded in social obligation, reputation, and the sanction of severed bonds — is the surface expression of the constitutive relational bond that Ònyèàyanà names at the grammatical and philosophical level (Omeihe, 2023). The institutional sanction that gives ntukwasi obi its enforcement power — *ịṣụ mmadụ*, the severing of the constitutive relational bond — operates with consequences that extend, as the empirical literature documents, well beyond the instrumental costs of broken agreements into something that registers as a qualitatively different kind of wrong (North, 1990; Granovetter, 1985; Fafchamps, 2004; Platteau, 2000; Omeihe, 2023). The conversation between the empirical findings of the trust-and-institutions literature and the philosophical architecture of Ònyèàyanà is one of mutual enrichment: the empirical literature provides the experiential grounding for Ònyèàyanà's philosophical claims; Ònyèàyanà provides the philosophical account of why these findings have the structure and weight they demonstrably do.

4. Relational Obligation: The Programmatic Scope of GCD's First Application

4.1 RO as the Parent Framework

Relational Obligation is the governing framework derived from Ònyèàyanà's commandment through the GCD method: entities are under binding, non-negotiable obligation not to abandon the relational communities through which they are constituted. RO was formally introduced at the EDEN paper (Author, 2026c). RO holds that institutions, corporations, algorithmic systems, governance bodies, educational institutions, and any other entity constituted through relationships are not parties to those relationships in a contracting sense; they are constituted through them, such that abandonment is institutional self-diminishment rather than a breach to be remedied through compensation. RO's prescriptive force is grammatically original — inheriting its structure from the onomastic register at which Ònyèàyanà operates (Author, 2026a, forthcoming).

4.2 The Eleven-Domain Architecture

RO operationalises across eleven domains of human institutional activity, each generating a named operationalisation from the same foundational commandment. Table 1 presents the architecture. The two operationalisations developed illustratively in Section 5 (CRO and REO) are shaded; the remaining nine are developed in companion papers cited in the table footnote.

Table 1: The Eleven-Domain Relational Obligation Architecture

#	RO type	Field	Governing standard
1	ARO	Computing & Information Sciences	<i>Algorithmic non-abandonment — data sovereignty; benefit return</i>
2	MRO	Medical & Health Sciences	<i>Medical non-abandonment — care continuity; obligation intensification</i>
3	ERO	Environmental & Earth Sciences	<i>Ecological non-abandonment — restoration; intergenerational stewardship</i>
4	CRO/REO	Economics & Business	<i>Corporate non-abandonment — Origin Premium for constitutive contribution</i>
5	LRO	Law & Justice	<i>Legal non-abandonment — equal protection; relational duty of care</i>
6	EduRO	Education	<i>Educational non-abandonment — learner non-abandonment; epistemic justice</i>
7	PRO	Governance & Public Policy	<i>Political non-abandonment — civic obligation; democratic accountability</i>
8	SciRO	Natural Sciences & Mathematics	<i>Scientific non-abandonment — benefit-sharing; knowledge return</i>
9	EngRO	Engineering & Built Environment	<i>Engineering non-abandonment — infrastructure justice; design obligation</i>
10	AgrRO	Agricultural & Food Sciences	<i>Agricultural non-abandonment — food sovereignty; land obligation</i>
11	CuRO	Humanities, Arts & Social Sciences	<i>Cultural non-abandonment — representational justice; heritage return</i>

Note. CRO and REO (row 04, shaded) are developed illustratively in Section 5. Companion-paper treatments: ARO (Author, 2026g); MRO (Author, 2026f); EduRO (Author, 2026c, 2026e); CRO parent theoretical paper (Author, under review). The remaining domain operationalisations (ERO, LRO, PRO, SciRO, EngRO, AgrRO, CuRO) are in development.

The eleven-domain architecture is the visible programmatic scope of what GCD has produced from a single foundational principle. Its breadth is the response to the question that motivates this paper: can African intellectual traditions, through a rigorous method, generate frameworks of the scope and operational reach that contemporary global institutional life requires? The architecture above is the answer in form. The next section illustrates the answer in two specific domains.

5. Two Illustrative Applications: CRO and REO

This section illustrates GCD's analytical reach through two operationalisations: Corporate Relational Obligation (CRO) and Relational Economic Obligation (REO). The treatment is illustrative rather than complete; full development of CRO is given in the parent theoretical paper currently under review (Author, under review), and full development of REO in a companion conference paper (Author, 2026d). The aim here is to show how a single foundational principle, applied through GCD, generates operational frameworks whose specificity bears directly on the conference theme of repositioning power, policy, and practice.

5.1 Corporate Relational Obligation (CRO): Illustrative Sketch

CRO is the corporate-domain operationalisation of Ònyèáyàná: the constitutive obligation of corporations not to abandon the relational communities — stakeholders, labour, suppliers, origin communities, ecological systems — through which they are constituted. CRO sits in productive complementarity with stakeholder theory (Freeman, 1984; Donaldson & Preston, 1995), Africapitalism (Amaeshi & Idemudia, 2015; Elumelu, 2012), and stewardship theory (Davis, Schoorman, & Donaldson, 1997). Where stakeholder theory asks who corporations should consider, CRO articulates the constitutive relationship through which the consideration becomes binding. Where Africapitalism asks where African business should go, CRO articulates what business constitutively owes.

CRO operationalises through a four-dimension governance architecture — KNOW, FEEL, DO, OUGHT — applicable as both an analytical framework and a practical assessment instrument. KNOW asks whether the corporation genuinely understands the constitutive communities through which it operates. FEEL asks whether those communities experience the corporation as genuinely present rather than performed. DO asks what concrete practices embody constitutive commitment over time and under pressure. OUGHT identifies the non-negotiable constitutive spine that cannot be abandoned without corporate self-dissolution. The full theoretical apparatus — including the bounded displacement claim against the managerial premise of stakeholder theory, the five operational scope criteria for constitutively-constituted firms, the diagnostic constructs of relational denial, relational extraction, and relational self-dissolution, and the falsifiable propositions through which the theory can be empirically tested — is developed in the parent paper (Author, under review). The illustrative point for this audience is that GCD applied to corporate governance produces a theoretical architecture that contributes to global management scholarship rather than supplements it from a regional position.

5.2 Relational Economic Obligation (REO) and the Origin Premium

REO is the economic-domain operationalisation of Ònyèáyàná: the constitutive obligation, binding on economic actors including corporations, investors, and states, not to abandon the origin communities through whose resources, labour, and ecological contribution economic value is generated (Author, 2026d). REO is developed in detail in a companion conference paper; the illustration here is compressed to the essential analytical move.

REO names a specific economic pattern as the diagnostic signature of constitutive-relationship under-recognition — what REO calls the Extraction Discount: the systematic understatement, in the prices the market applies to a resource at its point of origin, of the economic value that resource generates downstream. The pattern recurs across Africa's most significant commodity sectors: cobalt and coltan in the Democratic Republic of the Congo and Zambia, cocoa in Côte d'Ivoire and Ghana, crude oil in the Niger Delta, lithium in Zimbabwe, diamonds in Botswana. Where the Extraction Discount names the pattern, the Origin Premium is REO's corrective instrument: a five-component formula (Ecological Replacement Cost + Community Disruption Cost + Intergenerational Equity Cost + Sovereignty Premium + Relational Maintenance Cost) that translates the non-abandonment principle into commodity pricing and value-chain governance. The instrument complements existing multilateral pricing frameworks: the European Union's Carbon Border Adjustment Mechanism (CBAM, 2023) recognises that imported goods should reflect environmental costs not captured in producing-country prices; the Origin Premium extends this logic to constitutive relational contributions. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) framework's Articles 22 to 24 on geographical indication recognise that origin can carry economic value beyond the market-clearing price for designated agricultural products; the Origin Premium proposes that this logic extend to extracted resources whose origin currently commands no premium at all (Author, 2026d). The illustrative point is that GCD applied to economic governance produces a pricing instrument directly applicable to the trade-facilitation and natural-resource-governance challenges that African policymakers are currently navigating.

6. Implications for Repositioning: Power, Policy, and Practice

6.1 Power: Constitutive Authority through Methodological Sovereignty

The disrupted multipolar order creates genuine new spaces for African institutional agency, but the durability of those spaces depends on the philosophical foundations from which agency is exercised. Methodological sovereignty — the capacity to generate frameworks from within African intellectual traditions through a rigorous, transferable, globally-engaged method — is the most durable form of institutional power available to African scholarship and African institutions in the disrupted order. GCD provides such a method. The eleven-domain RO architecture provides one demonstration of what methodological sovereignty produces. African scholarship that operates through GCD does not ask permission of existing global knowledge frameworks to generate Africa-originating contributions; it demonstrates, through rigorous scholarly work placed at global academic and policy venues, that African philosophical traditions contain resources of the highest intellectual precision (Nkomo, 2011; Tsui, 2004; Jack & Westwood, 2009; Mangaliso, 2001).

6.2 Policy: Africa-Originating Instruments for Multilateral Engagement

GCD applied to specific institutional domains generates policy instruments that African policymakers and regional bodies can deploy at multilateral negotiating tables not as adaptations of external standards but as independently grounded contributions to global governance. The Origin Premium (Section 5.2) is one such instrument, applicable to trade, natural-resource, and supply-chain governance. Algorithmic Relational Obligation (ARO; Author, 2026g) generates governance commitments for AI systems that operate alongside the EU AI Act, the OECD AI Principles, the UNESCO Recommendation on the Ethics of AI, and the African Union Continental AI Strategy. Educational Relational Obligation (EduRO; Author, 2026c, 2026e) generates accountability frameworks for educational institutions in distance learning, online education, and lifelong-learning policy contexts, with relevance to UNESCO's lifelong-learning programmes and the AU Continental Education Strategy. Medical Relational Obligation (MRO; Author, 2026f) generates substrate accountability for global health-research and clinical-care institutions. Each of the eleven domain operationalisations generates instruments of this form. Africa engages multilateral governance not from a regional supplement position but from a constitutive contributor position.

6.3 Practice: The KNOW/FEEL/DO/UGHT Architecture as Governance Tool

At the level of practice — the daily conduct of African institutional leaders, governance officials, educators, AI deployers, and economic actors — the four-dimension KNOW/FEEL/DO/UGHT architecture provides a structured assessment tool grounded in African philosophical resources. It functions across institutional contexts: corporate boards (CRO), AI deployment teams (ARO), healthcare institutions (MRO), educational providers (EduRO), legal and regulatory bodies (LRO and PRO), and the wider domains the eleven-domain architecture covers. Empirical research across African authentic-leadership scholarship has consistently identified relational fidelity — the sustained commitment of leaders and institutions to the communities through which their authority is constituted — as a defining feature of effective and respected leadership in African organisational settings (Avolio & Gardner, 2005; Brown & Treviño, 2006; Harrison, 2024; Omeihe & Harrison, 2022). The KNOW/FEEL/DO/UGHT architecture provides the African philosophical specification of what relational fidelity means in practice and the assessment instrument through which it can be evaluated, developed, and sustained across leadership generations and institutional contexts.

7. Conclusion: The Programme is Open

Repositioning Africa in a disrupted world is, at its deepest level, a methodological task. The disruption this conference has gathered to address creates genuine opportunities for African institutional agency, but those opportunities endure only insofar as the methodological foundations from which African scholarship operates are themselves sovereign — generated from within African intellectual traditions rather than borrowed from frameworks the disrupted order is itself unsettling.

This paper has introduced Generative Constructive Decolonisation as a method through which methodological sovereignty can be advanced. It has illustrated the method through the eleven-domain Relational Obligation architecture derived from a single Igbo philosophical principle, Ònyèàýàná, and through two specific operationalisations (CRO and REO) sufficient to demonstrate the method's reach. The contribution is presented not as a survey of frameworks but as a programmatic demonstration: that African intellectual traditions, applied through a rigorous transferable method, generate operational contributions across the full range of institutional life that the disrupted order requires.

The contribution is offered in continuity with the African philosophical and decolonial scholarship on whose conceptual ground GCD builds. The Pan-African three-register architecture — Ubuntu's descriptive-ontological, Ìbùànyídàndà's complementary-ontological, Ònyèàýàná's prescriptive-ethical — places the Igbo-grounded contribution in continuity with Ubuntu philosophy (Tutu, 1999; Ramose, 1999; Metz, 2007, 2024) and Asouzu's (2007) Ìbùànyídàndà rather than in competition with them. The wider critical and decolonial scholarship — Mbembe (2001, 2016), Mamdani (1996), Ndlovu-Gatsheni (2018), Nyamnjoh (2012, 2019), Tuhiwai Smith (1999), Mignolo (2007, 2011), Quijano (2000) — is acknowledged with gratitude as the foundation that makes generative-constructive work possible.

The programme is open. Other African scholars working from other traditions — Yoruba, Akan, Zulu, Hausa, Tswana, Wolof, and beyond — can apply GCD's six steps to recover, formalise, operationalise, and contribute frameworks from their own philosophical resources. The eleven-domain RO architecture is one possible mapping; alternative architectures from other traditions are warmly welcomed. This conference is well-positioned to be a venue at which such programmatic Africa-grounded contributions become a sustained scholarly conversation rather than a series of isolated interventions. This paper offers one contribution to that conversation: a method, an architecture, and an invitation to further development.

References

- Amaeshi, K., & Idemudia, U. (2015). Africapitalism: A management idea for business in Africa. *Africa Journal of Management*, 1(2), 210–223.
- Asouzu, I. I. (2007). *Ìbùànyídàndà: New complementary ontology, beyond world-immanentism, ethnocentric reduction and impositionalism*. LIT Verlag.
- Avolio, B. J., & Gardner, W. L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *Leadership Quarterly*, 16(3), 315–338.
- Brown, M. E., & Treviño, L. K. (2006). Ethical leadership: A review and future directions. *Leadership Quarterly*, 17(6), 595–616.
- CBAM. (2023). Regulation (EU) 2023/956 establishing a Carbon Border Adjustment Mechanism. *Official Journal of the European Union*.
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22(1), 20–47.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 65–91.
- Author. (2026a, June). [Foundational paper — citation withheld for anonymous review.] [Journal name withheld].
- Author. (2026c, June). [Conference paper on Educational Relational Obligation, EDEN 2026 — citation withheld for anonymous review.]
- Author. (2026d, July). [Conference paper on REO and the Origin Premium, ISBEE 2026 — citation withheld for anonymous review.]
- Author. (2026e, September). [Conference paper on EduRO operational application, ICDLE 2026 — citation withheld for anonymous review.]
- Author. (2026f, July). [Conference paper on Medical Relational Obligation, WCB 2026 — citation withheld for anonymous review.]
- Author. (2026g, October). [Conference paper on Algorithmic Relational Obligation, AIES 2026 — citation withheld for anonymous review.]
- Author. (2026h, November). [Conference paper on GCD as method, BEN-Africa 2026 — citation withheld for anonymous review.]
- Author. (forthcoming). [Companion paper on the ought-is and categorical inapplicability — citation withheld for anonymous review.]
- Author. (under review). [Manuscript on the constitutive theory of the firm — citation withheld for anonymous review.]

References

- Elumelu, T. O. (2012). The path to economic prosperity and social wealth: Africapitalism. Heirs Holdings.
- Fafchamps, M. (2004). Market institutions in Sub-Saharan Africa: Theory and evidence. MIT Press.
- Freeman, R. E. (1984). Strategic management: A stakeholder approach. Pitman.
- Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, 91(3), 481–510.
- Harrison, C. (2024). Leadership during a crisis. Routledge.
- Hume, D. (1739/2000). A treatise of human nature. Oxford University Press.
- Jack, G., & Westwood, R. (2009). International and cross-cultural management studies: A postcolonial reading. Palgrave Macmillan.
- Lutz, D. W. (2009). African Ubuntu philosophy and global management. *Journal of Business Ethics*, 84(S3), 313–328.
- Mamdani, M. (1996). Citizen and subject: Contemporary Africa and the legacy of late colonialism. Princeton University Press.
- Mangaliso, M. P. (2001). Building competitive advantage from Ubuntu: Management lessons from South Africa. *Academy of Management Executive*, 15(3), 23–33.
- Mbembe, A. (2001). On the postcolony. University of California Press.
- Mbembe, A. (2016). Decolonizing the university: New directions. *Arts and Humanities in Higher Education*, 15(1), 29–45.
- Metz, T. (2007). Toward an African moral theory. *Journal of Political Philosophy*, 15(3), 321–341.
- Metz, T. (2024). Ubuntu ethics. Cambridge University Press.
- Mignolo, W. (2007). Delinking. *Cultural Studies*, 21(2–3), 449–514.
- Mignolo, W. (2011). The darker side of Western modernity. Duke University Press.
- Ndlovu-Gatsheni, S. J. (2018). Epistemic freedom in Africa: Deprovincialization and decolonization. Routledge.
- Nkomo, S. M. (2011). A postcolonial and anti-colonial reading of 'African' leadership and management in organisation studies. *African Journal of Management*, 1(1), 1–11.
- North, D. C. (1990). Institutions, institutional change and economic performance. Cambridge University Press.
- Nyamnjoh, F. B. (2012). 'Potted plants in greenhouses': A critical reflection on the resilience of colonial education in Africa. *Journal of Asian and African Studies*, 47(2), 129–154.
- Nyamnjoh, F. B. (2019). Decolonising the academy: A case for convivial scholarship. Inaugural Lecture, University of Cape Town.
- Omeihe, K. O. (2023). Trust and market institutions in Africa: Exploring the role of trust-building in African entrepreneurship. Palgrave Macmillan.
- Omeihe, K. O., & Harrison, C. (2022). The African context of business and society. Emerald Publishing.
- Platteau, J. P. (2000). Institutions, social norms and economic development. Harwood Academic Publishers.
- Quijano, A. (2000). Coloniality of power, eurocentrism, and Latin America. *Nepantla*, 1(3), 533–580.
- Ramose, M. B. (1999). African philosophy through Ubuntu. Mond Books.
- Tuhiwai Smith, L. (1999). Decolonizing methodologies: Research and indigenous peoples. Zed Books.
- Tsui, A. S. (2004). Contributing to global management knowledge: A case for high quality indigenous research. *Asia Pacific Journal of Management*, 21(4), 491–513.
- Tutu, D. (1999). No future without forgiveness. Doubleday.

FINANCIAL DEVELOPMENT AND ECONOMIC GROWTH IN AFRICA: EVIDENCE FROM MOROCCO, NIGERIA, EGYPT, GHANA, AND KENYA (2010-2023)

Lyticia Ait Amer; *Meziane*; University of Salford, UK
Ahmed Beloucif; *University of the West of Scotland, UK*

Abstract

This study investigates the relationship between financial development and economic growth in five African countries (Morocco, Nigeria, Egypt, Ghana, and Kenya), during the period 2010-2023. The study is grounded in Financial Intermediation Theory and examines whether financial sector development contributes to higher levels of economic growth measured by GDP per capita. Secondary panel data were obtained from the World Bank's World Development Indicators (WDI) database, covering key indicators of financial development, including broad money (% of GDP), commercial bank branches per 100,000 adults, market capitalization of listed companies (% of GDP), and personal remittances received (% of GDP). The analysis also incorporates control variables such as foreign direct investment (FDI), inflation, trade openness, government expenditure, and gross fixed capital formation.

Using a Fixed Effects (FE) panel regression model selected through the Hausman test, the study evaluates the impact of financial development on GDP per capita while controlling for country-specific heterogeneity and time effects. Diagnostic tests for heteroskedasticity, autocorrelation, cross-sectional dependence, and multicollinearity were conducted to ensure the robustness and reliability of the estimates.

The findings indicate that financial depth, measured by broad money, and financial access, measured by commercial bank branches, exert a positive and statistically significant effect on economic growth. In contrast, market capitalization and foreign direct investment show negative and statistically significant relationships with GDP per capita, suggesting that structural weaknesses, market inefficiencies, and institutional constraints limit their contribution to growth. Personal remittances exhibit a positive but statistically insignificant impact on economic performance. The results partially validate Financial Intermediation Theory by demonstrating that bank-based financial systems remain the primary channel through which financial development promotes economic growth in the selected African economies.

The study concludes that policies aimed at deepening financial inclusion, expanding banking infrastructure, strengthening regulatory frameworks, and improving the efficiency of financial intermediation are essential for fostering sustainable and inclusive economic growth across Africa.

Keywords: *Financial Development; Economic Growth; Financial Intermediation Theory; Financial Inclusion; Banking Sector Development; Broad Money; Commercial Bank Branches; Fixed Effects Model; Panel Data Analysis; GDP per Capita; Africa; World Development Indicators (WDI).*

1. INTRODUCTION

The relationship between financial development and economic growth has long occupied a central position in economic theory and empirical research. Classical economists such as Bagehot (1873) were among the first to emphasize the importance of financial institutions in mobilizing capital for industrial development, while Schumpeter (1934) argued that financial intermediaries play a crucial role in financing innovation and entrepreneurial activity, thereby stimulating long-run economic growth. These early contributions provided the foundation for the modern finance–growth literature, which was subsequently advanced by the seminal works of McKinnon (1973) and Shaw (1973). Their financial liberalization hypothesis posits that efficient and market-oriented financial systems promote savings mobilization, investment, and resource allocation, ultimately enhancing economic performance.

Financial development broadly refers to improvements in the depth, efficiency, accessibility, and stability of financial institutions, markets, and instruments. A developed financial system facilitates the mobilization of savings, reduces transaction and information costs, improves risk diversification, and channels capital toward productive investment opportunities. Economic growth typically measured by gross domestic product (GDP) per capita, represents a sustained increase in the productive capacity of an economy and is widely regarded as a key indicator of development and welfare.

The theoretical foundations linking finance and growth are rooted in several major economic traditions. Neoclassical growth theory, as articulated by Solow (1956), emphasizes capital accumulation as a principal driver of economic expansion. Within this framework, financial systems contribute indirectly to growth by facilitating savings and investment, thereby accelerating capital formation. However, because the Solow model assumes diminishing returns to capital, long-run growth is ultimately determined by exogenous technological progress. In contrast, endogenous growth theorists such as Romer (1986, 1990) and Lucas (1988) contend that financial development can directly influence long-term growth by encouraging innovation, human capital formation, technological advancement, and knowledge accumulation. From this perspective, financial institutions are not merely intermediaries but strategic enablers of sustainable economic development.

Financial intermediation theory further explains the mechanisms through which financial systems foster economic growth. Diamond (1984) argues that financial intermediaries reduce information asymmetries and monitoring costs, thereby improving the allocation of resources between savers and investors. Similarly, King and Levine (1993) provide empirical evidence supporting Schumpeter's hypothesis that financial development promotes economic growth by increasing capital productivity and encouraging private sector innovation. The supply-leading hypothesis, advanced by Patrick (1966), further suggests that financial sector development precedes and stimulates economic expansion by creating opportunities for investment and productive activity.

The significance of financial development is particularly evident in developing economies, where structural constraints often limit economic progress. Many African countries continue

to face challenges associated with inadequate access to finance, underdeveloped capital markets, weak institutional frameworks, and limited productive investment. In response, governments and policymakers have implemented a range of financial sector reforms aimed at enhancing financial inclusion, promoting banking sector expansion, and increasing access to formal financial services. Technological innovations, particularly mobile banking and digital financial platforms, have further transformed the financial landscape across the continent, expanding financial access to previously underserved populations.

Despite these developments, the empirical evidence regarding the finance–growth nexus in Africa remains inconclusive. While numerous studies report a positive relationship between financial development and economic growth (Beck, Levine, & Loayza, 2000; Levine, 2005), others argue that the benefits of financial expansion depend critically on institutional quality, regulatory effectiveness, and the maturity of financial markets (Law & Singh, 2014; Arcand, Berkes, & Panizza, 2015). In some cases, excessive financial expansion may even hinder growth when financial resources are allocated inefficiently or speculative activities dominate productive investment. These divergent findings suggest that the impact of financial development is context-specific and may vary across different dimensions of the financial system, including financial depth, financial access, financial efficiency, and capital market development.

Against this backdrop, the present study investigates the relationship between financial development and economic growth in five African economies (Morocco, Nigeria, Egypt, Ghana, and Kenya) during the period 2010–2023. These countries represent diverse economic structures, financial systems, and stages of development, making them suitable for examining variations in the finance–growth relationship across the African continent. Using panel data obtained from the World Bank's World Development Indicators and a FixedEffects estimation framework, the study evaluates the extent to which key dimensions of financial development influence GDP per capita.

Specifically, the study seeks to answer three interrelated questions: (1) Does financial development significantly contribute to economic growth in the selected African economies?

(2) Which components of financial development exert the strongest influence on economic performance?

(3) To what extent does the empirical evidence support financial intermediation theory and other finance-led growth propositions within the African context? By addressing these questions, the study contributes to the broader literature on the finance–growth nexus while providing policy-relevant insights into the role of financial sector development in promoting sustainable economic growth across Africa.

1. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

1.1 Theoretical Framework

The relationship between financial development and economic growth is rooted in several complementary theoretical perspectives that explain how financial systems influence economic performance. These theories collectively provide the foundation for understanding

the mechanisms through which financial institutions, financial markets, and financial services contribute to the growth process. Table 1 summarises the principle theories underpinning the finance–growth nexus and their relevance to the study.

Table 1: Theoretical Perspectives on Financial Development and Economic Growth

Theory	Key Proponents	Main Argument	Relevance to the Study
Financial Intermediation Theory	Schumpeter (1934); Diamond (1984)	Financial institutions promote economic growth by mobilizing savings, reducing information asymmetries, lowering transaction costs, and allocating resources efficiently (Schumpeter, 1934; Diamond, 1984).	Explains how commercial banks, broad money supply, and banking infrastructure enhance financial depth, inclusion, and GDP per capita growth.
McKinnon–Shaw Financial Liberalization Theory	McKinnon (1973); Shaw (1973)	Financial repression through interest rate controls and credit restrictions reduces savings and investment, while financial liberalization improves credit allocation, savings mobilization, and economic efficiency (McKinnon, 1973; Shaw, 1973).	Supports the expectation that greater financial depth, measured by broad money (% of GDP), contributes positively to economic growth.
Endogenous Growth Theory	Romer (1986, 1990); Lucas (1988)	Long-run growth results from investments in human capital, innovation, entrepreneurship, and technological progress, which are facilitated by access to finance (Romer, 1986, 1990; Lucas, 1988).	Highlights the role of financial development in financing productive investments that improve productivity and sustain growth.
Neoclassical Growth Theory	Solow (1956)	Economic growth is driven by capital accumulation, labour growth, and technological progress; financial institutions indirectly support growth by mobilizing savings and facilitating investment (Solow, 1956).	Justifies the inclusion of variables such as financial depth, foreign direct investment, and gross fixed capital formation as determinants of growth.
Supply-Leading Hypothesis	Patrick (1966)	Financial development precedes and stimulates economic growth by expanding financial services, increasing access to capital, and reducing financing constraints (Patrick, 1966).	Predicts a positive relationship between financial development indicators and economic growth, particularly in developing economies.

Source: Adapted from Schumpeter (1934), Solow (1956), Patrick (1966), McKinnon (1973), Shaw (1973), Diamond (1984), Romer (1986, 1990), and Lucas (1988).

2.2 Empirical Literature Review

A substantial body of empirical literature has examined the relationship between financial development and economic growth. However, findings remain mixed, particularly in developing economies and African countries.

King and Levine (1993) provided one of the earliest empirical studies demonstrating that financial development significantly predicts future economic growth, capital accumulation, and productivity improvements. Similarly, Beck, Levine, and Loayza (2000) found that financial intermediary development positively influences economic growth by improving resource allocation and increasing investment efficiency.

Recent studies continue to support the positive relationship between finance and growth. Abeka et al. (2021) found that financial development significantly promotes economic growth in Sub-Saharan Africa, particularly when supported by telecommunications infrastructure and financial technology. Ekanayake and Thaver (2021) also reported a positive long-run relationship between financial development and economic growth across developing economies, emphasizing the importance of financial intermediation and credit allocation.

In an African context, Chen, Manu, and Somuah (2023) found that improvements in financial depth and financial inclusion contribute positively to economic performance; however, the strength of the relationship varies depending on institutional quality and regulatory effectiveness. Mlambo (2024) similarly concluded that banking sector development and financial inclusion are significant drivers of economic growth within Southern African countries.

Despite these positive findings, some studies suggest that financial development does not always promote growth. Law and Singh (2014) argue that excessive financial expansion may generate adverse effects when financial resources are directed toward speculative rather than productive activities. Similarly, Arcand, Berkes, and Panizza (2015) found evidence of a nonlinear relationship between finance and growth, suggesting that beyond a certain threshold, further financial development may hinder economic performance.

Regarding capital market development, findings are particularly mixed. Atje and Jovanovic (1993) argue that stock market development contributes positively to economic growth by enhancing capital allocation and risk diversification. However, Ibrahim and Alagidede (2018) found that in many African economies, weak institutions and underdeveloped financial markets limit the growth-enhancing effects of stock market expansion.

Studies on remittances also provide conflicting evidence. Aggarwal, Demirgüç-Kunt, and Martínez Pería (2011) found that remittance inflows contribute to financial development and investment by easing credit constraints. However, the growth effects of remittances depend largely on whether funds are directed toward productive investments or household consumption.

Overall, existing empirical evidence suggests that financial depth, banking sector development, and financial inclusion are generally associated with higher economic growth, while the effects of stock market development and external capital flows depend significantly on institutional quality and financial market maturity.

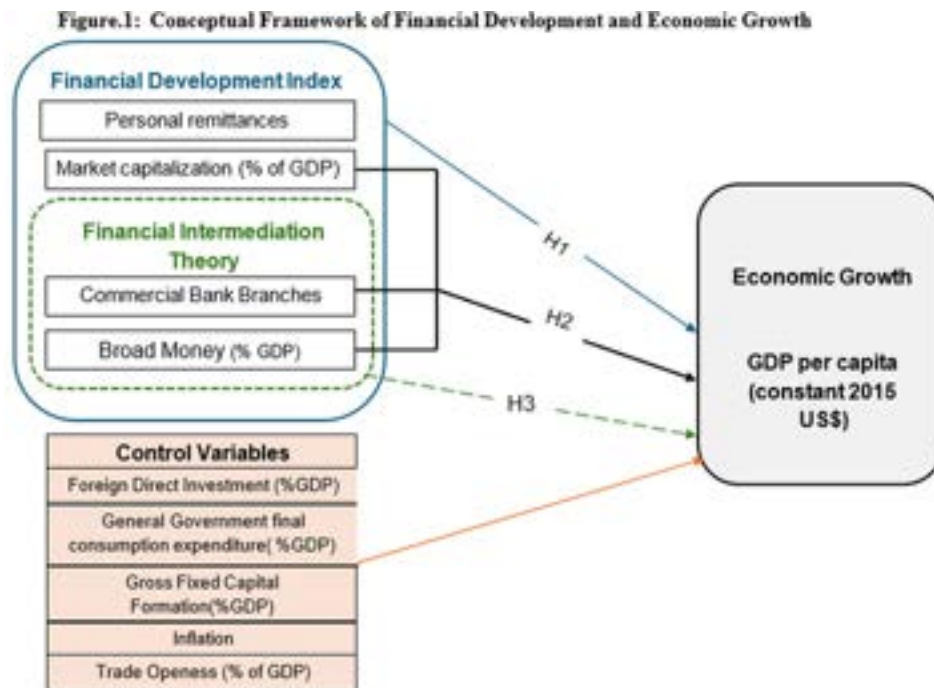
Research Gap

Although extensive research has been conducted on the finance-growth nexus, three important gaps remain. First, many studies focus on broad regional samples covering either developing countries or Sub-Saharan Africa, limiting understanding of country-specific dynamics and heterogeneity. Second, relatively few studies simultaneously examine multiple dimensions of financial development, including financial depth, financial access, stock market development, and remittance inflows within a unified empirical framework. Third, recent evidence covering the post-2010 period remains limited despite significant financial sector transformations across Africa, including the rapid expansion of mobile banking, digital finance, and financial inclusion initiatives.

This study addresses these gaps by examining the impact of various financial development indicators on economic growth in Morocco, Nigeria, Egypt, Ghana, and Kenya during the period 2010-2023 using a Fixed Effects panel regression model.

1.1 Conceptual Framework & Hypotheses Development

The conceptual framework is based on Financial Intermediation Theory and illustrates the expected relationship between financial development and economic growth. Figure 1 presents the conceptual framework of the finance-growth nexus.



The framework assumes that improvements in financial development enhance resource mobilization, capital allocation, savings, investment, and financial inclusion, thereby contributing to economic growth. However, the effectiveness of these channels may depend on institutional quality, financial market efficiency, and regulatory frameworks.

1.1 Hypotheses Development

This framework provides the theoretical and empirical basis for examining the finance-growth nexus in the selected African economies.

H1: Financial development indicators have a positive and significant effect on GDP per capita.

H2: Broad money, commercial bank branches, and market capitalization exert a stronger influence on GDP per capita than other financial development indicators.

H3: Financial intermediation positively affects economic growth through financial depth and financial access channels.

Hypothesis 1 (H1) posits that financial development exerts a positive and significant influence on economic growth, measured by GDP per capita. This proposition is grounded in Financial Intermediation Theory, which argues that efficient financial systems enhance economic performance by mobilizing savings, facilitating credit allocation, reducing transaction costs, and directing financial resources toward productive investments (Diamond, 1984; Schumpeter, 1934). Empirical evidence further supports this expectation. Beck, Levine, and Loayza (2000) demonstrate that financial intermediary development promotes growth through improved resource allocation and capital accumulation, while Ibrahim and Alagidede (2018) provide evidence that financial development remains an important determinant of economic performance in African economies. Accordingly, H1 will be evaluated using a Fixed Effects panel regression model to determine whether financial development indicators exert a statistically significant effect on GDP per capita.

Hypothesis 2 (H2) proposes that certain dimensions of financial development, specifically broad money, market capitalization and commercial bank branches—have a greater influence on economic growth than other financial indicators. This expectation draws upon the theoretical contributions of McKinnon(1973) and King and Levine(1993), who emphasize the importance of financial depth, access to financial services, and financial market development in stimulating investment and enhancing productivity. Broad money reflects the capacity of the financial system to mobilize liquidity, commercial bank branches capture the extent of financial access and inclusion, while market capitalization represents the level of capital market development. The hypothesis will be tested by comparing the magnitude, statistical significance, and explanatory power of these variables relative to other financial development indicators included in the Fixed Effects model.

Hypothesis 3 (H3) asserts that financial intermediation promotes economic growth primarily through the channel of financial depth and financial access. This proposition is consistent with the work of Odedokun (1996), Demirgüç-Kunt et al. (2018), and Mlambo (2024), who argue that well-functioning financial institutions support economic activity by improving access to financial services, increasing savings mobilization, and expanding the availability of credit to productive sectors of the economy. In this study, broad money and commercial bank branches are employed as proxies for financial depth and financial access, respectively. The hypothesis will be tested by examining the extent to which these variables contribute to GDP per capita after controlling for relevant macroeconomic factors.

Collectively, these hypotheses provide a coherent framework for assessing the validity of the finance–growth nexus within the selected African economies. Their empirical evaluation not only facilitates the testing of key theoretical propositions but also generates evidence capable of informing policy measures aimed at strengthening financial sector development and promoting sustainable economic growth.

3. METHODOLOGY

This study adopts a quantitative panel-data approach to examine the relationship between financial development and economic growth in selected African economies from 2010 to 2023. Using secondary data, the study applies panel econometric techniques to assess the effects of key financial development indicators on economic performance. This section covers the research design, sample selection, data sources, model specification, estimation techniques, diagnostic tests, and hypothesis testing.

3.1 Research Design and Country Sample Selection

A longitudinal panel-data design is employed, combining cross-sectional and time-series data to analyse the finance–growth nexus across countries and over time. This approach improves estimation efficiency and controls for country-specific heterogeneity (Baltagi, 2005).

The sample comprises Egypt, Ghana, Kenya, Morocco, and Nigeria, selected purposively to reflect Africa's economic, financial, and regional diversity. The countries differ in financial sector development, institutional structures, and economic performance, providing a suitable basis for comparative analysis.

Ghana and Kenya represent lower-middle-income economies that have expanded financial inclusion through mobile banking and digital financial services (Demirgüç-Kunt et al., 2017). Nigeria, one of Africa's largest economies, was selected due to its relatively developed banking sector and major role in regional finance (Allen et al., 2021). Egypt and Morocco provide insights into North African financial systems, with both countries implementing reforms to strengthen financial inclusion, efficiency, and stability (IMF, 2022).

The diversity of regulatory frameworks, financial structures, and economic conditions among the selected countries enhances the study's comparative value, external validity, and policy relevance.

3.2 Data Sources and Variables

The study utilises secondary data obtained from the World Bank's World Development Indicators (WDI) database. Secondary data were considered appropriate because they provide reliable, internationally comparable, and consistently measured macroeconomic indicators across countries and over time.

The dataset covers the period 2010-2023, producing a balanced panel consisting of five countries and fourteen annual observations per country. The study period was selected to capture recent developments in African financial systems, including the expansion of financial inclusion initiatives, digital banking services, and financial liberalization reforms.

Variables with substantial missing observations were excluded from the analysis to preserve data quality and reliability. For variables containing a limited number of missing observations, mean substitution was applied to ensure dataset completeness while maintaining sufficient observations for econometric estimation. To improve comparability across countries with different economic sizes, most financial and macroeconomic variables were expressed as percentages of GDP. The study employs GDP per capita (constant 2015 US\$) as the proxy for economic growth.

3.3 Econometric Method and Estimation Strategy

As an initial step, Ordinary Least Squares (OLS) regression was estimated to provide preliminary insights into the relationships among the variables. However, due to the limited number of cross-sectional units and the likelihood of unobserved country-specific effects, OLS estimates were considered exploratory rather than conclusive. The primary analysis relies on Fixed Effects (FE) and Random Effects (RE) panel regression models. These approaches account for unobservable heterogeneity across countries that may influence economic growth.

To determine the most appropriate estimation technique, the Hausman Specification Test was conducted. The Hausman test evaluates whether country-specific effects are correlated with the explanatory variables. A statistically significant result supports the use of the Fixed Effects estimator, whereas an insignificant result favours the Random Effects model. Based on the test results, the Fixed Effects model was selected as the preferred specification. The Fixed Effects model provides consistent estimates by controlling for time-invariant country-specific characteristics that may influence both financial development and economic growth.

3.4 Model Specification

A correctly specified model is essential for obtaining unbiased and consistent estimates of economic relationships (Gujarati & Porter, 2009). Drawing upon Financial Intermediation Theory and previous empirical studies, particularly King and Levine (1993), the model incorporates indicators capturing different dimensions of financial development alongside relevant macroeconomic control variables.

The functional relationship can be expressed as:

$$GDPPC_{it} = f(BM_{it}, MCAP_{it}, CBB_{it}, REM_{it}, GOV_{it}, GFCF_{it}, FDI_{it}, INF_{it}, TRADE_{it})$$

Where:

- $GDPPC_{it}$ = GDP per capita (constant 2015 US\$);
- BM_{it} = Broad Money (% of GDP);
- $MCAP_{it}$ = Market Capitalization (% of GDP);
- CBB_{it} = Commercial Bank Branches (per 100,000 adults);
- REM_{it} = Personal Remittances Received (% of GDP);
- GOV_{it} = General Government Final Consumption Expenditure (% of GDP);
- $GFCF_{it}$ = Gross Fixed Capital Formation (% of GDP);
- FDI_{it} = Foreign Direct Investment (% of GDP);
- INF_{it} = Inflation Rate;
- $TRADE_{it}$ = Trade Openness (% of GDP).

The econometric specification is expressed as:

$$GDPPC_{it} = \beta_0 + \beta_1 BM_{it} + \beta_2 MCAP_{it} + \beta_3 CBB_{it} + \beta_4 REM_{it} + \beta_5 GOV_{it} + \beta_6 GFCF_{it} + \beta_7 FDI_{it} + \beta_8 INF_{it} + \beta_9 TRADE_{it} + \mu_i + \varepsilon_{it}$$

Where:

- β_0 represents the intercept term;
- $\beta_1 - \beta_9$ represent the estimated coefficients;
- μ_i captures unobserved country-specific effects;
- ε_{it} denotes the idiosyncratic error term.

The expected signs of the financial development variables are generally positive, reflecting theoretical expectations that improved financial depth, access, and efficiency promote economic growth.

3.5 Diagnostic Tests

Several diagnostic procedures were undertaken to ensure the validity and robustness of the empirical results.

First, descriptive statistics were computed to summarize the distribution, central tendency, and dispersion of the variables. Correlation analysis was subsequently conducted to evaluate preliminary relationships among variables and identify possible multicollinearity concerns. Second, the Variance Inflation Factor (VIF) test was employed to detect multicollinearity among explanatory variables. VIF values below conventional thresholds indicate that multicollinearity does not pose a serious threat to model estimation. Third, the Modified Wald Test for Groupwise Heteroskedasticity was conducted to determine whether the variance of residuals remained constant across panel units. Fourth, serial correlation was examined using the Jochmans Portmanteau Test, which served as an alternative to the Wooldridge test. The presence of autocorrelation could lead to inefficient standard errors and unreliable statistical inference. Finally, the Pesaran Cross-Sectional Dependence Test was applied to evaluate whether residuals were correlated across countries. Detecting cross-sectional dependence is important because economic shocks may spill over across economies, potentially biasing standard panel estimators.

4. RESULTS

4.1 Descriptive Statistics and Overview

The dataset comprises annual observations from five African countries (Egypt, Ghana, Kenya, Morocco, and Nigeria), covering the period 2010–2023, resulting in a balanced panel of 70 observations. Financial development is measured using broad money, market capitalization, commercial bank branches, and personal remittances, while macroeconomic conditions are controlled for using foreign direct investment, government expenditure, gross fixed capital formation, inflation, and trade openness.

Table 2 presents the descriptive statistics for all variables included in the study. The results reveal substantial variation across countries and over time, reflecting the diverse economic structures and levels of financial development characterizing the selected economies.

GDP per capita, the proxy for economic growth, records an average of US\$2,490.19, with values ranging from US\$1,340.17 to US\$4,111.31 indicating considerable differences in income levels among the sampled countries. Morocco and Egypt generally exhibit higher income levels, whereas Ghana, Kenya, and particularly Nigeria display greater fluctuations, reflecting differences in economic diversification, productivity levels, and vulnerability to external shocks.

Broad money averages 57.09% of GDP, ranging from 21.36% to 128.86%. This variation highlights differences in the capacity of financial systems to mobilize liquidity and intermediate financial resources, indicating the importance of banking sector in mobilising financial resources.

Market capitalization, which serves as a proxy for capital market development, records an average value of 22.87% of GDP, suggesting that stock markets remain underdeveloped and play a limited role compared to bank-based financial intermediation.

Personal remittances received average 5.06% of GDP, this indicate the importance of remittance inflows as a source of external finance, although dependence varies substantially among countries.

Financial access, captured through commercial bank branches average 9.03 per 100,000 adults, highlighting disparities in access to formal financial services across countries, particularly in rural and underserved areas.

The control variables also reveal considerable heterogeneity within the sample. Foreign direct investment averages 2.23% of GDP, Gross fixed capital formation averages 20.56% of GDP, Government expenditure records a mean value of 12.08% of GDP, while trade openness averages 56.77% of GDP, reflecting varying degrees of integration into the global economy.

Inflation exhibits the highest degree of macroeconomic volatility among the control variables, with an average annual rate of 10.11% and values ranging from 0.30% to 38.11%. Such variation suggests differing macroeconomic conditions and monetary policy environments across the sampled economies.

Variable	Obs.	Mean	Std. Dev.	Min	Max
Broad Money (% GDP)	70	57.09	35.13	21.36	128.86
Commercial Bank Branches (per 100,000 adults)	70	9.03	7.34	4.24	25.05
Foreign Direct Investment (% GDP)	70	2.23	1.97	-0.2	8.26
GDP per Capita (constant 2015 US\$)	70	2,490.19	784.71	1,340.17	4,111.31
Government Final Consumption Expenditure (% GDP)	70	12.08	3.73	5.5	19.4
Gross Fixed Capital Formation (% GDP)	70	20.56	4.73	9.65	29.95
Inflation (annual %)	70	10.11	7.71	0.3	38.11
Market Capitalization (% GDP)	70	22.87	16.12	7.36	68.56
Personal Remittances Received (% GDP)	70	5.06	2.05	0.42	10.08
Trade Openness (% GDP)	70	56.77	17.5	27.24	101.13

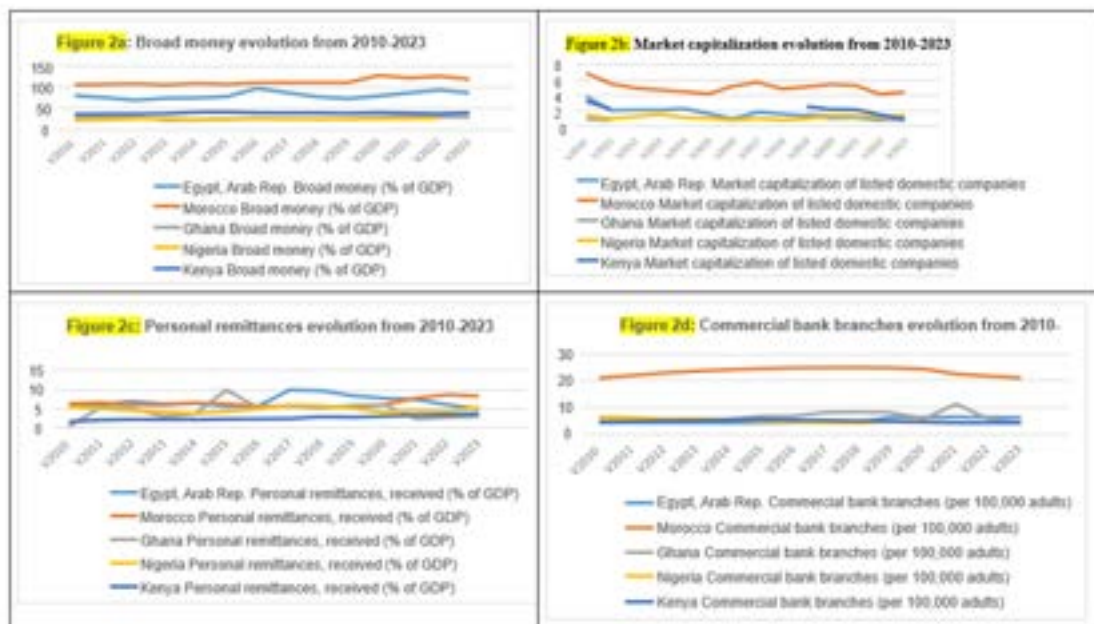
Overall, the descriptive statistics demonstrate significant cross-country heterogeneity in both financial development and economic performance. The considerable variation observed across key financial indicators supports the suitability of panel data analysis, as it allows the study to exploit differences both across countries and over time. These preliminary observations provide an important foundation for the subsequent correlation and regression analyses.

4.2 Trend Analysis

Figures 2a-2d, present the trends in broad money, market capitalization, personal remittances, and commercial bank branches across the five selected African countries between 2010 and 2023. Examining these trends offers important contextual evidence regarding the relative performance of financial systems and their potential contribution to economic growth.

Financial Depth: Broad Money

Figure 2a, illustrates the evolution of broad money as a percentage of GDP. Morocco consistently records the highest levels of financial depth throughout the study period, followed by Egypt who has demonstrated significant improvements, while Ghana and Nigeria exhibit comparatively lower levels of financial depth. Kenya displays a steady upward trend, largely attributable to the rapid expansion of digital financial services and mobile banking platforms. Overall, countries characterized by higher levels of broad money generally tend to exhibit higher GDP per capita, supporting theoretical arguments that financial depth enhances economic growth through savings mobilization, liquidity creation, and investment financing.



Capital Market Development: Market Capitalization

Figure 2b presents the evolution of market capitalization as a percentage of GDP. Considerable variation is evident in the level of capital market development across the selected economies. Morocco and Egypt consistently maintain relatively higher levels of market capitalization, whereas Ghana and Kenya display relatively shallow capital markets. Nigeria possesses one of the continent's largest equity markets; however, the data reveal substantial volatility over time. The overall trend indicates that capital market development remains uneven and weaker across the selected African countries, compared with banking sector development, suggesting that bank-based financial intermediation continues to represent the dominant channel of financial resource allocation within these economies.

External Financial Flows: Personal Remittances

Figure 2c, illustrates trends in personal remittances received as a percentage of GDP. Egypt and Morocco consistently record the highest remittance inflows throughout the study period; these inflows provide an important source of external finance. Ghana and Kenya also receive substantial remittance inflows, while Nigeria records lower remittance-to-GDP ratios, reflecting the relatively larger size of its economy. While remittances contribute positively to financial development and economic activity, their ultimate impact on growth depends largely on the manner in which they are utilized.

Financial Access: Commercial Bank Branches

Figure 2d presents the evolution of commercial bank branches per 100,000 adults as a proxy for financial access and financial inclusion. The results reveal a general upward trend across the sample, reflecting ongoing efforts to expand financial inclusion. Morocco consistently records the highest level of banking outreach, followed by Egypt, while Ghana and Kenya demonstrates gradual but sustained improvements. In contrast, Nigeria records the lowest branch density among the selected countries, reflecting regional disparities and growing reliance on digital financial platforms. Overall, the observed trends suggest that improvements in financial access are generally associated with better economic performance, reinforcing the argument that financial inclusion plays an important role in supporting economic growth.

Summary of Trend Analysis

Overall, the trend analysis provides preliminary evidence of a positive relationship between financial development and economic growth across the selected African economies. Broad money and commercial bank branches exhibit the strongest and most consistent upward trends, while capital market indicators display greater volatility and weaker growth patterns, suggesting that stock markets remain relatively underdeveloped and contribute less significantly to economic growth. These findings are consistent with the view that bank-based financial systems continue to dominate the financial landscape of many African countries. The subsequent correlation and regression analyses further examine these relationships and provide formal statistical evidence regarding the finance-growth nexus.

4.3 Correlation Analysis

Correlation analysis was conducted to examine the strength and direction of the relationships among the study variables prior to regression estimation. This provides preliminary diagnostic evidence of the association between financial development indicators and economic growth, while identifying potential multicollinearity that may affect the reliability of econometric estimates. Table 3 presents the Pearson correlation matrix interpretation. The results indicate that GDP per capita is positively associated with most financial development indicators, providing initial support for the theoretical proposition that financial development contributes to economic growth.

The strongest positive correlation is observed between GDP per capita and broad money ($r = 0.83$), followed by personal remittances ($r = 0.79$), suggesting that remittance inflows may contribute to economic welfare through their effects on household income, consumption, savings, and investment. This finding highlights the potential role of external financial flows in supporting economic development, particularly in countries where remittances constitute an important source of foreign exchange earnings. Market capitalization ($r = 0.41$) and commercial bank branches ($r = 0.41$) demonstrate moderate positive correlations with GDP per capita. Although these relationships are weaker than those observed for broad money and remittances. Among the control variables, government expenditure exhibits a moderate positive correlation with GDP per capita ($r = 0.37$), while gross fixed capital formation ($r = 0.22$), trade openness ($r = 0.19$), and Inflation records a modest positive correlation ($r = 0.32$), whereas foreign direct investment shows a weak negative correlation ($r = -0.12$). These findings suggest that the direct relationship between these macroeconomic variables and economic growth may be limited or mediated through broader financial and institutional channels. The correlation analysis also reveals that several explanatory variables display relatively high pairwise correlations. Most notably, between commercial bank branches and market capitalization ($r = 0.94$), broad money and market capitalization ($r = 0.80$) and between broad money and government expenditure ($r = 0.62$). Such strong interrelationships among independent variables raise the possibility that multicollinearity may affect the precision and stability of regression coefficients.

Table 3: Interpretation of Key Correlations

Variable	Correlation with GDP per Capita	Interpretation
Broad Money	0.83	Strong positive relationship, indicating that greater financial depth is associated with higher income levels.
Personal Remittances	0.79	Strong positive relationship, suggesting remittances support economic activity and household welfare.
Market Capitalization	0.41	Moderate positive relationship, reflecting a limited but potentially important role of capital markets.
Commercial Bank Branches	0.41	Moderate positive relationship, indicating that greater financial access is associated with economic growth.
Government Expenditure	0.37	Moderate positive relationship with income levels.
Inflation	0.32	Weak-to-moderate positive relationship.
Gross Fixed Capital Formation	0.22	Weak positive relationship.
Trade Openness	0.19	Weak positive relationship.
Foreign Direct Investment	-0.12	Weak negative relationship, indicating that FDI may not automatically translate into higher income levels.

Consequently, a Variance Inflation Factor (VIF) test was conducted in the subsequent stage of the analysis. The test provides a more robust assessment of multicollinearity and allows for the identification of variables that may introduce estimation bias due to excessive linear dependence.

Table 4 present the full Pearson correlation matrix and the basis for the subsequent multicollinearity diagnostics.

Table 4: Correlation Matrix

Variable	GDP per cap	Broad money	Market Capitalisation	Commercial Banks	Personal Remittances	General government expenditure	Gross Fixed Capital	Foreign Direct Investment	Inflation	Trade
GDP per Capita	1.00									
Broad Money	0.83	1.00								
Market Capitalisation	0.41	0.80	1.00							
commercial Banks	0.41	0.70	0.94	1.00						
Personal Remittances	0.79	0.43	-0.15	-0.08	1.00					
General Government Expenditures	0.37	0.62	0.34	0.76	-0.26	1.00				
Gross Fixed Capital	0.22	0.49	0.36	0.92	-0.34	0.55	1.00			
Foreign Direct Investment	-0.12	-0.05	-0.01	0.05	0.26	-0.60	-0.26	1.00		
Inflation	0.32	-0.09	-0.68	-0.71	0.75	-0.63	-0.34	0.09	1.00	
Trade	0.19	0.17	0.40	0.69	0.05	0.22	0.62	0.39	-0.43	1.00

4.4 Regression Results and Discussion

To examine the impact of financial development on economic growth, a Fixed Effects (FE) panel regression model was estimated. Based on the Hausman specification test, the Fixed Effects model was preferred over the Random Effects model. Table 5 presents the Fixed Effect regression results, where the model demonstrated strong explanatory power, with a (within R-squared = 0.7575), explaining approximately 75.75% of the variation in GDP per capita.

Table 5: Fixed Effect Regression Results

Variable	Coefficient	robust std. err	t	P> t	[95% conf. interval]	
Broad money	10.06	1.28	7.85	0.001	6.50	13.62
Market capitalization	-12.35	2.32	-5.33	0.01	-18.79	-5.92
Commercial banks	62.44	12.17	5.13	0.01	28.65	96.24
Personal remittances	25.61	23.45	1.09	0.34	-39.49	90.70
General government expenditure	-54.19	27.72	-1.96	0.12	-131.14	22.76
Gross fixed capital formation	0.30	8.97	0.03	0.98	-24.61	25.21
Foreign direct investment	-51.22	14.01	-3.66	0.02	-90.12	-12.33
Inflation	2.76	3.25	0.85	0.44	-6.26	11.77
Trade	2.80	3.79	0.74	0.50	-7.73	13.32
Constant	2125.28	409.91	5.18	0.01	987.18	3263.39
R-squared (within)	0.7575					

Financial Development Variables

Among the financial development indicators, broad money emerges as one of the most influential determinants of economic growth ($\beta = 10.06$, $p < 0.01$), indicating that increases in financial depth are associated with higher levels of GDP per capita.

Similarly, commercial bank branches exhibit a positive and highly significant relationship with GDP per capita ($\beta = 62.44$, $p < 0.05$). This result implies that improved financial access and banking outreach enhance economic performance.

In contrast, market capitalization demonstrates a negative and statistically significant relationship with GDP per capita ($\beta = -12.35$, $p < 0.05$). This suggests that stock market development has not translated into economic growth within the selected countries.

Personal remittances record a positive coefficient ($\beta = 25.61$), ($p > 0.10$), suggesting that remittances do not exert a sufficiently strong or consistent influence on GDP per capita across the sampled countries.

Control Variables

The results for the control variables reveal mixed evidence regarding their contribution to economic growth.

Foreign Direct Investment (FDI) has a negative and statistically significant coefficient ($\beta = -51.22$, $p < 0.05$), suggesting weak absorptive capacity, limited technological spillovers, and the full reliance of FDI on institutional quality and the broader economic environment.

Similarly, government expenditure displays a negative coefficient ($\beta = -54.19$), although its statistical significance is weaker. The remaining control variables, (gross fixed capital formation, inflation, and trade openness), do not exhibit statistically significant effects on GDP per capita, suggesting that its effects may vary across countries and economic conditions.

Interpretation of the Findings

The regression results provide strong evidence that financial depth and financial access constitute the most important channels through which financial development influences economic growth. These findings are consistent with Financial Intermediation Theory and reinforce the argument that improvements in the efficiency and accessibility of banking services can contribute substantially to economic development.

Conversely, the negative effect of market capitalization suggests that stock markets remain insufficiently developed to support growth effectively. This result highlights the importance of strengthening regulatory frameworks, improving market liquidity, and expanding investor participation before capital markets can make a meaningful contribution to economic performance. These results indicate that strengthening banking sector development and financial inclusion in African economies may generate stronger growth outcomes than those focused solely on expanding stock market activity.

To provide a concise overview of the FE regression results, Table 6 summarises the estimated coefficients, their statistical significance, and the corresponding interpretation for each variable.

Table 6: Summary of Fixed Effects Regression Results

Variable	Coefficient	Significance	Interpretation
Broad Money	10.06	Significant (1%)	Financial depth promotes economic growth.
Market Capitalization	-12.35	Significant (5%)	Capital market development is negatively associated with growth.
Commercial Bank Branches	62.44	Significant (5%)	Financial access significantly increases GDP per capita.
Personal Remittances	25.61	Not Significant	Positive but weak contribution to economic growth.
Government Expenditure	-54.19	Marginally Significant	May reflect inefficiencies in public spending.
Gross Fixed Capital Formation	0.30	Not Significant	Limited direct impact on GDP per capita.
Foreign Direct Investment	-51.22	Significant (5%)	Suggests weak spillover effects from foreign investment.
Inflation	2.76	Not Significant	No significant effect on growth.
Trade Openness	2.80	Not Significant	Weak relationship with economic performance.
Within R ²	0.7575	—	Strong explanatory power of the model.

4.5 Diagnostic Tests

Several diagnostic tests confirm the robustness of the model. The Modified Wald test indicates no heteroskedasticity, meaning that the variance of errors is constant. The Jochmans Portmanteau test shows no serial correlation, indicating independence of observations over

time. Pesaran's test confirms the absence of cross-sectional dependence, suggesting that shocks in one country do not significantly affect others.

Table 7 present the results of the Variance Inflation Factor (VIF) test, although commercial bank branches exhibit a high VIF (14.20), a mean VIF of (5.77) suggests that multicollinearity is not severe so the overall model remains reliable.

Table 7: Multicollinearity test VIF

Variable	VIF
Commercial bank branches	14.20
Broad money	9.28
Market capitalisation	7.24
Gross fixed capital formation	5.16
Trade	4.10
Personal remittances	2.28
Inflation	1.99
Foreign Direct Investment	1.92
Mean VIF	5.77

Summary of Empirical Findings

Taken together, the empirical results highlight the critical role of financial development in shaping economic performance across the selected African economies. The regression analysis demonstrates that financial depth, represented by broad money, and financial access, represented by commercial bank branches, exert positive and statistically significant effects on GDP per capita. These findings provide strong support for the Financial Intermediation Theory and underscore the importance of banking sector development in promoting investment, savings mobilisation, and productive economic activity.

By contrast, the negative and significant coefficient associated with market capitalization suggests that capital market development has not yet translated into sustained economic growth within the sampled countries. This outcome may reflect structural weaknesses commonly observed in many African stockmarkets, including low liquidity, limited investor participation, and institutional constraints. Similarly, the negative association between foreign direct investment and economic growth highlights the importance of absorptive capacity and governance quality in determining the developmental benefits of external capital inflows.

From a policy perspective, these findings suggest that efforts to strengthen financial systems should prioritize expanding financial inclusion, deepening banking sector development, and improving the efficiency of financial intermediation. While capital market reforms remain important for long-term economic diversification, the evidence indicates that the banking sector currently represents the most effective channel through which financial development contributes to economic growth in the selected African economies. Consequently, policies aimed at improving regulatory quality, expanding access to formal financial services, and enhancing institutional effectiveness are likely to generate substantial and sustainable growth benefits.

5. DISCUSSION OF FINDINGS

5.1 The Role of Financial Development in Promoting Economic Growth

The Fixed Effects regression results show that financial development plays an important role in promoting economic growth in the selected African countries. Specifically, broad money and commercial bank branches have positive and statistically significant effects on GDP per capita, supporting Hypothesis 1. These findings are consistent with Financial Intermediation Theory, which argues that efficient financial systems promote growth by mobilising savings, improving liquidity, and facilitating productive investment (McKinnon, 1973; King & Levine, 1993). The results also align with Beck et al. (2000), who found that financial sector development enhances growth through improved capital allocation and resource mobilisation.

5.2 Financial Development Components and Economic Growth

Among the financial development indicators, broad money and commercial bank branches exert positive and significant effect on GDP per capita, confirming the importance of financial depth and financial access in supporting economic growth. These findings are consistent with Ibrahim and Alagidede (2018), Demirgüç-Kunt et al. (2018) and Honohan and Beck (2007) who reported a strong relationship between financial deepening and economic expansion in African countries. In contrast, market capitalization exhibits a significant negative relationship with GDP per capita. This suggests that stock market development in the selected countries has not translated into real economic growth. The finding contradicts Atje and Jovanovic (1993) but supports Ibrahim Alagidede (2018) who found that weak institutions and underdeveloped markets could limit the growth benefits of stock market expansion in African economies. Personal remittances have a positive but statistically insignificant effect. While remittances may ease credit constraints and support household welfare, their impact on aggregate growth remains limited; this is consistent with Aggarwal et al. (2011). Other variables, including gross fixed capital formation, inflation, and trade openness, are statistically insignificant. The finding on trade openness aligns with studies by Yakub and Bunyamin (2021) and Pamela et al. (2024), which found limited growth effects of trade in some African economies. While both foreign direct investment (FDI) and government expenditure display negative relationships with GDP per capita. This may reflect weak governance, inefficient public spending, limited absorptive capacity, and weak linkages between external investment and the domestic economy. The results are consistent with findings by Stiglitz (2000), Quintyn and Verdier (2010), and Ibrahim and Alagidede (2018). Overall, these findings partially support Hypothesis 2, indicating that not all dimensions of financial development contribute equally to economic performance.

5.3 Validation of Financial Intermediation Theory

The positive effects of broad money and commercial bank branches provide strong evidence that financial depth and financial access promote economic growth, thereby supporting the Financial Intermediation Theory. These findings are consistent with studies such as Ekanayake and Thaver (2021) and Mlambo (2024).

As well as previous evidence from African countries, where banking sector stability, credit provision, and financial intermediation were recognized as key stimulators of growth.

However, the negative effect of market capitalization suggests that weak institutions and underdeveloped capital markets limit the growth benefits of market-based finance. Overall, the findings partially support Hypothesis 3, primarily through bank-based mechanisms, as financial depth and access significantly promote growth. Whereas capital market does not.

Based on empirical findings, **Table 8** summarises the results of the hypothesis testing and their corresponding decision.

Table 8: Hypotheses Testing Summary

Hypothesis	Dependent Variable	Independent Variable	B	Robust Std. Error	t	Sig.	Hypothesis Supported
H1	GDP per capita	Broad Money	10.06	1.28	7.85	0.001	Yes
		Commercial Bank Branches	62.44	12.17	5.13	0.01	Yes
		Personal Remittance	25.61	23.45	1.09	0.34	No
		Market Capitalization	-12.35	2.32	-5.33	0.01	Yes
H2	GDP per capita	Broad Money	10.06	1.28	7.85	0.001	Yes
		Commercial Bank Branches	62.44	12.17	5.13	0.01	Yes
		Market Capitalization	-12.35	2.32	-5.33	0.01	Yes
		Personal Remittance	25.61	23.45	1.09	0.34	No
		General Government Expenditure	-54.19	27.72	-1.96	0.12	No
		Gross Fixed Capital Formation	0.30	8.97	0.03	0.98	No
		Foreign Direct Investment	-51.22	14.01	-3.66	0.02	Yes
		Inflation	2.76	3.25	0.85	0.44	No
		Trade	2.80	3.79	0.74	0.55	No
H3	GDP per capita	Broad Money	10.06	1.28	7.85	0.001	Yes
		Commercial Bank Branches	62.44	12.17	5.13	0.01	Yes

Overall, the findings confirm that financial development promotes growth, primarily through banking sector development. This supports the supply-leading hypothesis. They also indicate the role of (Institutional quality; regulatory frameworks; and financial market maturity). The results partially validate financial intermediation theory: (Strong support for bank-based intermediation; Limited support for market-based finance).

6. CONCLUSION & FUTURE RESEARCH

This study examined the relationship between financial development and economic growth in five African economies (Morocco, Nigeria, Egypt, Ghana, and Kenya), over the period 2010–2023 employing a Fixed Effects panel regression approach. The findings demonstrate that financial development is a significant determinant of economic growth; however, its effects are uneven across different financial components. In particular, indicators of financial depth (broad money) and financial access (commercial bank branches) exhibit positive, and statistically significant relationships with GDP per capita. This underscores the importance of banking sector development in mobilizing savings, facilitating credit allocation, and supporting productive investment (King & Levine, 1993; Beck et al., 2000).

Conversely, the study reveals that capital market development, proxied by stock market capitalization, has a negative and statistically significant relationship with economic growth. This suggests that underdeveloped financial markets may hinder rather than promote economic performance (Ibrahim & Alagidede, 2018). Similarly, (FDI) shows a negative relationship with GDP per capita, while personal remittances a positive and statistically insignificant relationship is found.

Overall, the results lead to a partial validation of financial intermediation theory. While it remains strong in the context of banking sector development, its broader applicability is limited by structural constraints, institutional weaknesses, and disparities in financial system maturity across the sampled countries (Odedokun, 1996; Ekanayake & Thaver, 2021).

From a policy perspective, the findings suggest that African economies should prioritize strengthening their banking sectors while simultaneously addressing the deficiencies in capital markets and institutional frameworks. A balanced and well-regulated financial system, one that promotes both financial depth and inclusion while ensuring stability and efficiency, is essential for achieving sustainable and inclusive economic growth (Sahay et al., 2015).

Future research should extend this analysis by incorporating dynamic modelling techniques, broader country samples, and additional indicators of financial quality and institutional performance to refine further our understanding of the finance, growth nexus in developing economies.

References

- Abeka, M.J., Andoh, E., Gatsi, J.G. and Kawor, S. (2021) 'Financial development and economic growth nexus in SSA economies: The moderating role of telecommunication development', *Cogent Economics & Finance*, 9(1). <https://doi.org/10.1080/23322039.2020.1862395>
- Aggarwal, R., Demirgüç-Kunt, A. and Martínez Pería, M.S. (2011) 'Do remittances promote financial development?', *Journal of Development Economics*, 96(2), pp. 255–264. <https://doi.org/10.1016/j.jdeveco.2010.10.005>
- Akinlo, A.E. and Egbetunde, T. (2010) 'Financial development and economic growth: Evidence from sub-Saharan Africa', *African Development Review*.
- Allen, F., Otchere, I. and Senbet, L.W. (2021) 'African financial systems: A review', *Review of Development Finance*, 1(2), pp. 79–113. <https://doi.org/10.1016/j.rdf.2011.03.003>
- Andrieş, A.M. (2009) 'Theories regarding financial intermediation and financial intermediaries: A survey', *Annals of the University of Oradea*, 18(2).
- Arcand, J.L., Berkes, E. and Panizza, U. (2015) 'Too much finance?', *Journal of Economic Growth*, 20(2), pp. 105–148. <https://doi.org/10.1007/s10887-015-9115-2>
- Atje, R. and Jovanovic, B. (1993) 'Stock markets and development', *European Economic Review*, 37(2–3), pp. 632–640. [https://doi.org/10.1016/0014-2921\(93\)90053-D](https://doi.org/10.1016/0014-2921(93)90053-D)
- Baltagi, B.H. (2005) *Econometric analysis of panel data*. 3rd edn. Chichester: Wiley.
- Barro, R.J. (1990) 'Government spending in a simple model of endogenous growth', *Journal of Political Economy*, 98(5), pp. S103–S125. <https://doi.org/10.1086/261726>
- Barro, R.J. and Sala-i-Martin, X. (2004) *Economic growth*. 2nd edn. Cambridge, MA: MIT Press.
- Beck, T., Levine, R. and Loayza, N. (2000) 'Finance and the sources of growth', *Journal of Financial Economics*, 58(1–2), pp. 261–300.
- Beck, T. and Poelhekke, S. (2017) 'Follow the money: Does the financial sector intermediate natural resource windfalls?', *World Bank Economic Review*, 31(3), pp. 804–843.
- Bist, J.P. and Read, R. (2018) 'Financial development and economic growth: Evidence from low-income countries', *Cogent Economics & Finance*, 6(1), 1449780. <https://doi.org/10.1080/23322039.2018.1449780>

References

- Chen, H., Manu, E.K. and Somuah, M.A. (2023) 'Examining finance-growth nexus: Evidence from Africa', *SAGE Open*, 13(1). <https://doi.org/10.1177/21582440231153117>
- Chukwuemeka, O.A. (2024) 'A theoretical and empirical literature on economic growth', *Advanced Research in Economics and Business Strategy Journal*, 5(2), pp. 7–16.
- Demetriades, P.O. and Hussein, K.A. (1996) 'Does financial development cause economic growth?', *Journal of Development Economics*, 51(2), pp. 387–411.
- Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S. and Hess, J. (2018) *The Global Findex Database 2017*. Washington, DC: World Bank. <https://doi.org/10.1596/978-1-4648-1259-0>
- Diamond, D.W. (1984) 'Financial intermediation and delegated monitoring', *Review of Economic Studies*, 51(3), pp. 393–414.
- Durusu-Ciftci, D., Ispir, M.S. and Yetkiner, H. (2017) 'Financial development and economic growth', *Journal of Policy Modeling*, 39(2), pp. 290–306.
- Egbetunde, T., Ayinde, T.O. and Ganiyu, A. (2017) 'Interest rate liberalization and growth in sub-Saharan Africa', *African Journal of Economic Review*, 5(2), pp. 109–129.
- Ekanayake, E.M. and Thaver, R. (2021) 'The nexus between financial development and economic growth', *Journal of Risk and Financial Management*, 14(10), 489. <https://doi.org/10.3390/jrfm14100489>
- Fernández, A. and Tamayo, C.E. (2015) 'From institutions to financial development and growth', *Journal of Economic Surveys*, 31(1), pp. 17–57.
- Fischer, S. (1993) 'The role of macroeconomic factors in growth', *Journal of Monetary Economics*, 32(3), pp. 485–512.
- Girma, A.G. and Huseynov, F. (2025) 'Multidimensional analysis of finance-growth nexus in Africa', *Journal of Economics and Finance*.
- Gujarati, D.N. and Porter, D.C. (2009) *Basic econometrics*. 5th edn. New York: McGraw-Hill.
- Guru, B.K. and Yadav, I.S. (2019) 'Financial development and economic growth: Evidence from BRICS', *Journal of Economics, Finance and Administrative Science*, 24(47), pp. 113–126.
- He, Z. and You, Y. (2024) 'Convergence in financial development and growth', *SSRN Electronic Journal*.
- Honohan, P. and Beck, T. (2007) *Making finance work for Africa*. Washington, DC: World Bank.
- Ibrahim, M. and Alagidede, P. (2018) 'Nonlinearities in finance-growth nexus', *Research in International Business and Finance*, 46, pp. 95–104.
- Jeanneney, S.G. and Kpodar, K. (2011) 'Financial development and poverty reduction', *Journal of Development Studies*, 47(1), pp. 143–163.
- Kar, M. and Pentecost, E.J. (2000) 'Financial development and economic growth in Turkey', *Kheir, V.B. (2018) 'Financial development and poverty in Egypt', Review of Economics and Political Science*, 3(2), pp. 40–55.
- King, R.G. and Levine, R. (1993) 'Finance and growth: Schumpeter might be right', *Quarterly Journal of Economics*, 108(3), pp. 717–737.
- Kuznets, S. (1955) 'Economic growth and income inequality', *American Economic Review*, 45(1), pp. 1–28.
- Law, S.H. and Singh, N. (2014) 'Does too much finance harm growth?', *Journal of Banking & Finance*, 41, pp. 36–44.
- Le, T., Vu, N.B., Mai, S., Nguyen, H. and Bui, H. (2023) 'Financial development and R&D spillovers', *SAGE Open*, 13(1).
- Lewis, W.A. (1956) *The theory of economic growth*. London: Allen & Unwin.
- Loizos, K. (2017) 'Financial repression-liberalization debate', *Journal of Economic Surveys*, 32(2), pp. 440–468.
- Lucas, R.E. (1988) 'On the mechanics of economic development', *Journal of Monetary Economics*, 22(1), pp. 3–42.
- McKinnon, R.I. (1973) *Money and capital in economic development*. Washington, DC: Brookings Institution.
- Mlambo, C. (2024) 'Financial development and growth in SADC', *International Journal of Financial Studies*, 12(3), 62.
- Ndouna, F. (2022) 'Financial development and recession', *Economic Research Review*.
- Odedokun, M.O. (1996) 'Alternative econometric approaches for finance-growth', *Journal of Development Economics*, 50(1), pp. 119–146.
- Öncel, A., Saidmurodov, S. and Kutlar, A. (2023) 'Financial development and export growth', *Journal of International Trade & Economic Development*, 33(1), pp. 1–28.
- Quintyn, M. and Verdier, G. (2010) 'Financial deepening and political institutions', *IMF Working Paper*, 10(210).
- Romer, P.M. (1990) 'Endogenous technological change', *Journal of Political Economy*, 98(5), pp. S71–S102.
- Rostow, W.W. (1960) *The stages of economic growth*. Cambridge: Cambridge University Press.
- Sahay, R. et al. (2015) 'Rethinking financial deepening', *IMF Staff Discussion Note*, 15(08).
- Schumpeter, J. (1934) *The theory of economic development*. Cambridge, MA: Harvard University Press.
- Shaw, E.S. (1973) *Financial deepening in economic development*. Oxford: Oxford University Press.
- Stiglitz, J.E. (2000) 'Capital market liberalization and instability', *World Development*, 28(6), pp. 1075–1086.
- Yakubu, I.N. and Bunyaminu, A. (2021) 'Financial inclusion and economic growth in West Africa', *MPRA Paper*, No. 115183.

PERFORMANCE MEASUREMENT SYSTEM: A TOOL TO ACHIEVE EMPLOYEE MOTIVATION IN MANUFACTURING FIRMS.

Micheal Adebayo; *University of Greater Manchester, UK*

Samuel Ajayi; *Lagos State Cooperative College), Nigeria*

Ekezie Chinyere, Tonye Obinna-Igbokwe; *University of Greater Manchester, UK.*

Abstract

The motivation of employees is among the key factors that define productivity and successfulness of organizations. It is especially important in the context of the Nigerian manufacturing industry that requires efficient operations to ensure its development. Performance measurement systems (PMS) are specific frameworks used to assess and improve the performance of workers. This research seeks to identify the connection between the impact of PMS on motivating workers. Based on the goal-setting theory and expectancy theory, the study will analyze the ways in which performance evaluations and the process of rewarding employees motivates them. The mixed methods approach will be used with quantitative data collected through surveys and qualitative insights gathered from the interviews conducted with the workers and managers from Nigerian manufacturing companies. It has been found that the proper application of PMS plays an important role in motivating employees through providing feedback, clarifying expectations, and introducing rewarding systems. As a result, workers tend to feel more satisfied with their jobs and show increased commitment and lower rates of turnover. However, various problems related to biased assessment, poor support of managers, and inconsistency with the objectives of organizations prevent PMS from being effective. The study uncovers certain drawbacks of the current approaches to the use of PMS and makes suggestions regarding the improvement of the criteria of measuring performance. The presented paper contributes to the literature on human resources management since it demonstrates the opportunities provided by PMS and explains how they can help organizations improve their performance in the context of Nigeria's manufacturing industry.

Keywords: *Performance Measurement Systems, Employee Motivation, Organizational Performance, Job Satisfaction, Goal-Setting Theory, Expectancy Theory, Nigerian Manufacturing Sector.*

Introduction

The motivation of employees stands out as one of the core determinants of the success of any organization, especially in the manufacturing sector in Nigeria. Employees play a significant role in determining how much progress an organization makes. For organizations to achieve the set objectives and goals, employees have to become highly motivated. Therefore, as companies seek to enhance productivity, innovate and compete with other companies in the marketplace, how to motivate the workforce has become a core area of discussion in the modern times. Performance Measurement Systems (PMS) have increasingly emerged as important mechanisms for boosting employee motivation in organizations. These refer to tools that allow the assessment and monitoring of employees' performance towards the achievement of the objectives and goals of the organization. When properly designed, PMS are important catalysts for employee motivation.

There have been debates in the past concerning whether PMS have the ability to enhance the level of employee motivation. Scholars have argued that PMS provide goals and targets that can make employees remain committed to doing their work excellently while those who oppose have contended that they create work-related stress, discourage creativity among other negative impacts. In the manufacturing sector in Nigeria, there exist many challenges that call for the optimization of the PMS to help motivate the workforce.

Background Information

The manufacturing industry in Nigeria forms an essential part of the country's economy by providing jobs and facilitating industrialization and international business. However, the manufacturing firms face challenges like fluctuations in demand for the products produced, inadequate training and resources and this adversely affects employees' productivity. Therefore, in this kind of environment, PMS can be important tools for motivating employees, enhancing efficiency and reinforcing organizational objectives. PMS not only helps in developing clear expectations, but also makes employees to feel valued and recognized for what they do. Motivational theories like those of Maslow, Herzberg, and Vroom can be integrated in the designing of the systems.

Purpose of the Study

Despite their importance, the role of PMS in enhancing employee motivation has remained the subject of debate and scrutiny in Nigeria. The implementation of PMS in organizations in the country faces several challenges. First, they fail to integrate holistic performance indicators that recognize employee development and satisfaction. Second, there are poor feedback systems and inadequate reward structures for PMS, thus reducing their capacity to enhance motivation. Third, most firms in the manufacturing sector in the country adopt a top-down management style where the employees' contribution is not taken into account.

Finally, implementation of PMS varies widely in the firms with some being inconsistent in the evaluation practices leading to perceptions of bias, unfairness and job dissatisfaction. Given this situation, there is a need to examine the effectiveness of PMS in motivating employees in Nigeria's manufacturing firms. This research will be guided by three main objectives and research questions and hypotheses.

Objectives of the Study

1. To assess the impact of performance measurement systems (PMS) on employee motivation in Nigerian manufacturing firms.
2. To evaluate the effectiveness of various performance evaluation criteria in influencing employee engagement and productivity.
3. To identify best practices for optimizing PMS to enhance employee motivation and organizational performance in the Nigerian manufacturing sector.

Research Questions

1. How do performance measurement systems affect employee motivation in Nigerian manufacturing firms?
2. Which key performance indicators (KPIs) and evaluation criteria contribute to improved employee engagement and productivity?
3. What strategies can be employed to optimize PMS for maximum employee motivation and organizational success?

Hypotheses

1. H0: Performance measurement systems have no significant impact on employee motivation in Nigerian manufacturing firms.
2. H0: The design and implementation of performance evaluation criteria do not affect employee engagement and productivity.
3. H0: Optimization of performance measurement systems does not contribute to improved employee motivation and organizational performance.

Significance of the Study

The Nigerian manufacturing sector forms an essential aspect of the nation's economy as it provides employment and facilitates the growth of industries. However, employee motivation and productivity are common challenges in the sector due to challenges such as lack of reward systems, unclear performance expectations and inadequate opportunity for employee participation. This study will contribute significantly in that it looks at how the PMS can be used in order to motivate employees within manufacturing firms. It will provide insights into goal-setting, feedback and incentive systems.

The present study focuses on evaluating the performance management system's effectiveness and providing recommendations to help business executives, policy makers and human resource experts to optimize the process of employee incentives program designing. Through expanding the scope of discussion about the strategic management of work force the study aims at identifying optimal methods to improve the PMS so as to increase work force efficiency. It shows how PMS when structured effectively can be used as the tool to enhance motivation.

In addition, the study lays the groundwork for further research related to employee motivation and performance appraisal by providing some of the success factors. The theoretical framework based on the theories by Herzberg and Vroom allows us to provide an academic insight into PMS configuration and motivation enhancement through it. This approach helps industrial organizations to make the right decision about the design of their employees' performance and reward systems.

Research Gap

Though there is much research done on the correlation between the motivation of the employees and PMS, there still remains a gap in understanding of the PMS operation in the context of Nigerian manufacturing industry. Most of the literature focuses on general employee motivation strategies without paying enough attention to the ways of tailoring the PMS to fit the challenges of Nigerian manufacturing companies which include inadequate infrastructure, economy instability and inefficiency.

What is more, the literature pays little attention to the relevance of PMS in the context of Nigeria, usually focusing on its application in industrialized countries where corporations differ in terms of the culture, management style and employees' demands. There is a big gap related to the shortage of empirical research of employees' perception of PMS in Nigeria and its impact on job satisfaction, loyalty and productivity. Although some scholars examine performance measurement systems, they fail to evaluate their motivational effect.

Review of Literature

The importance of employee motivation for organizational performance is widely recognized. Contemporary organizations use many techniques to motivate employees from money incentives to career development and leadership programs. One of the trends of recent years is using of the performance management system (PMS) in organizations. The systems help managers to measure and control employees' performance and to align the effort of the employees with strategic objectives.

There are many studies devoted to the problem of the relation between performance management and motivation. According to Armstrong (2018), PMS is one of the instruments of motivation helping managers to provide employees with the expectation, feedback and rewards that encourage good behavior and progress. Kaplan and Norton (1996) developed the Balanced Scorecard approach where PMS was recognized as one of the means to align the effort of employees with the strategic objectives of corporation.

There are also motivational theories which add another dimension as regards the performance evaluation. Herzberg's Two-Factor Theory (1959) indicates the importance of extrinsic and intrinsic motivators in enhancing job satisfaction through the well-structured PMS. The Vroom's Expectancy Theory (1964) further explains how employees get motivated if they see the relationship between their efforts and rewards. However, despite the benefits of PMS, there exist concerns about their proper implementation in diverse environments. Shields et al. (2015) indicate that PMS that are improperly designed may lead to the negative impacts including stress related to work, over-concentration on the metrics and decline in the creativity. Besides, organizational culture studies suggest that employees' perception of PMS influences its motivational effects (Moynihan & Pandey, 2007).

Thus, the manufacturing sector in Nigeria represents a unique setting to investigate these issues since it has some unique challenges in terms of its workforce characteristics, economy and operation. The purpose of the present study is to extend existing literature by exploring the way PMS work in Nigeria's manufacturing firms and the best practices that will enable to leverage the PMS as a motivational tool.

Conceptual Framework

The conceptual framework of the study is centered on Performance management and motivational theories, providing a structured approach to investigating how PMS can be the catalyst for employee motivation in Nigerian manufacturing firms. The framework combines the constructs from motivational theories, PMS implementation strategies and the behavioral responses of the employees.

Key Constructs in the Framework

1. Performance Measurement Systems (PMS) – Structured tools for the evaluation of the contributions of employees, setting of expectations and alignment of the employees' efforts with the organizational objectives.
2. Employee Motivation - Encompassing extrinsic and intrinsic factors that drive productivity, job satisfaction and engagement.
3. Reward Systems and Feedback Mechanisms - Role of the incentives, recognition and constructive feedback in reinforcing employee motivation.
4. Organizational Culture and Employee Perceptions - The impact of corporate culture, leadership style and employee perceptions on PMS effectiveness.
5. Operational Efficiency in Manufacturing Firms - Investigating the impact of PMS on productivity and organizational success in Nigeria's manufacturing sector.

Theoretical Framework

Herzberg's Two-Factor Theory: Suggesting that PMS can enhance the motivation by addressing both hygiene factors and intrinsic motivators. Vroom's Expectancy Theory: Explaining that employees get more motivated when PMS establish a clear linkage between effort, performance and rewards.

Goal-Setting Theory (Locke & Latham, 1990): Highlighting the importance of setting specific and measurable goals in the PMS to motivate employees and enhance their performance.

Conceptual Model

The study will develop the conceptual model indicating the relationships between the PMS, employee motivation, organizational culture and operational efficiency. The model hypothesizes that the well-designed PMS positively influences the motivation, thus leading to job satisfaction, engagement and productivity. Contrarily, ineffective PMS can result in the dissatisfactions, resistances and poor performance.

Empirical Studies

Onuorah, A.N.; Okeke, M.N.; Ibekwe, A.I. (2019): "Compensation Management and Employee Performance in Nigeria." Survey in Anambra's secondary schools; performance-based compensation significantly boosted performance. Okeke, M.N.; Onyekwelu, N.P.; Akpua, J.; Dunkwu, C. (2019): "Performance Management and Employee Productivity in Selected Large Organizations ... Southeast Nigeria." Performance management positively correlated with productivity. Emeka, N.; Amaka, O.; Ejim, E.P. (2017): "The Effect of Employees Motivation on Organizational Performance of Selected Manufacturing Firms in Enugu State." Intrinsic/extrinsic motivation directly affected manufacturing firm performance.

Agbaeze, K.E.; Ebirim, C.O. (2020): "Reward System and Organizational Performance in the Manufacturing Industry in South-South Nigeria." Examined how financial and non-financial rewards improved organizational performance. Onuorah, Anthonia N.; colleagues (2019): The study revealed that integrating motivation to performance enhance productivity and value system within an organization. Ismaila, I.; Lamino, H.; Ibrahim, B.G. (2022): "Effect of Performance Management on Employee Engagement in NNPC." The study showed that Performance systems strongly influenced employee engagement across divisions. Aworemi, J.R.; Abdul-Azeez, I.A.; Durowoju, S.T. (2012): "An Empirical Study of the Motivational Factors of Employees in Nigeria." The study found out that working conditions, interesting work, and pay are key motivators within the organization setup.

Ganiyu, I.O.; Derera, E.; Atiku, S.O.; Fields, Z. (2020): "Measuring the Effectiveness of Work-Life Balance Strategies in the Manufacturing Sector, Lagos." Validated that WLBS framework; work-life balance linked to job satisfaction and firm performance. Opebinu, O.E.; Adepoju, A.O.; Ajayi, M. (2023): "E-Compensation Management and Organisational Performance – Brewery Sector, Southwest Nigeria." The study showed that electronic compensation significantly enhanced employee satisfaction & performance. Noko, E.; Nwuzor, J. (2021): "Employee and Organisational Performance: Employees' Perception of Intrinsic and Extrinsic Reward System." This empirical SEM-based Nigerian study confirmed that rewards are linked to organizational outcomes.

Chinedu S. Emoh (2019): "Organizational Learning Capability and Employee Performance of Manufacturing Firms in Rivers State." The work supported that participative decision-making and risk-taking positively correlated with performance. Herpen, Van M.; van Praag, M.; Cools, K. (20): Studied how PMS and compensation systems affect motivation in The Netherlands. Guest, D.E. (2012): Comprehensive HRM-performance review, including PMS-motivation links. Stajkovic, A.D.; Luthans, F. (1997): Meta-analysis of organizational behavior programs boosting performance. Pulakos, E.D.; O'Leary, R.S. (2011): Critically reviewed PMS design flaws and suggested reform. Lin, H.F. (2007): Extrinsic vs. intrinsic motivation effects on knowledge sharing, relevant to manufacturing contexts are based on Technological / System-Oriented Evaluations. Asabere, N.Y.; Gyamfi, N.K. (2013): "AIDSS-HR Intelligent DSS for Enhancing Performance." The study proposed ICT-based PMS to automate tracking; argued improving motivation. Meenakshi, G. (2012): "Multi-source Feedback (360°) Appraisal System Using Fuzzy Logic." This study indicated detailed decision support to enhance appraisal credibility and employee motivation.

Comparative Analysis of Conceptual Studies

Amah, O.E. (2010, 2018): Family–work conflict, leadership, engagement- PMS mediated in Nigeria. Folashade Owolabi & Uwuigbe (2021): Study on PMS design among Nigerian listed companies linked performance measurement "innovations" to organizational outcomes. Onuorah et al. (2019) Compensation & performance are interwoven concepts that promotes productivity. Okeke et al. (2019) performance management have a linear relationship with productivity. Emeka et al. (2017) Motivation positively affects in manufacturing outcomes. Agbaeze & Ebirim (2020): argue that reward systems enhance productivity in manufacturing companies. Aworemi et al. (2012) opined that motivational factors among Nigerian employees is an intrinsic factor for performance outcomes. Ganiyu et al. (2020) Work–life balance effectiveness in Lagos manufacturing firms showed that employees perform better when they are able to balance work situations with personal development. Emoh (2019) opined that Organisational learning & performance can greatly influence productivity. Amah (2010, 2018) posited that Family-work conflict, leadership engagement is mediated by PMS. Elomien, E., Nchuchuwe, F. F., Idowu, O. A., Onabote, A., & Osabohien, R. (2021) Found that employee motivation significantly impacts industrial output in Nigeria, with a potential increase of 98%. Olawande, A., & Nneka, I. (2023) Examined financial motivation factors in Nestlé Nigeria Plc, concluding that salaries, wages, and allowances significantly impact organizational performance. Bhatti, K. K. (2007) revealed that the effect of employee participation on job satisfaction, commitment determines productivity. Osabiya, B. (2015) Highlighted the importance of motivation in organizational performance. Elomien et al. (2021) Found a direct positive impact of performance metrics on motivation levels. Alase & Akinbo (2021) Discovered that monetary incentives tied to performance evaluation boost motivation and correlate with employee job performance in Nigerian companies. Olawande & Nneka (2023) Confirmed that clear performance metrics improve organizational efficiency.

Methodology

The present study seeks to explore the role of the performance measurement systems in motivating employees in Nigeria's manufacturing sector. A rigorous methodology is needed to obtain accurate and reliable data to support the research. The study uses the mixed methods that involve both qualitative and quantitative methods for obtaining comprehensive information.

Research Design

In the present study, the descriptive survey research design is going to be used for obtaining the data from the employees in the chosen manufacturing firms about the relationship between the performance measurement systems and motivation. This design is suitable for describing trends, relationships and impacts. Besides, a case study component will be included for getting deeper insights from a particular Nigerian manufacturing firm, thus contextualizing the findings. Case studies are commonly used in small sample sizes (Neuman, 2005).

Population of the Study

The population of the study includes employees from selected manufacturing firms in Nigeria. They comprise production workers, supervisors and managers. The reasons for choosing this population correspond with the research objectives (Biswas, 2023).

Some of the industries within the manufacturing sector in Nigeria include:

- Food and Beverage (e.g., Nestlé Nigeria Plc, Dangote Group)
- Cement and Building Materials (e.g., Lafarge Africa Plc)
- Textiles and Garments (e.g., Sunflag Nigeria Ltd)
- Automotive and Machinery (e.g., Innoson Vehicle Manufacturing)

Sample Selection

The study uses the stratified random sampling technique to ensure the representation of different levels and functions in the sector. There will be 200 respondents from different manufacturing firms comprising entry-level workers, supervisors and managerial level personnel. The sample size is determined using Krejcie and Morgan's (1970) formula.

Model Specification

For the research on the topic "Performance Measurement System as a Catalyst for Employee Motivation in the Nigerian Manufacturing Sector", the following empirical approach will be used to investigate the relationship between performance measurement and employee motivation.

In order to analyze the relationship between PMS and Employee Motivation (EM) in the manufacturing sector, the study will adopt a regression model. The general functional form is:

$$EM = \beta_0 + \beta_1PMS + \beta_2INC + \beta_3WLB + \beta_4TRN + \beta_5ORG + \epsilon$$

Where:

- EM = Employee Motivation (Dependent Variable)
- PMS = Performance Measurement System
- INC = Incentives (monetary and non-monetary)
- WLB = Work-Life Balance policies
- TRN = Training and Development programs
- ORG = Organizational Culture and Structure
- ϵ = Error term (unobserved factors)

The regression coefficients ($\beta_1, \beta_2, \dots, \beta_5$) show the impact of the independent variables on employee motivation with the expectation that PMS will exert a positive and statistically significant impact on EM.

Method of Data Analysis

The combination of the quantitative and qualitative techniques will be used in order to obtain robust results and useful interpretations:

- Descriptive Statistics: means, standard deviations, frequency distributions for providing the overview of motivation levels and the use of PMS in Nigerian manufacturing firms.
- Inferential Statistics:
 - Correlation analysis for establishing the associations between PMS and motivation.
 - Multiple regression analysis for assessing the impact of PMS, incentives, training, work-life balance and organizational culture on motivation.

Hypothesis Testing:

- Null hypothesis (H_0): PMS do not significantly impact Employee Motivation.
- Alternative hypothesis (H_1): PMS significantly impact Employee Motivation.
- Significance measured through t-tests, p-values, and R-squared values.
- Robustness Checks:
 - Tests for heteroscedasticity, multicollinearity and normality to check that the regression assumptions are satisfied.

Empirical Reviews and Concluded Views

Supporting empirical views from the prior studies include:

- Elomien et al. (2021): PMS increases the productivity of employees by 98%.
- Alase & Akinbo (2021): Monetary PMS boosts the motivation substantially.
- Olawande & Nneka (2023): Performance metrics enhance employee efficiency and satisfaction.

Data Presentation and Analysis

The data for the research on the topic "Performance Measurement System as a Catalyst for Employee Motivation in the Nigerian Manufacturing Sector" will be obtained from 200 respondents in various Nigerian manufacturing firms. The analysis will use correlational and multiple regression analyses for investigating the relationship between the PMS and employee motivation.

Conclusion

The preliminary study concludes that Performance Measurement Systems represent a crucial catalyst for employee motivation in Nigeria's manufacturing sector. If properly designed and implemented, PMS promote accountability, productivity and organizational growth. The incorporation of training and development, incentives, organizational culture and work-life balance makes employees even more committed and job satisfied. Corporate leaders and policymakers should pay special attention to transparent, fair and goal-aligned performance metrics for enhancing productivity.

Proposed Contributions to Knowledge

This study will contribute to the literature in the following ways:

1. Extends the understanding of the effectiveness of PMS in Nigeria's manufacturing industry validating the empirical evidence.
2. Provides a structured model of motivation involving training, incentives, culture and work-life balance.
3. Provides the statistical evidence to guide corporate strategy and policy-making.
4. Shows the way to enhance productivity by increasing the engagement of employees through performance measurement systems.

References

1. Armstrong, M. (2006). *Performance management: Key strategies and practical guidelines* (3rd ed.). London: Kogan Page.
2. Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Boston, MA: Harvard Business School Press.
3. Drucker, P. F. (1954). *The practice of management*. New York, NY: Harper & Row.
4. Herzberg, F. (1966). *Work and the nature of man*. Cleveland, OH: World Publishing Company.
5. Lawler, E. E. (1994). *Motivation in work organizations*. San Francisco: Jossey-Bass.
6. Otley, D. (1999). Performance management: A framework for management control systems research. *Management Accounting Research*, 10(4), 363–382.
7. Iheriohanma, E. B. J. (2006). Motivation, labour and productivity: A study of the gender factor in selected industries in Imo State, Nigeria. *Multidisciplinary Journal of Research Development*, 7(4), 1–11.
8. Amabile, T. M. (1993). Motivational synergy: Toward new conceptualizations of intrinsic and extrinsic motivation in the workplace. *Human Resource Management Review*, 3(3), 185–201.
9. Ukpogbu, E. S., & Hope, P. (2016). Influence of employee motivation on organizational performance in the manufacturing sector in Nigeria. *Journal of Management and Strategy*, 7(2), 1–9. <https://doi.org/10.5430/jms.v7n2p1>
10. Uchenwamgbe, B. W. (2013). Effects of leadership style on organizational performance in small and medium scale enterprises (SMEs) in Nigeria. *European Journal of Business and Management*, 5(23), 53–73.
11. Obisi, C. (2011). Employee performance appraisal and its implication for individual and organizational growth. *Australian Journal of Business and Management Research*, 1(9), 92–97.
12. Ofoegbu, D. I., & Akanbi, P. A. (2012). Effects of strategic performance appraisal, career planning and employee involvement on organizational commitment. *International Journal of Business and Management*, 7(13), 168–177.
13. Aguinis, H. (2009). *Performance management* (2nd ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
14. Onyema, M. O., & Uzonwanne, F. C. (2020). Performance measurement and employee productivity in Nigerian manufacturing companies. *African Journal of Business Management*, 14(3), 67–75. <https://doi.org/10.5897/AJBM2020.8970>
15. Akinbowale, M. A., Lourens, M. E., & Jinabhai, D. C. (2013). Role of performance appraisal policy and its implication on employee performance. *European Journal of Business and Social Sciences*, 2(7), 19–26.

References

16. Okoye, P. V. C., & Ezejiofor, R. A. (2021). Performance measurement and employee motivation in selected manufacturing firms in Nigeria. *International Journal of Academic Research in Business and Social Sciences*, 11(2), 1-15. <https://doi.org/10.6007/IJARBS/v11-i2/8761>
17. Mohammed, A. M. (2018). Impact of performance appraisal on employee motivation: A case study of Nigerian manufacturing firms. *Journal of Human Resource and Sustainability Studies*, 6(2), 81-94.
18. Yahaya, K. A., & Afolabi, A. O. (2018). Influence of motivation on employee productivity in Nigerian manufacturing firms. *International Journal of Economics, Commerce and Management*, 6(5), 142-158.
19. Ezeani, E. O. (2010). *Public sector management: Concepts, theories and applications*. Enugu: Zik-Chuks Publishers.
20. Idowu, A. O. (2017). Effectiveness of performance appraisal system and its effect on employee motivation. *Nigerian Chapter of Arabian Journal of Business and Management Review*, 62(1172), 1-7.
21. Nnaji-Ihedinmah, N. C., & Egbunike, P. A. (2015). Effect of performance appraisal on employee productivity: A study of selected manufacturing firms in Anambra State, Nigeria. *International Journal of Scientific and Research Publications*, 5(1), 1-6.
22. Otokiti, B. O., & Awodun, M. O. (2003). *Contemporary strategic management*. Lagos: Pumark Nigeria Limited.
23. Ejumudo, K. B. O. (2014). Performance appraisal and employee productivity in the Nigerian public sector. *Global Journal of Arts Humanities and Social Sciences*, 2(5), 89-103.
24. Chukwuma, A. E., & Chidi, O. C. (2013). Reward system and employees performance in Lagos State (A study of selected public secondary schools). *Kuwait Chapter of Arabian Journal of Business and Management Review*, 3(8), 14-28.
25. Amadi, E. C. (2019). Performance measurement practices and motivation of employees in Nigerian manufacturing firms. *International Journal of Business and Management Invention*, 8(4), 29-38.
26. Ajila, C., & Abiola, A. (2004) - Influence of rewards on worker's performance in an organization; *Journal of Social Sciences*, 8(1), pp.7-12.
27. Aktar, S., Sachu, M.K., & Ali, M.E. (2012) - The impact of rewards on employee performance in commercial banks of Bangladesh: An empirical study; *Journal of Business and Management*, pp. 4-7.
28. Armstrong, M. (2012) - *Handbook of Reward Management Practice: Improving Employee Performance through Reward System*, pp. 47-55.
29. Azasu, S. (2009) - Rewards and performance of Swedish real estate firms; *Compensation and Benefits Review*, 41(4), pp.19-28.
30. Badrinarayan, S.R., & Tilakar, P.C. (2011) - Critical analysis of motivators and hygiene factors with special reference to employees of private and public sector in India; *International Journal of Research in IT and Management*, Vol. 1(1), pp.39-50.
31. Cohen, G.L. (2003)- *Person-Organization Commitment: Bonds of Internal Consumer in the Context of Non-profit Organizations*; *Journal of American Psychological Association*, pp. 3-7.
32. Dessler, G. (2011) - *Human Resource Management, Global Edition, Twelfth Edition*, pp. 32-39.
33. Ezigbo, C.A. (2011) *Advanced Management Theory and Applications*, Immaculate Business Support Services, Enugu, pp. 69-76.
34. Gavrea, C., Illies, L., & Stegeren, R. (2011) - Determinants of organizational performance: A case of Romania
35. Elomien, E., Nchuchuwe, F.F., Idowu, O.A., Onabote, A., & Osabohien, R. (2021)- Employee motivation and industrial output in Nigeria; *Humanities and Social Sciences Letters*, 9(1), pp. 24-33
36. Olawande, A., Ayeni, I., & Nneka, I. (2023)- Employee motivation and financial performance of manufacturing firms: A case of Nestlé Nigeria Plc; *International Journal of Development Strategies in Humanities, Management and Social Sciences*, 13(2).
37. Hilton Biswas (2023)- The Impact of Performance Appraisal on Employee Motivation: The Case of United Group's Power Sector in Bangladesh; *journal of management studies*.

MOROCCO'S ANNEXATION OF WESTERN SAHARA: A REALIST PERSPECTIVE

Osahon Odemwingie

Abstract

Despite the Westphalia Treaty and related extant international laws which upheld state sovereignty, post-Westphalian era has been inundated with unlawful states' acquisition of other states or parts of their territories. This unruly state behaviour tends to invalidate basic liberal assumption – the existence of international organisations and international laws will tame the savage nature of states. Using the phenomenological research design, this paper examines the rationales behind Morocco's annexation of Western Sahara from the diverse perspectives of classical, modern, and structural realists. To ensure: no risk of research subjects altering their behaviour because of being studied, research cost effectiveness, access to historical data, including the use of large-scale and high-quality data from governments and large research organisations, etc., the study utilized secondary sources of data. Consequently, findings revealed that Morocco's annexation of Western Sahara is basically fueled by complex variables ranging from its egoistic economic interest and competition for natural resources in Western Sahara, egoistic drive to reclaim its lost glory of a 'Greater Morocco', selfish quest for regional hegemon, political legitimacy, the structural nature of the global system, to Morocco's political and military advantages/capacities vis-à-vis the SADR. Thus, the paper concluded, that Morocco's Sahara policy has come to stay as reneging endangers the country's core national interests.

Key Word: *Annexation, Morocco, Western Sahara, Realism*

Introduction

Historically, post-Westphalian Treaty era has witnessed myriad cases of states' annexations of states or integral parts therein. Classic examples include Germany's 1938 Anschluss – annexation of Austria (Gehl, 2020), Turkey's annexation of Northern Cyprus since 1974 (Ker-Lindsay, 2011), Russia's annexation of easterner Ukraine (Odemwingie, Egharevba, and Osayande, 2023), United Arab Emirates' occupation of Yemen's Socotra Island (Pelliconi and Kattan, 2025a), etc.

To explain, understand, and predict this unruly imperialistic behaviour of states, diverse international relations theories have over the years been advanced by scholars. Succinctly put, there have been some welcome developments (theories and concepts) in search to identify which theories are apt to explain the contemporary world (Bloor, 2022). Nevertheless, this study adopts realism to provide vivid explanations and understandings behind The Kingdom of Morocco's annexation of Western Sahara. The choice of realism is premised on the fact that it helps to expound the reasons why states compete and conflict with other states in the global system. Using phenomenology – a research design that enables researchers to understand phenomena based on how other people or scholars perceive reality (Webb and Auriacombe, 2006) or understanding the social world from other scholars' point of views (Taylor, Bogdan and DeVault, 2016) – this study examines the drivers behind Morocco's annexation of Western Sahara from the eyes, lived experiences in the everyday world or perceptions, attitudes, meanings, beliefs and emotions (Denscombe, 2021) of classical, modern, and structural realists.

Consequently, the aim of this study is to provide robust realist understandings and explanations to international organisations, political practitioners (politicians), policymakers, researchers, opinion leaders, and students about the complex drivers behind The Kingdom of Morocco's annexation of Western Sahara. Structurally, the study has five sections – introduction, theoretical framework, brief historical overview of Morocco's annexation of Western Sahara from 1975 till date, rationales behind the annexation from realists' perspectives, and conclusion.

Theoretical Framework: Realism

Realism provides us with philosophic and scientific explanations of the conflicting and competitive nature of states in the international system – it offers both normative and empirical descriptions of global politics held by state's actors. Its historical origin has been traced to the work of Thucydides (1972) – History of the Peloponnesian War (Antunes and Camisã, 2017). Its basic assumptions include:

- i. though individuals and organisations exist in the international system, states remain the principal actors as the former have limited powers in relation to the latter;
- ii. the state is a unitary actor – it acts with a common voice in pursuance of its national interest, especially in emergency period like wars;
- iii. the state possesses flaws (fear, power-obsession and ego) which are naturally intrinsic in humans;
- iv. the international system wherein states exist is anarchic in nature;
- v. policymakers should always be rational in policymaking because only rational based policies facilitate state's survival (Antunes and Camisã, 2017; Bloor, 2022).

Accordingly, classical realists: observed that states' foreign policies are driven by fear (e.g. Sparta) and egoistic desire for power (e.g. Athens) (Thucydides, 1972); prescribed that a state's leader must act like a fox (be diplomatic) and a lion (be powerful and brutal) to ensure state's survival in the anarchic global system (Machiavelli, 2019) – he must do good when necessary, and must be ready to unleash violence when need be (i.e. he should eschew the ethics of morality, but embrace the ethics of responsibility) (Antunes and Camisã, 2017); opined that the imperfections (mistrust, ego, and power-obsession) innate in human nature, also exist in states; and the pure absence of one global government, drives states into competitions and conflicts with other states in pursuance of their respective national interests (Hobbes, 1952).

Furthermore, modern realists like Morgenthau (1948), who placed premium on power over morality, posited that state's foreign policies should not be based on morality. This becomes imperative as idealist/moral based policies facilitate state's weakness, and possibly its destruction or domination by a rival. Conversely, structural/neo-realist like Waltz (1979) – who introduced the empirical dimension of realism as a paradigm shift from the normative dimensions of classical and modern realists – argued that unsubstantiated flaws in humans are not the determinants of states' behaviours/policies in global politics. Alternatively, they are determined by the structural nature of the global system, as well as states' comparative capacity in relation to other states (Antunes and Camisã, 2017).

Brief History of Morocco's Annexation of Western Sahara

It has been argued that in precolonial era, dating back to the 11th century, Morocco or the 'Greater Morocco' comprised modern day Mauritania, Western Sahara, parts of Algeria, Mali, etc. (Jensen, 2013). However, European imperialism partitioned Moroccan territory under French and Spanish control and formalised Western Sahara as a distinct colonial entity, despite earlier but non-sovereign ties between the Moroccan sultanate and Saharan tribes (Hodges, 1983; Miller, 2013). In 1956, Morocco gained independence from France after years of violent political campaign for freedom (Thomson, 2010; Jensen, 2013).

On November 6, 1975, King Hassan of Morocco – in defiance to ICJ’s ruling which favoured the Sahrawi rights to self-determination (International Court of Justice, 1975) – pressured Spanish withdrawal by launching the Green March of 350,000 Moroccans into Spanish Sahara (Arnold, 2005). This led to the Madrid Agreement of November 14, 1975, in which Spain transferred the territory’s administrative authority to Morocco and Mauritania on February 26, 1976 (Zoubi, 1996; United Nations Security Council, 2002). On February 27, 1976, the day before Spain’s planned withdrawal, the Polisario Front declared Western Sahara as the Sahrawi Arab Democratic Republic (SADR), receiving support from Algeria, where its government-in-exile was also based. Following Spain’s withdrawal, the territory was immediately annexed by Morocco and Mauritania (Zoubi, 1996; Arnold, 2005). However, after the Polisario Front defeated Mauritania, the country renounced its claims to Western Sahara in 1979, paving the way for Morocco’s annexation of the entire territory (Seddon, 1987; United Nations Security Council, 2002; Arnold, 2005).

Following Algeria’s diplomatic support, the Sahrawi Arab Democratic Republic (SADR) was recognized in 1984 by several states, including the Organisation of African Unity (OAU), which admitted it as its 51st member – an action that prompted Morocco to withdraw from the organisation (Zoubi, 1996; Besenyő, Huddleston and Zoubir, 2023). Morocco’s annexation of Western Sahara triggered a sixteen-year insurgency by the Polisario Front, which ultimately concluded with a UN-brokered ceasefire in 1991 (Mundy, 2009).

In 2020, the U.S. became the first state to formally recognise Morocco’s sovereignty over Western Sahara as a sacrificial lamb to pacify relations between Israel and Morocco, while Israel and France followed suit in 2023 and 2024, respectively (Pelliconi and Kattan, 2025a). Thus, the occupation has become one of the lengthiest running regional crises, and the remaining unsettled decolonisation dispute in Africa (Zoubi, 1996). It constitutes one of the lengthy occupations characterised by settlement activity, resource exploitation, and the continuous extension of Morocco’s administrative and legal structures (Pelliconi and Kattan, 2025a).

A Realist Perspective of Morocco’s Annexation of Western Sahara

As a major theory in International Relations, realism offers better explanations on the rationales behind Morocco’s annexation of Western Sahara. The first explanations can be deduced from the philosophic postulations of classical and modern realists, while the second explanations are vividly embedded in the scientific positions of the neo/structural realists.

a. Classical and Modern Realists’ Perspectives:

To classical realists like Thucydides (1972) and Hobbes (1952), Morocco’s annexation is egoistically driven. First, it is driven by its selfish economic interest and competition for natural resources. Western Sahara is home to the second largest global reserves of phosphate (Society for Threatened Peoples, 2014). Its Bou Craa area, controlled by Morocco, is rich in extremely high-quality phosphate rock (globally needed for modern industrial agriculture) (Jensen, 2013), and about 10% of Moroccan phosphate production is derived from this area (de Ridder, de Jong, Polchar and Lingemann, 2012; Society for Threatened Peoples, 2014). In 2022 alone, Morocco – the world’s largest exporter of phosphates – reportedly earned \$655.5m from export of 1,231,400 tons of phosphate from Western Sahara (WSRW, 2023).

Western Sahara is also endowed with vast fishing resources – perhaps the largest fish population in the world (Society for Threatened Peoples, 2014). Reportedly, almost 78% of Morocco’s fish are sourced from Western Saharan Laayoune region; 74,000 Moroccans are employed in the fishing industry in this annexed territory, while Morocco has been generating revenues from fish export and sales of fishing licenses to other countries from the annexed region (Lewis, 2011; Society for Threatened Peoples, 2014).

Furthermore, Morocco’s annual exports of Western Saharan salt and sand – of which 2,200 tons and 9.4million tons were respectively traded in 2009 alone, as well as the feasibly large deposit of hydrocarbons in the area, have inspired its expansionism (Jensen, 2013). Hence, it has been argued that these natural resources in Western Sahara provide motivation for Morocco’s annexation (de Ridder, de Jong, Polchar and Lingemann, 2012).

Nevertheless, it has been explained elsewhere that the annexation is profoundly enmeshed in Morocco's ego to reclaim its lost pre-colonial historic, religious, and political glory. As aptly noted by Thomson (2010, pp. 46-47), Morocco's continuous occupation of Western Sahara is driven by its desire to restore "part of the historic Moroccan empire". Thus, it has been opined that the annexation which constitute a core part of Morocco's national interest, is not aimed at dominating "the international phosphate market". Rather, it "extends deeply into the nation's history" of a 'Greater Morocco' (CIA, 2012, p.1).

Thirdly, and closely related to the above egoistic drives is Morocco's quest for regional hegemon, including its mistrust towards Algeria – its regional competitor. While Algeria's arming and support for the Polisario are largely driven by its desire to prevent "the emergence of an enlarged and more powerful Morocco" (Arnold, 2005, p. 1204), Morocco's annexation aims to weaken its geopolitical competitor (Algeria) and establish itself as a regional power in North Africa. If Morocco reneged on its annexation policy and allowed SADR's independence, it risk its opportunity to contain Algeria's futuristic access to the Atlantic. It will also tip the balance of power in Algeria's favour – allowing SADR's independence means creating a new allied-state for its regional rival, Algeria (CIA, 2012).

Moreover, it is pertinent to note that the Sahara policy by Morocco's monarchy, enjoys widespread domestic support across the country's social and political divides (Jensen, 2013). Thus, for modern realist like Morgenthau (1948), the annexation is a rational decision made by the Moroccan authority. If the country's leadership reneged on the policy, it risks the repatriation of tens of thousands of Moroccans incentivised via job opportunities, housing subsidies, and tax incentives to settle in Western Sahara (Haklai, 2022). It also risks forfeiture of its major infrastructural investments – the sardine canning facilities at El Aaiún which employs over 1,000 people (Jensen, 2013), the Dakhla Atlantic Port, new road networks connecting western Sahara to southern Morocco, renewable energy projects (Pelliconi and Kattan, 2025b), etc. Similarly, it might face serious legitimacy crisis such as military coup d'état (CIA, 2012) as the annexation constitutes one of the pillars of the legitimacy of the Moroccan monarchy (Jensen, 2013). Hence, it has been posited that King Hassan's decision to launch war against the Polisario in 1976 boosted his domestic popularity which hitherto was on the wane (Arnold, 2005).

More so, Morocco's initial withdrawal from the OAU despite being its key and founding member (Zoubi, 1996), its return in 2017 after a 33-year absence (DW, 2017), its 2017 foreign policy proposal as a North African state to join the ECOWAS (BBC, 2017), its use of violence to continuously occupy Western Sahara, etc., can be explained respectively, by Morgenthau's (1948) and Machiavelli's (2019) positions that state's foreign policy should be based on amorality, and its leader must be violent and diplomatic in pursuance of its national interest. Accordingly, while the Moroccan leadership has been good via the provisions of extensive investments like sheltered port, wharf, and a large phosphates production unit in the annexed region, as well as by seeking diplomatic means through the AU, UN, and its western allies; it has also been destructive by unleashing violence against the Polisario Front and its ally, Algeria (Hodges, 1983; WSRW, 2023).

b. Structural Realists' Perspective

To neo-realists like Waltz (1979), the annexation is not a function of unverifiable flaws in humans. Instead, it can be scientifically expounded using two variables. First is the structural (anarchic) nature of the global system – the absence of a global government to authoritatively decide the rightful owner of Western Sahara. In contrast to liberalism, the presence and positions of international institutions (the UN, AU, EU, ECJ, and ICJ) against the annexation have remained futile in ending the crisis (Arnold, 2005).

Despite the 1975 ICJ's unequivocal ruling against Morocco's claim to pre-colonial territorial sovereignty over Western Sahara and in favour of the Sahrawis' right to self-determination (International Court of Justice, 1975, para. 162); OAU (now AU) official recognition of SADR, its call for cease-fire, and referendum on self-determination (Organization of African Unity, 1982; Zunes and Mundy, 2010); UN's stance against Morocco's continuous exploration of the region's natural resources (Zoubi, 1996; United Nations Security Council, 2002; Society for Threatened Peoples, 2014); the 2021 General Court of the European Union judgment that nullified the EU-Morocco fisheries treaty, including agricultural/trade agreements in Western Sahara (Court of Justice of the European Union, 2021); EU's officials' non-recognition of Morocco's sovereignty claims over the region (Ghaedi, 2023); etc., Morocco still firmly occupies and controls almost 80% of Western Sahara (Jensen, 2013). Also, its clear violation of OAU 1964 principle of *uti possidetis juris* – colonial borders at independence shall be respected as legally binding and inviolable (Organisation of African Unity, 1964; Thomson, 2010); withdrawal from the OAU in 1984 and return in 2017 to diplomatically actualise its Sahara policy (Haddad, 2025); refusal to permit officials from the United Nation's High Commission for Human Rights to visit the annexed areas (Ghaedi, 2023); and continuous resistance to a referendum, validate realist assertion of states actually being the principal actors in the global system. A similar validation of the above assertion is the 2025 UN's endorsement of Morocco's 2007 Autonomy Plan – a reflection of the geopolitical foreign policies of powerful states like the U.S. and its allies (Pelliconi and Kattan, 2025a). Likewise, the clear absence of a global government to authoritatively allocate Western Sahara to its rightful owner, explains why Morocco (in quest for self-economic survival), has continually conflict and compete with the SADR and Algeria over phosphate, rich fishing waters, and potential oil reserve in the annexed region.

Second is Morocco's capacity vis-à-vis the SADR. Militarily, Morocco wields more than 220,000 military officials in the army, air-force, navy, the Royal Guard and the Royal Gendarmerie (Haddad, 2025), with a defense expenditure of \$5bn in 2022 alone (Tian et al., 2023). Conversely, the SADR's military (the Sahrawi Popular Liberation Army – SPLA) has no naval or air-force, but an army of 20,000 to 30,000 officials, excluding its reserve of 50,000 personnel (U.S. Department of State, 2021; Haddad, 2025).

Relatedly in terms of political capacity, Morocco is not just a North African regional power, it has world and regional powers such as Israel, USA, Turkey, France, etc. as allies (Jensen, 2013). Its annexation proposal – Autonomy Plan, has the support of three out of five permanent members of the UN Security Council (Pelliconi and Kattan, 2025a). Till date, Morocco remains the only non-NATO partner to receive extensive U.S. financial and military aids – amounting to millions of dollars in advanced training, advisory support, intelligence, and materiel – not otherwise available to non-NATO states, particularly in the context of its annexation war (Jensen, 2013). From 1976 to 1984 for instance, the U.S. spent up to \$1m annually in training of Morocco's armed forces personnel in Morocco and on U.S. military bases (Jensen, 2013). Thus, it has been asserted that Morocco could be identified as one of "US clients" (Thomson, 2010, p. 160).

On the contrary, the SADR gets military and diplomatic supports from Third World Countries, notably Libya (until 1984), Algeria and allegedly North Korea and Cuba (Haddad, 2025). Most of its warfare logistics are outdated Soviet-made, supplied chiefly by Algeria and Libya; while few others consist of varieties of French, Austrian, South African, US, and British made logistics seized from the Spanish, Mauritanian or Moroccan forces (Zoubi, 1996; Jensen, 2013; Haddad, 2025).

Thus, Morocco's capacity (in terms of superior allies, modern military aids, logistics, trainings, and large military size) vis-à-vis that of the SADR, expounds why it has successfully occupied absolute majority of Western Sahara region from 1975 till present day.

Conclusion

From realist perspective, it is pertinent to note that Morocco's Sahara policy has come to stay. Any attempt to grant independence to the Sahrawi people could lead to self-inflicted legitimacy crisis, deflect its position as North Africa regional power in favour of Algeria, shatter its dream to restore the historic 'Greater Morocco', foster repatriation of tens of thousands of Moroccans incentivised via job opportunities, housing subsidies, and tax incentives to settle in Western Sahara (Haklai, 2022), and crucially affect its economy – earnings, foreign direct investment, and employment creation currently derived from Western Sahara.

References

- Antunes, S. and Camisão, I. (2017). 'Realism', in S. McGlinchey, R. Walters and C. Scheinplflug (eds.) *International Relations Theory*. Bristol: E-International Relations Publishing, pp. 15-21.
- Arnold, G. (2005). 'Polisario and the Western Sahara', in K. Shillington (Ed.), *Encyclopedia of African History: Volume 1 A–G* (pp. 1203-1204). New York: Taylor & Francis Group.
- BBC (2017). 'Ecowas agrees to admit Morocco to West African body', BBC News, 5 June. Available at: <https://www.bbc.co.uk/news/world-africa-40158089> (Assessed: 17 May 2026).
- Besenyő, J., Huddleston, R. J., & Zoubir, Y. H. (Eds.). (2023). *Conflict and peace in Western Sahara: The role of the UN's peacekeeping mission (MINURSO)*. London: Routledge.
- Bloor K., (2022). *Understanding Global Politics*. Bristol: E-International Relations Publishing.
- CIA (Central Intelligence Agency) (2012). *The Moroccan Perspective on the Western Sahara: November 2012*. Available at: <https://www.cia.gov/readingroom/docs/CIA-RDP08C01297R000100090001-3.pdf> (Accessed: 5 November 2023).
- Court of Justice of the European Union (2021, September 29). Judgment in Case T-344/19, Case T-356/19 and Case T-279/19: Annulment of EU-Morocco Sustainable Fisheries Partnership Agreement and related trade measures insofar as they apply to Western Sahara (General Court). Available at: <https://curia.europa.eu/jcms/upload/docs/application/pdf/2021-09/cp210166en.pdf> (Accessed: 22 March, 2026).
- de Ridder, M., de Jong, S., Polchar, J. and Lingemann, S. (2012). *Risks and Opportunities in the Global Phosphate Rock Market: December 2012*. The Hague Centre for Strategic Studies. Available at: [text](#) (Accessed: 6 November 2023).
- Denscombe, M. (2021). *The Good Research Guide: Research Methods for Small-Scale Social Research Projects*. Maidenhead: McGraw-Hill Education.
- DW (2017). 'Morocco rejoins African Union after 33-year absence', DW News, 31 January. Available at: [text](#) (Assessed: 17 May 2026).
- Gehl, J. (2020). *Austria, Germany, and the Anschluss, 1931-1938*. London: Oxford University Press.
- Ghaedi, M. (2023). *Morocco and Western Sahara: A new conflict brewing?* DW News, 19 July. Available at: [text](#) (Accessed: 10 November 2023).
- Haddad, S. (2025). 'Mauritania, Morocco, and Sahrawi Arab Democratic Republic', in E. Kleynhans and M. Wyss (Eds.), *The Handbook of African Defence and Armed Forces* (pp. 86-104). Oxford: Oxford University Press.
- Haklai, O. (2022). *Settlers and territorial control*. Oxford Research Encyclopedia of International Studies. Oxford University Press. Available at: [text](#) (Accessed: 22 March 2026).
- Hobbes, T. (1952). *Leviathan*, ed. M. Oakeshott. Oxford: Basil Blackwell.
- Hodges, T. (1983). *Western Sahara: The roots of a desert war*. London: Lawrence Hill Books.
- International Court of Justice (1975). *Western Sahara (Advisory Opinion)*. I.C.J. Reports 1975, p. 12. Available at: [text](#) (Accessed: 22 March 2026).
- Jensen, G. (2013). *War and Insurgency in the Western Sahara*. Carlisle, PA: Strategic Studies Institute and U.S. Army War College Press
- Ker-Lindsay, J. (2011). *The Cyprus problem: What everyone needs to know*. Oxford: Oxford University Press.
- Lewis, A. (2011). 'Morocco's Fish Fight: High Stakes over Western Sahara', BBC News, 15 December. Available at: [text](#) (Accessed: 17 May 2026).
- Machiavelli, N. (2019). *The Prince*. Minneapolis: Lerner Publishing Group.
- Makarchuk, V. (2022) 'The international law and foreign policy of the Kremlin in preparation for the annexation of the three Baltic States (Latvia, Lithuania and Estonia) in June 1940', *Bulletin of Lviv Polytechnic National University. Series: Legal Sciences*, 9 (2) 34, 4-12.
- Miller, S. G. (2013). *A History of Modern Morocco*. Cambridge: Cambridge University Press.
- Morgenthau, H.J. (1948). *Politics among Nations: The Struggle for Power and Peace*. 7th edn. New York: McGraw-Hill.
- Mundy, J. (2009). 'The Morocco-Polisario War for Western Sahara, 1975-1991', in B. Rubin (Ed.), *Conflict and Insurgency in the Contemporary Middle East* (pp. 209-231). London: Routledge.
- Odemwingie, O. (2024). *Morocco's Annexation of Western Sahara: A Realist Perspective*. An End-Course Assessment Presented and Submitted at the Department of International Relations, Teesside University, Middlesbrough, UK.
- Odemwingie, O., Egharevba, E. D. and Osayande, O. S. (2023). 'Foreign Invasions and Global Reactions: A Comparative Analysis of European Invasion of Pre-Colonial African Polities and Russian Invasion of Ukraine', *International Journal of Social Science and Humanities Research*, 11 (3), 57-65.
- Organisation of African Unity (1964). *Cairo Resolution AHG/Res. 16(I): Border Disputes Among African States*. Available at: https://au.int/sites/default/files/decisions/9514-1964_ahg_res_1-24_i_e.pdf (Assessed: 17 March 2026).
- Organization of African Unity (1982). *Admission of the Sahrawi Arab Democratic Republic to the Organization of African Unity*. OAU.

References

- Pelliconi, A. M., and Kattan, V. (2025a, August 12). Morocco using economic clout to strengthen grip on disputed Western Sahara territory. *The Conversation*. Available at: <https://theconversation.com/morocco-using-economic-clout-to-strengthen-grip-on-disputed-western-sahara-territory-189312> (Accessed: 22 March 2026).
- Pelliconi, A.M., and Kattan, V. (2025b, December 16). The Security Council resolutions on Western Sahara and Gaza: Is decolonisation in danger? *E-International Relations*. Available at: <https://www.e-ir.info/2025/12/16/the-security-council-resolutions-is-decolonisation-in-danger/> (Accessed: 17 March 2026).
- Seddon, D. (1987). 'Morocco at War', in R. Lawless and L. Monahan (eds.) *War and Refugees: The Western Sahara Conflict*. London: Pinter Pub, pp. 98-136.
- Society for Threatened Peoples (2014). The illegal plundering of Western Sahara resources (A/HRC/26/NGO/65). United Nations. Available at: https://digitallibrary.un.org/record/805970/files/A_HRC_26_NGO_65-EN.pdf (Assessed: 22 March 2026).
- Taylor, S. J., Bogdan, R., and DeVault, M. L. (2016). *Introduction to Qualitative Research Methods: A Guidebook and Resource*. New Jersey: John Wiley and Sons, Inc.
- Thomson, A. (2010). *An Introduction to African Politics*. 3rd edn. New York: Routledge.
- Thucydides, (1972). *History of the Peloponnesian War*. Baltimore: Penguin Books.
- Tian, N., Lopes da Silva, D., Liang, X., Scarazzato, L., Béraud-Sudreau, L., and Assis, A. C. de O. (2023). Trends in world military expenditure, 2022. *Stockholm International Peace Research Institute*. <https://doi.org/10.55163/PNVP2622>
- United Nations Security Council (2002). Letter dated 29 January 2002 from the Under-Secretary-General for Legal Affairs, the Legal Counsel, addressed to the President of the Security Council (S/2002/161). United Nations. Available at: https://digitallibrary.un.org/record/458183/files/S_2002_161-EN.pdf (Assessed: 22 March 2026).
- U.S. Department of State (2021). *World Military Expenditures and Arms Transfers, 2021 Edition: December 2021*. Available at: <https://www.state.gov/world-military-expenditures-and-arms-transfers-2021-edition/> (Assessed: 30 October 2023).
- Waltz, K.N. (1979). *Theory of International Politics*. Reading, MA: Addison-Wesley.
- Webb, W. and Auriacombe, C. J. (2006). 'Research Design in Public Administration: Critical Considerations', *Journal of Public Administration*, 41(3.1), pp. 588-602.
- WSRW (Western Sahara Resource Watch) (2023). P for Plunder: Morocco's exports of phosphates from occupied Western Sahara: April 2023. Available at: https://vest-sahara.s3.amazonaws.com/wsrw/featureimages/File/1378/64453bd699555_PforPlunder2023_en.pdf (Accessed: 6 November 2023).
- Zoubi, Y.H. (1996). 'The Western Sahara Conflict: A Case Study in Failure of Prenegotiation and Prolongation of Conflict', *California Western International Law Journal* 26(2), pp. 173-214. Available at: <https://scholarlycommons.law.cwsl.edu/cwilj/vol26/iss2/2>. (Accessed: 7 November 2023).
- Zunes, S. and Mundy, J. (2006). 'Last oil company withdraws from Western Sahara', *Afrol News*, 2 May. Available at: www.afrol.com/articles/19029 (Assessed: 11 November 2023).
- Zunes, S., and Mundy, J. (2010). *Western Sahara: War, nationalism, and conflict irresolution*. Syracuse, NY: Syracuse University Press.

SECESSIONISM: IMPACT OF IPOB'S SIT-AT-HOME ORDERS ON SOCIO-CULTURAL, ECONOMIC AND CIVIL RIGHTS IN NIGERIA

Osahon Odemwingie

Abstract

Using the positive peace and negative peace theory, this paper examined the impact of the Indigenous People of Biafra's (IPOB's) secessionist strategies (sit-at-home orders) on Nigerians' socio-cultural, civil and economic rights. The study adopted secondary source as data collection method because the research subjects might be reluctant to disclose reliable research data over fear of victimization, sentiment, and research apathy. Conversely, there exist numerous literatures on human rights infractions by the Nigerian State, including on the impact of IPOB's sit-at-home orders on socio-cultural and economic activities. However, there seems to be silence on the impact of the latter on human rights. Thus, utilizing domestic and international legal instruments, this study bridged this gap in literature. In conclusion, this paper validated the assumption of the negative and positive peace theory – the adoption of violent sit-at-home order by IPOB cannot resolve the structural and physical violence perpetuated against the Igbos by the Nigerian state. It only birth new phases of violence – socio-cultural and economic rights violations. Hence, study recommended two non-violent solutions: the adoption of mediation diplomacy by IPOB by appealing it secessionist case to ECOWAS, the AU and the UN, whose Charters support people's right of self-determination; and the jettison of the extant 1999 Nigerian Constitution in favour of the 1963 Republican Constitution which highly fosters unity in diversity – federalism.

Key Words: *Secession, Biafra, IPOB, Sit-at-home Order, Human Rights*

i. Introduction

The primary responsibility of government is the preservation of the rights of all men (Locke, 1689/2021). However, if government fails to discharge this role to certain individuals within the state, such individuals might be forced to renounce their allegiance to her (Lehning, 2005). Apart from coup d'état, such renunciation could take the form of secession (Gordon, 2017).

The term secession has been conceptualized via two approaches. First, is the permissive approach whose proponents – Haverland (2000), Anderson (2013), Radan (2018), etc. – constructed it as the consensual transfer of sovereignty from a host state to a withdrawing territory (Pavković, 2018). Second, is the restrictive approach which defined it as “the creation of a State by the use or threat of force without the consent of the former sovereign” (Crawford, 2006, p. 375). According to this approach, there are two conditions under which a detachment can be classified as secession. First, it must be opposed by the host state. Second, the host state must continue to exist after the successful withdrawal of the secessionist territory (Pavković, 2018). If the first criterion is not satisfied, such withdrawal denotes territorial cession and not secession (Haverland, 2000). Also, if the second condition is not fulfilled, the new state is simply created via dissolution of state and not secession. A classic example remains the 1971 coercive detachment and creation of Bangladesh wherein the host state (Pakistan) continued to exist (Pavković, 2018).

Within the Nigerian context, there exist various cases of use or threat of force by various groups to withdraw and establish new States without her consent. In 1951, the Northern Region, out of fear of southern domination, threatened to secede if its demand of 50% representation in Central Legislature was not approved (Babalola, 2019). In 1953 alone, there were two cases of secessionist threat. The first was from the Northerner People's Congress through its Eight-Point Programme, passed by the northern bicameral legislature (House of Chiefs and the House of Assembly) over fear of being dominated and “stampeded into self-rule” by the south (Sir Ahmadu Bello, as cited in Coleman, 1958, p. 399; Aihie and Odemwingie, 2020). The second was from the Action Group over fear of Lagos being separated from its domain (Western Region) and granted the status of Nigerian federal capital (Babalola, 2019).

However, post-independent Nigeria witnessed a transition from threat to actual use of force to secede. On February 23, 1966, the Niger Delta region led by Isaac Adaka Boro, violently detached from Nigeria to create the Niger Delta Republic (Ibrahim, 2024) due to perceived Igbo's hegemony, neglect, intimidation and oppression of ethnic minorities in the then Eastern Region (Kingdom and N-Ue, 2013; Aihie and Odemwingie, 2020). In May 1967, the Eastern Region – due to perceived insecurity, marginalization, intimidation and oppression of the Igbos by the Nigerian State – seceded to create the Republic of Biafra which survived until 1970 (Kirk-Greene, 1970; Aihie and Odemwingie, 2020). This forceful withdrawal by the Biafran secessionists was greeted by several issues of human rights violations credited to them. For instance, the Midwesterners witnessed invasion and undemocratic creation of the puppet Republic of Benin upon them (Achebe, 2012; Issaev and Zakharov, 2024); while Niger Deltan minorities under the then Eastern region, were bedeviled with domestic colonialism, coercive integration, and “became the stark objects of blackmail, forceful population displacements, killings, suspicion, surveillance, distrust and embarrassments” (Orji and N-Ue, 2013, p. 52; Issaev and Zakharov, 2024; Odemwingie, 2025).

Modern Nigeria has continued to witness diverse cases of the use or threat of force by various secessionist groups, whose activities threaten human rights. For instance, there are terrorist activities in northern Nigeria by the Boko Haram sect and the Islamic State of West Africa Province aimed at establishing an Islamic Caliphate from Nigeria. In the south-west, there are activities by a secessionist group led by Sunday ‘Igboho’ Adeyemo, geared towards the creation of Oduduwa Republic (Adeniyi, 2018). Furthermore, in Mid-east Nigeria – always erroneously called ‘South-east’ – there exist secessionist activities by various groups like the Biafra Defense Force, the Movement for the Actualization of the Sovereign State of Biafra, the Indigenous People of Biafra (IPOB), etc. (Aihie and Odemwingie, 2020; Odemwingie, 2025).

It is important to note that the IPOB remains the publicly dominant group among all contemporary secessionist groups in southern Nigeria (Aihie and Odemwingie, 2020; UK Visa and Immigration, 2025). It emerged in 2012 chiefly to restore the defunct Republic of Biafra to resolve inequalities against the Igbos in Nigeria, which it sternly believes has politically, economically and culturally deprived and undeveloped the Igbos and the southeast (Ojibara, 2016; Ekpo and Agorye, 2019; Saidu, 2023). Succinctly put, its emergence aimed to rebirth the defunct Biafra State where the Igbos who have suffered structural violence (regional/ethnic political and economic marginalization) and direct violence (killings, rapes, arsons, and general insecurity posed by Fulani herdsmen in the southeast) would enjoy peace.

Nevertheless, in contrast to the mechanism for conflict resolution by Galtung (1969) – that as demons cannot be expelled by Beelzebub, so also violence cannot be tackled by violence, but by non-violent approaches – the IPOB adopted and continued to utilize structural and physical violence aimed at actualizing a peaceful Biafra State (Odemwingie, 2024). Thus, its secessionist strategy – sit-at-home orders, instead of achieving the projected positive and negative peace (liberation, rights, dignity, and security) in southeast Nigeria, have obstructed Nigerians from commercial, health, agricultural, educational, transportation and other socio-cultural activities (Igwedibia, Ekeh and Esimone, 2024). They have become sources of anarchy, insecurity, destruction, arson, numerous deaths and other casualties (Nwachukwu, 2024).

Hence, this study aimed to examine the perceived impacts of IPOB's sit-at-home orders on civil, economic and socio-cultural rights in Nigeria using secondary data (content analysis) from textbooks, journal articles, publications by government, international organisations and non-governmental organisations (NGOs).

ii. Theoretical Framework: Positive Peace and Negative Peace Theory

This paper adopts the positive and negative peace theory as postulated by Galtung (1969). This is premised on its firm assumptions that indirect violence (perceived sense of marginalization, injustice, and persecution) and direct violence (herdsmen's killings) perpetrated against the Igbos (Awofeso, 2017), are unresolvable by violent means like the IPOB's violent sit-at-home orders (Igweibia, Ekeh and Esimone, 2024). Rather, they are resolvable through non-violent approaches. Any deviation according to (Galtung, 1969) would be an exercise in futility culminating in new chapters of violence – human rights infractions.

The theory has three key assumptions. The first assumption focused on the meaning and nature of violence. Violence (which can be at latent or manifest stage) is the underlying cause of the distinction between the potential and the actual. It is divided into indirect violence and direct violence. Indirect (social injustice, structural or psychological) violence denotes violence inflicted upon the soul – when a group misappropriates or monopolizes insight and/or resources (Galtung, 1969; Odemwingie, 2024). Within the context of this study, it manifests in the form of IPOB's perceived obstructions of civil, economic and socio-cultural rights via its militant sit-at-home orders (Igweibia, Ekeh and Esimone, 2024). Conversely, the direct, personal or physical violence connotes violence perpetrated upon the human body wherein individuals "are hurt somatically, to the point of killing or where means of realization are not withheld, but directly destroyed" (Galtung, 1969, p. 169). Classic cases include the 2021 killing of four policemen and four civilians in Nnewi by IPOB/ESN while enforcing its sit-at-home order, the 2022 IPOB's sporadic shootings in Onitsha (Igweibia, Ekeh and Esimone, 2024), etc. The second assumption centered on the meaning and dimensions of peace. Peace, according to Galtung (1969), is the absence of violence. It is bifurcated into negative peace (the absence of physical violence) and positive peace (the presence of social justice or conditions like egalitarian distribution of power and resources) (Odemwingie, 2024). Thus, the theory believes that positive peace facilitates clear control and reduction in violence (perceived IPOB's human right abuse) and vertical development.

The last assumption, respectively with three premises and conclusions, centered on conflict resolution mechanisms. The first premise states that both direct and structural violence are harmful to any given society, while both negative and positive peace are paramount (Galtung, 1969). Research by Elem (2023), Igweibia, Ekeh and Esimone (2024), etc. on the harmful impacts of IPOB's violent secessionism in Nigeria, empirically validate this premise. Consequently, the second premise posits that it undermines the interest of humanity if one form of peace is prioritized above the other. The third premise states that as demons cannot be exorcised by Beelzebub, so also violence cannot be employed to resolve violence (Galtung, 1969; Odemwingie, 2024) – a belief that IPOB's violent sit-at-home orders cannot address the wrongs done against the Igbos nor restore a peaceful and harmonious Biafra. In conclusion, the theory assumed that direct and indirect violence can be resolved through three non-violent strategies.

First is the dissociative non-violent approach – the separation of the conflicting parties to enable the objects/victims of violence to establish and maintain their own identity and autonomy. Thus, it aligns with symmetric and decentralization theories (Galtung, 1969), including the permissive secessionist approach – a peaceful withdrawal approach (Pavković, 2018) for the Igbos.

Second is the associative non-violent approach – the integration of the warring parties following their collective decision to coexist on the principle of "equal non-exploitative partnership" (Galtung, 1969, p. 186). Contrary to the dissociative approach, this approach denounces secession and recommends peaceful reintegration and inclusive policy – devotion to federalism – as a strategy to address the wrongs done to the Igbos. Thus, it aligns with egalitarian organization, co-decision, vertical development and participation theories (Galtung, 1969), including suggestion by the World Igbo Congress – a body committed to Nigeria's unity and champions the restructuring of Nigeria as panacea to the 'Igbo question' (Onyemechalu and Ejiofor, 2024). Last is the arms control and disarmament approach – the disarmament, demobilization, and reintegration (DDR) of armed groups (the IPOB/ESN) in a conflict.

iii. The Nature of IPOB: Origin, Rationale, and Activities

The nature of the IPOB can be well understood via the two theories of secession – the liberal political (LP) theory and the communitarian theory. The LP theory is subdivided into three. First is the anti-secessionist LP theory which opined that secessionists have the right to secede if that they had suffered from moral wrongs (Birch, 1984; Buchanan, 1991) or structural and physical violence like exploitation, threat of extermination, unjust conquest, threat of cultural extinction, etc. (Lehning, 2005). Second is the pro-secessionist (more permissive LP) theory which asserted that separatists have right to secede not based on moral wrongs suffered by them, but on their right of free political association – self-determination (Beran, 2005). Third is the pro-secessionist (less permissive LP) theory which upholds or denounces secession based on an equilibrium of considerations (Lehning, 2005). Conversely, the communitarian theory opined that separatists do and solely have the right to secede if there is the existence of a civic nationalism or real community created by political institutions (Gilbert, 2005; Lehning, 2005).

Inferentially, the IPOB's Biafran trajectory situates mainly within the presumptions of liberal political theory. Its remote genesis is traceable to Nigeria's post-independence politics, characterised by perceived discrimination and alienation against the Igbos (Alumona, Azom and Iloh, 2017). To be precise, the aftermath of the July 1966 counter coup featured: the annihilation of approximately 30,000 Igbos in the northern region; the ensuing migration of over a million Igbo refugees to the eastern region; the failure to diplomatically resolve the pogrom, etc. (UK Visa and Immigration, 2025). Thus, cascading to the unilateral declaration of the Republic of Biafra in May 1967; the subsequent civil war which consumed up to three million lives, predominately from starvation; and the January 1970 reintegration of the seceded eastern region (Department of Foreign Affairs and Trade [Australia], 2020).

Despite the post war peace policy of reconciliation, rehabilitation and reconstruction (Nwankpa, 2021), study revealed that structural violence – perceived sense of injustice, marginalization and persecution persist against the Igbos (Ezemenaka and Prouza, 2016; Awofeso, 2017; UK Visa and Immigration, 2025). For instance, findings showed that although the Igbo constitutes one of the three major ethnic groups in Nigeria, no Igbo has been elected as Nigerian President since Dr. Nnamdi Azikiwe's ceremonial presidency (1963-1966), or as vice-president since Dr. Alex Ekwueme's vice-presidency (1979-1983) – the only Nigeria's military head of state of Igbo extraction (Major General Aguiyi-Ironsi), was bloodily ousted in July 1966 after seven months in power (UK Visa and Immigration, 2025). Similarly, while each of the other five geopolitical zones in Nigeria have six or seven states, only the Mideast ('southeast') has five states, including 96 out of the 774 local government areas. Thus, they remained marginalised as federal representation and resource allocation are based on the numbers of these administrative units (UK Visa and Immigration, 2025). The above led to the emergence of MASSOB in 1999 aimed at struggling for Igbo self-determination and the resurrection of Biafra (Okonta, 2012). However, MASSOB split into diverse smaller groups and became less active. This led to the birth of IPOB from MAASOB in 2012 with presence within and outside Nigeria – with the cardinal goal to reestablish Biafra (UK Visa and Immigration, 2025).

Hence, scholars have linked its emergence to rationales such as the absence of good leadership and mass oriented ideology (Alumona, Azom and Iloh, 2017); perceived inequality and injustice inflicted on the Igbos (Duruji, 2010); failure by democratic institutions to curb the eruption of ethno-national grievances (Duruji, 2012); notion of communal perception of victimization in Mideast Nigeria (Ibeanu, Orji and Iwuamadi, 2016); etc. The IPOB's secessionism however, intensified into aggressive mode under the Buhari's administration due to its perceived exclusion of Igbos from top military, political, and civil service appointments in favour of individuals from the north; and its adoption of kinetic approaches – Operation Python Dance I, II and III – to quell the secessionist overtures (Department of Foreign Affairs and Trade [Australia], 2020; Nuhu, 2023; Madukwe et al., 2024).

Thus, from the postulations of the anti-secessionist liberal theory, though Nigeria reserves the right to maintain its territorial integrity, the IPOB has the right to secede and resuscitate Biafra based on the above moral wrongs done to the Igbos. Nevertheless, from the postulations of the pro-secessionist liberal theory, IPOB secessionism is justified not because of the moral wrongs suffered by the Igbos but because the Igbos have the right of free political association. Similarly, the Igbos, going by the communitarian theory, have the right to resuscitate Biafra because there exist a real Igbo community or civic nationalism in Nigeria.

Despite its proscription in September 2017 as a terrorist organisation in Nigeria, the IPOB continued to use her online (Radio Biafra and other social media) and physical (the Eastern Security Network) platforms to violently pursue its secessionist bid. In September 2015, its leader – Nnamdi Kanu, persuaded audience at the World Igbo Congress “we need guns, and we need bullets” (UK Visa and Immigration, 2025, p. 31). In 2018, it issued a boycott order on the 2019 elections in the ‘Biafraland’ (Igwebuike and Akoh, 2022). In May 2020, its coercive integration of minorities into the aspired Biafra was observed (Madukwe et al., 2024). In June 2021, the Nigerian Army reported that the IPOB/ESN exterminated 128 military and police officials, 31 community policing members, 15 Civil Defense officers and over 100 people who denounced IPOB (UK Visa and Immigration, 2025). In August 2021, it announced every Monday sit-at-home order across the southeast to induce the Nigerian government to free its detained leader, Nnamdi Kanu, who faced terrorism trial at an Abuja Federal High Court. This was subsequently altered to be enforced only on the days he appears in court (Igwedibia, Ekeh and Esimone, 2024). In 2023, its breakaway faction led by Simon Ekpa, issued an election boycott order in southeast Nigeria (Onyemechalu and Ejiofor, 2024).

iv. Brief Examination of Socio-Cultural, Economic, and Civil Rights Provisions in International and Domestic Legal Instruments

a. Human Rights Provisions under the 1948 UN Universal Declaration of Human Rights (UDHR)

To ensure freedom, justice and peace, the 1948 UDHR stipulated a comprehensive list of civil, economic, social and cultural rights (Amnesty International, 2024). Some of these civil rights which are relevant to this study and applicable to Nigerians, are situated in the UDHR Articles 4 to 21, while Article 3 stands as their preamble. Examples include Nigerians’ rights to: freedom from torture, cruel, inhuman or degrading treatment or punishment (Article 5); freedom from discrimination and inequality (Article 7); freedom of local and international movement and residence (Article 13); freedom of nationality and to change nationality (Article 15); freedom of peaceful assembly and association without compulsion (Article 20); freedom of equal access to (Nigerian) public service (Article 21) (United Nations, 1948); etc.

Conversely, the UDHR Articles 23 to 27, of which Article 22 is their preamble, made provisions for Nigerians to enjoy economic, social and cultural rights. These include every Nigerian rights to: work, including right to just and favourable conditions of work (Article 23); education (Article 26); social and international order (Article 28) (United Nations, 1948); etc.

b. Human Rights Provisions under the 1966 International Covenant on Civil and Political Rights (ICCPR)

The ICCPR is a detailed reflection of the civil and political rights enshrined in the UDHR. On civil rights for instance, its Article 25 reflects the UDHR Article 21 on human (Nigerians') right to equal access to public service. Article 22(1) shares similarities with the UDHR Article 20 on the right to freedom of peaceful assembly and association without compulsion; while Article 24(3) replicated Article 15 of the UDHR on right to acquire a nationality (United Nations, 1948; Office of the High Commissioner for Human Rights, 2025).

Other civil rights provisions under the ICCPR include rights to life (Article 6[1]), liberty and security of every human (Article 9[1]) as depicted in the UDHR Article 3; freedom from torture, cruel, inhuman or degrading treatment or punishment (Article 7) – similar to the UDHR Article 5; freedom of movement (Article 12) – found in the UDHR Article 13; peaceful assembly (Article 21) as stated in the UDHR Article 20 (United Nations, 1948; Office of the High Commissioner for Human Rights, 2025); etc.

c. Human Rights Provisions under the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR)

The ICESCR is basically a detailed extraction, replication and elaboration of the UDHR economic, social and cultural rights. Its Articles 6(1) and 7 mirrored UDHR Article 23 on right to work, including right to just, favourable, safe and healthy working conditions. Article 12 enshrined rights to mental and physical health, while Article 13(1) replicated the UDHR Article 26 on right to education (United Nations, 1948; Office of the High Commissioner for Human Rights, 2025c).

d. African Union African Charter on Human and Peoples' Rights – ACHPR (The 1981 Banjul Charter)

Like the ICCPR and the ICESCR, the ACHPR is a replication of the UDHR provisions. Its Article 4 re-echoes the UDHR Article 3 and the ICCPR Articles 6(1) and 9(1) on right to life and integrity of anyone. Article 5 extracted and elaborated on the ICCPR Article 7 and the UDHR Article 5 on freedom from exploitation, degradation, slavery, slave trade, torture, cruel, inhuman or degrading punishment and treatment. Article 6 reflects ICCPR Articles 6(1) and 9(1), and the UDHR Article 3 on right to liberty and security. The ACHPR Articles 10(1) (2) and 11 echoed the ICCPR Articles 21 and 22(1), and the UDHR Article 20 on the right to free assembly and free association without compulsion. Similarly, Article 12 is an extraction of the ICCPR Article 12 and the UDHR Article 13 on freedom of movement; while Article 13 mirrored the ICCPR Article 25 and the UDHR Article 21 on right to equal access to public service (United Nations, 1948; African Union, 1981; Office of the High Commissioner for Human Rights, 2025c).

Furthermore, ACHPR Article 15 replicates the ICESCR Articles 6(1) and 7, and the UDHR Article 23 on right to work, including equitable and satisfactory working conditions. Article 16(1) is an extraction of ICESCR Article 12 on rights to mental and physical health; Article 17(1) mirrors the ICESCR Article 13(1) and the UDHR Article 26 on right to education; while Article 23(1) reflects the UDHR Article 28 on right to national and international peace and security (United Nations, 1948; African Union, 1981; Office of the High Commissioner for Human Rights, 2025c).

e. Human Rights Provisions under the 1999 Nigerian Constitution (The Constitution)

Nigerians' economic, social and cultural rights are enshrined in Chapter II of the 1999 Constitution as the Fundamental Objectives and Directive Principles of State Policy. They are basically the domestications of the UDHR, the ICCPR, the ICESCR, and the ACHPR. Section 15(3a) for instance, nigerianised the UDHR Article 13, the ICCPR Article 12 and the ACHPR Article 12 on freedom of mobility – not only of people, but also of goods and services throughout the country; while Section 16(2d) took inspirations from the ICESCR Article 11(1) on the right to suitable and adequate shelter, right to food and food security (United Nations, 1948; African Union, 1981; The Constitution of the Federal Republic of Nigeria, 1999; Office of the High Commissioner for Human Rights, 2025c).

Section 17(2a and b) nationalizes the UDHR Articles 1 and 7 on equal rights of every Nigerian before the law and the recognition of the sanctity of the human person and human dignity. Section 17(3a and b) domesticated and expatiated the UDHR Article 23, the ICESCR Articles 6(1) and 7 and the ACHPR Article 15 to depict the rights of all Nigerians – without discrimination, to work, to just and humane work conditions, and adequate facilities for leisure and for social, religious and cultural life. Similarly, Section 17(3d) adopted the ICESCR Article 12, and the ACHPR Article 16(1) on right to adequate medical and health facilities for all persons; while Section 18(1) domesticated the ACHPR Article 17(1), the ICESCR Article 13(1) and the UDHR Article 26 as right to equal and adequate educational opportunities at all levels (United Nations, 1948; African Union, 1981; The Constitution of the Federal Republic of Nigeria, 1999; Office of the High Commissioner for Human Rights, 2025c).

Conversely, Nigerians' civil rights are stipulated in Chapter IV of the Constitution as *Fundamental Rights*. Like their economic, social and cultural counterparts, these rights are domestications of the UDHR, the ICCPR and the ACHPR. Section 33(1) for instance, mirrors the ACHPR Article 4, the UDHR Article 3 and the ICCPR Articles 6(1) and 9(1) on every person's right to life, prohibiting willful deprivation of life. Section 34(1a and b) reflected the ACHPR Article 5, the ICCPR Article 7 and the UDHR Article 5 on freedom of everyone from torture, inhuman or degrading treatment and slavery or servitude; while Section 35(1) depicts the ACHPR Article 6, the ICCPR Articles 6(1) and 9(1), and the UDHR Article 3 on the right of everyone to liberty. Section 40 domesticated the ACHPR Articles 10(1) (2) and 11, the ICCPR Articles 21 and 22(1), and the UDHR Article 20 on Nigerians' rights to free assembly and free association without compulsion; while Section 41 (1) nationalized the ACHPR Article 12, the ICCPR Article 12, and the UDHR Article 13 on right to freedom of movement including right of residency of every Nigerian in any part of Nigeria (United Nations, 1948; African Union, 1981; The Constitution of the Federal Republic of Nigeria, 1999; Office of the High Commissioner for Human Rights, 2025).

Additionally, Section 38 (1) of the Constitution upholds the right of every Nigerian – either alone or in community with others, to publicly manifest and propagate his religion or belief in worship, teaching, practice and observance (The Constitution of the Federal Republic of Nigeria).

v. Impact of IPOB's Sit-at-home Orders on Economic, Civil, Social and Cultural Rights

In pursuance of positive and negative peace – actualization of Biafra, the IPOB contradicted Galtung's (1969) non-violent approach by adopting both physical and structural violence. In May 2018, it issued a two-day sit-at-home order (from 6pm May 29 - 6pm May 30, 2018 to honour Biafrans, who died during the Nigerian Civil War; including victims of contemporary violence) across the southeast, south-south, Lagos, southern Kaduna, Benue and other middle-belt areas (UK Visa and Immigration, 2025). Similar order was proclaimed on May 2, 2019, to IPOB's members and Nigerians in Kogi, Nasarawa, Benue, Kaduna and Adamawa states (UK Visa and Immigration, 2025). On August 9, 2021; May 16-18, 2022; December 9-14, 2022; and May 8-11, 2023; it issued every Monday sit-at-home orders across the southeast to demand the release of its leader, Nnamdi Kanu from prison (Nwachukwu, 2024; Igwedibia, Ekeh and Esimone, 2024; Onyemechalu and Ejiofor, 2024).

The above orders, characterised by Hobbesian nature of enforcements – violence, pains, and destructions (Igwedibia, Ekeh and Esimone, 2024), contravened Nigerians' rights as enshrined in the various provisions of the UDHR, the ICCPR, the ICESCR, the ACHPR and the 1999 Nigerian Constitution. These are discussed under the following sub-themes:

Implications on Economic Rights

Across southeast Nigeria, studies showed that the sit-at-home orders caused investment diversions and uncertainty, supply chains disruptions, loss of productivity and income (Abalogu and Ojukwu, 2022). They drastically reduced business patronage, and caused destruction of lives, public and private properties via invasions, lootings, and shutdowns of hotels, restaurants and other businesses (Igwedibia, Ekeh and Esimone, 2024). The orders reduced: household income level, per-capital income (occasioned by hurt and death of human capital), productive work hours, trade and business opportunities; disrupted: local business profits, foreign investments and local income; engendered hunger among petty traders; increased the rates of poverty, unemployment and cost of living (Okpoko, Onyishi and Okeke, 2025); etc. Simply put, the orders drastically reduced the daily incomes and living standard of retailers and artisans, whose daily feedings/survival depend on eking daily incomes from their businesses and work (Elem, 2023). Similar perspective revealed that the orders adversely affected agricultural activities as farmers inured to commencing their farming activities on Mondays, were forced to stay indoors – leading to reductions in working days, farming activities, farm outputs, and impoverishment of affected peasants (Elem, 2023).

From the perspectives of international human right laws, the above structural violence (sit-at-home orders) violated the economic rights of affected Nigerians in several ways. First, they impeded their rights to work and gain their living by occupation which they freely choose or accept; including their rights to enjoy fair and favourable work conditions which particularly guarantee safe and healthy working conditions, as enshrined in the UDHR Articles 23, the ACHPR Article 15 and the ICESCR Articles 6(1) and 7(b). Within the ambit of the Nigerian 1999 Constitution, they equally violated the above rights as domesticated under Section 17(3a and b) which supports the rights of all Nigerians without discrimination, to secured adequate means of livelihood, and to just and humane work conditions. While it could be argued that Nigerians in other parts of the country, relatively enjoyed these rights, their southeast counterparts were deprived of them by the sit-at-home orders. Secondly, they violated their right to embark on strike as stipulated in the ICESCR Article 8(1) (d) as they were coerced to stay away from work outside their own volition.

Thirdly, the enforcements of the orders were characterised by direct violence such as destruction of public and private properties, including invasions, lootings and shutdown of hotels, restaurants and other businesses (Igwedibia, Ekeh and Esimone, 2024). These inhibited the economic rights of affected Nigerians to own property either alone or in association with others as upheld by Article 17 of the UDHR and Article 14 of the ACHPR; including their rights to fully and freely enjoy and utilize their natural wealth and resources as safeguarded under Article 25 of the ICESCR. Fourthly, they contravened their right to freedom from deprivation of livelihood as enshrined under Article 1(2) of the ICCPR which stipulates that under no circumstance may a people be deprived of their own means of subsistence. Within the jurisdiction of domestic law, they negated the economic right of every Nigerian to acquire and own fixed property anywhere in the country, including their rights to prompt payment of compensation as respectively preserved in Sections 43 and 44 of the Constitution.

Additionally, the May 2018 and 2019 sit-at-home orders, prohibiting human and vehicular movement across southeast, south-south, Lagos, Southern Kaduna, Benue and other Middle Belt areas (UK Visa and Immigration, 2025), including those of August 2021, May 2022, December 2022, and May 2023 prohibiting same across the southeast (Nwachukwu, 2024; Igwedibia, Ekeh and Esimone, 2024; Onyemecalu and Ejiofor, 2024), are structural violence which impeded the socio-economic and civil rights of affected Nigerians to free mobility of people, goods and services throughout the Federation as respectively preserved in Section 15(3a) of the 1999 Constitution, Article 13 of the UDHR, Article 12 of the ICCPR and the ACHPR Article 12.

Implications on Social (Educational and Health) Rights

The constant sit-at-home orders interrupted and lagged school curriculum in southeast Nigeria, thereby impacting students' psychology and academics (Igwedibia, Ekeh and Esimone, 2024). They disrupted academic calendar, students' learning programme, schools' administration and examinations, implementation of teaching programmes, and the funding of basic education (Ogunode and Chijindu, 2022). A similar perspective revealed that they precipitated reductions in teaching and learning hour, quality of education, community participation in schools, student performance; and increase in cultism and school dropout rates (Okpoko, Onyishi and Okeke, 2025).

A microscopic view of the above structural violence shows that they breached the educational right of affected southeast Nigerians to access elementary/primary, secondary, higher and fundamental educations as upheld by Article 26(1) of the UDHR, the ICESCR Article 13(1) and Article 17(1) of the ACHPR. At the domestic legal sphere, they breached the right of every Nigerian to equal and adequate educational opportunities at all levels – primary, secondary and university education, including adult literacy programme as stipulated in Section 18 of the Constitution. Simply put, the IPOB's sit-at-home orders infringed on the right of affected Nigerians to education as they prevented students from accessing education, disrupted academic activities, induced frequent shutdown of schools, etc.

Similarly, the orders which prevented southeast Nigerians from going to work during lockdown days, consequently reduced the daily earnings of poor Nigerians in the region, who wholly depend on their daily incomes to cater for their families' feeding, health and school fees needs (Elem, 2023). They also forced residents in rural communities to abandon their homes in search of safety in the cities (Igwedibia, Ekeh and Esimone, 2024). These indirect violences contravened the socio-economic right of every Nigerian to mental and physical health – right to a standard of living adequate for the health and well-being of himself, his family, food, clothing, housing and medical care as preserved under the UDHR Article 25(1), the ICESCR Article 12, and the ACHPR Article 16(1).

Implications on Cultural and Civil Rights

The IPOB's sit-at-home orders hindered Nigerians, particularly those in the southeast, from going to worship centres, meetings, and participating in festivals and other social activities during the lockdowns; thereby affecting their freedoms of movement, religious belief system and association (Elem, 2023). Additional perspective revealed that traditional weddings and funeral ceremonies were conducted outside the southeast as southeasterners scarcely go home for Christmas and other festivals, thereby negatively impacting on the Igbo's traditions (Igwedibia, Ekeh and Esimone, 2024). Nigerians who bravely embarked on any of these legitimate and pressing movements, risked being victims of gunshots, attacks, molestations, kidnapping, and killings by enforcers of the sit-at-home orders (Nwachukwu, 2024).

The above structural violences explicitly contravened the socio-cultural and civil rights of affected Nigerians in diverse ways. First, they breached their rights to freedom of peaceful assembly (or to assemble freely with others) and association with others without any form of compulsion as embedded in the UDHR Article 20(1), the ICCPR Article 22(1), the ACHPR Articles 10(1)(2) and 11, and Section 40 of the Constitution. From the various provisos of these legal instruments, it can be inferred that while no Nigerian should be compelled into joining any association (IPOB inclusive), compelling Nigerians to comply with IPOB's sit-at-home orders – an association they are not members therein, constitute a legal aberration.

Secondly, by hindering Nigerians from leaving and travelling to the southeast for festivals and cultural related activities during the lockdowns, the orders violated their right to freely participate in their community's cultural life as upheld by Article 27(1) of the UDHR and Article 17(2) of the ACHPR; including their right to social and cultural development as preserved under Article 22(1) of the ACHPR. Within the domestic legal domain, the orders inhibited the religious freedom of affected Nigerians under Section 38(1) of the Constitution which support every Nigerian, either alone or in community with others, to publicly manifest and propagate his belief or religion in teaching, practice worship and observance.

Implications for other Civil Rights

The sit-at-home orders have been characterised by direct violences such as molestations, intimidations, and killings of people in the southeast by hoodlums enforcing them (Nwachukwu, 2024). Violators of the orders were maimed, flogged or killed to scare southeast Nigerians from going out (Elem, 2023; Onyemechalu and Ejiofor, 2024). For instance, within the second half of 2021, more than 175 people were killed, while police stations, schools, INEC offices, churches, public and private properties, including vehicles were attacked, destroyed and burnt (Elem, 2023; Nwachukwu, 2024). These physical violences directly breached the right of every Nigerian to life, liberty, security and integrity of his person as upheld by the UDHR Article 3, the ICCPR Articles 6(1) and 9(1), and the ACHPR Articles 4 and 6. Secondly, they violated Nigerians' right to freedom from torture, cruel, inhuman or degrading treatment and punishment as preserved in the UDHR Article 5, the ICCPR Article 7 and the ACHPR Charter Article 5.

Furthermore, the orders were characterised by structural violences such as prohibitions on human and vehicular movement (UK Visa and Immigration, 2025). While these compelled artisans, invalids, civil servants, traders, farmers, students, etc. to stay at home on the lockdown days; they prevented others from travelling to southeast Nigeria for traditional weddings, funeral ceremonies, Christmas and other festivals (Igwedibia, Ekeh and Esimone, 2024). These contravened the right of every Nigerian to freedom of movement and residence within Nigerian, including their right to international movement – right of southeasterners to travel to and from Nigeria via the southeast routes as upheld by the UDHR Article 13, the ICCPR Article 12, and the ACHPR Article 12. Domestically, they breached the right of every affected Nigerian to move freely throughout Nigeria, reside in any part thereof, including their right to freedom from being refused entry thereby or exit therefrom as captured under Section 41 of the Constitution.

Conclusion

This paper affirms the negative and positive theory – non-violent means are the only viable conflict resolution mechanisms. It shows that the perceived historic and lingering somatic and structural violence perpetrated against the Igbos cannot be resolved by violent means like the IPOB's violent sit-at-home orders. Using such violence to achieve envisaged peace will only cascade into new episodes of violence – violations of Nigerian's socio-cultural, economic and civil rights – as revealed above. Consequently, this study recommends the following feasible non-violent means:

First, in its quest to resuscitate Biafra, the IPOB should adopt the dissociative non-violent approach by appealing its political divorce case to the UN and the AU, whose Charters – Article 1(2) of the UN Charter (United Nations, 1945) and Article 20(1) of the AU ACHPR (African Union, 1981) – uphold the unquestionable and inalienable right of self-determination of all people.

Alternatively, to appease the Igbos and thus, quell the drivers of IPOB's secessionism, Nigeria must adopt the associative non-violent approach via stern adherence to federal principles like inclusive politics/federal character, rotational presidency among the six geopolitical zones, resource control/decentralization, etc. One way to achieving this, is to jettison the extant 1999 Constitution (a legacy of military regime with various elements of unitarism) and re-adopt the 1963 Republican Constitution (the only constitution ever drafted and adopted by Nigerian civilian representatives with various embodiments of federal principles).

References

- Abalogu, D. M. and Ojukwu, N. P. (2022) 'The Socio-religious and Economic Implications of the Indigenous People of Biafra's (IPOB) Sit at Home Order in the South-East of Nigeria', *Journal of University Scholars in Religions*, 2(10), pp. 24-30.
- Achebe, C. (2012) *There Was A Country: A Personal History of Biafra*. New York: Penguin Group.
- Adeniyi A. S. (2018) 'From Pandemonium to Peace: The Roles of Labour Union in Achieving a Secure Nigeria' in A. Olukoju, A. Adesoji and O. Adesina (eds.) *Security Challenges and Management in Modern Nigeria*. Newcastle upon Tyne: Cambridge Scholars Publishing. pp. 619-633.
- African Union (1981) *African Charter on Human and Peoples' Rights* (Adopted by the Organisation of African Unity, predecessor to the African Union). Available at: <https://au.int/en/treaties/african-charter-human-and-peoples-rights> (Accessed: 18 February 2025).
- Aihie, J. and Odemwingie, O. (2020) 'The Land of the Rising Sun: Challenges to the Actualization of the Sovereign State of Biafra' In A. Otoghile, J. Aihie and T. Agara (eds.) *Nation Building in Africa and the Burden of the Intelligentsia*. Benin City: Faculty of Art and Social, University of Benin. pp. 133-158.
- Alumona, I. M., Azom, S. N. and Iloh, E. C. (2017) 'The Nigerian State and the Resurgence of Separatist Agitations: The Case of Biafra', *Journal of Conflict Transformation and Nation Building*, 1, pp. 95-119.
- Amnesty International (2020) *Nigeria: Killing of #EndSARS protesters by the military must be investigated*. Available at: <https://www.amnesty.org/en/latest/news/2020/10/killing-of-endsars-protesters-by-the-military-must-be-investigated-2/> (Accessed: 5 February 2025).
- Amnesty International (2024) *Universal Declaration of Human Rights*. Available at: <https://www.amnesty.org/en/what-we-do/universal-declaration-of-human-rights/#:~:text=The%20UDHR%20was%20adopted%20by,for%20freedom%2C%20justice%20and%20peace> (Accessed: 11 March 2025).
- Anderson, G. (2013) 'Secession in International Law: What Are We Talking About?', *Loyola of Los Angeles International and Comparative Law Journal*, 35(3), pp. 343-388.
- Awofeso, O. (2017) 'Secessionist Movements and the National Question in Nigeria: A Revisit to the Quest for Political Restructuring', *Journal of Social Science and Humanities Research*, 2(7), pp. 35-55.
- Babalola, D. (2019) *The Political Economy of Federalism in Nigeria*. Cham, Switzerland: Springer Nature.
- Beran, H. (2005) 'A Democratic Theory of Political Self-determination for a New World Order' in P. B. Lehning (ed.) *Theories of Secession*. London: Taylor and Francis, pp. 33-60.
- Birch, A. H. (1984) 'Another Liberal Theory of Secession', *Political Studies*, 32 (4), pp. 596-602.
- Buchanan, A. (1991) *Secession: The Morality of Political Divorce from Fort Sumter to Lithuania and Quebec*. Boulder: Westview Press.
- Coleman, J. (1958) *Nigeria: Background to Nationalism*. Los Angeles: University of California Press.
- Crawford, J. (2006) *The Creation of States in International Law*. Oxford: Oxford University Press.
- Department of Foreign Affairs and Trade (Australia) (2020) *DFAT Country Information Reports: Nigeria*. Available at: <https://www.dfat.gov.au/sites/default/files/dfat-country-information-report-nigeria-3-december-2020.pdf> (Accessed: 17 March 2025).
- Duruji, M. M (2010) 'Democracy and the Challenges of Ethno-nationalism in Nigeria's Fourth Republic: Interrogating Institutional Mechanics', *Journal of Peace, Conflict and Development*, 15, pp. 92-106.
- Duruji, M. M. (2012) 'Resurgent Ethno-nationalism and the Renewed Demand for Biafra in South-east Nigeria', *National identities*, 14(4), pp. 329-350.
- Ekpo C. E. and Agorye C. A. (2019) 'The Indigenous People of Biafra and the Setting of the Jubril Al Sudani Agenda: A Qualitative Review of a Failed Securitisation Move', *International Journal of Quantitative and Qualitative Research Methods*, 7(2) pp. 1-17.
- Elem, O. (2023) 'Indigenous People of Biafra (IPOB) and Sit at Home Order: Its Socio-Economic Implications on Ebonyi State, Nigeria', *African Journal of Politics and Administrative Studies*, 16(2), pp. 231-252.
- Ezemenaka, K. E. and Prouza, J. (2016) 'Biafra Resurgence: State Failure, Insecurity and Separatist Agitations in Nigeria', *Central European Journal of International and Security Studies*, 10 (3), pp. 88-109.
- Galtung, J. (1969) 'Violence, Peace, and Peace Research', *Journal of Peace Research*, 6(3), pp.167-191.
- Gilbert, P. (2005) 'Communities Real and Imagined: Good and Bad Cases for National Secession' in P. B. Lehning (ed.) *Theories of Secession*. London: Taylor and Francis. pp. 205-224.
- Gordon, D. (2017) 'Introduction' in D. Gordon (ed.) *Secession, State and Liberty*. London: Taylor and Francis. pp. IX-XVI.
- Haverland, C. (2000) 'Secession' in R. Bernhardt (ed.) *Encyclopedia of Public International Law*, Vol IV. Amsterdam: Elsevier. pp. 354-356
- Ibeanu, O., Orji, N., and Iwuamadi C.K. (2016) *Biafra Separatism: Causes, Consequences and Remedies*. Enugu: Institute for Innovations in Development.
- Ibrahim, J. (2024) 'Impact of Political Parties and Civil Society on Nigerian Federalism' in S. N. Ngoa, F.A. Kperogi and E. E. Osaghae, (eds.) *The Challenges of Democratic Governance in Nigeria's Fourth Republic*. Newcastle upon Tyne: Cambridge Scholars Publishing. pp. 2-30.

References

- Igwebuike, E.E. and Akoh, A.D. (2022) 'Self-legitimation and Other-delegitimation in the Internet Radio Speeches of the Supreme Leader of the Indigenous People of Biafra', *Critical discourse studies*, 19(6), pp. 575-592.
- Igwedibia, A., Ekeh, G. and Esimone, C. (2024) 'IPOB Sit-at-home Order in South-Eastern Nigeria: Its Perlocutionary Effect for Peacebuilding and Sustainability', *Unizik Journal of Arts and Humanities*, 25(1), pp. 51-88.
- Issaev, L. and Zakharov, A. (2024) *Federalism and Decentralization in Africa: Globalization and Fragmentation in Territorial Arrangements*. Switzerland: Springer.
- Orji, K. E., and N-Ue, U. S. (2013) 'Nigerian Civil War and Refugee Crisis: The Fate of the Minorities in the Former Eastern Region', *Journal of Humanities and Social Science*, 16(2), pp. 45-57.
- Kirk-Greene, A. H. M. (1970) *Crisis and Conflict in Nigeria: A Documentary Sourcebook 1966-1970* (Vol. 1). London, New York, and Ibadan: Oxford University Press.
- Lehning, P. B. (2005) 'Theories of Secession: An Introduction' in P. B. Lehning (ed.) *Theories of Secession*. London: Taylor and Francis. pp. 1-12.
- Locke, J. (2021) *Second Treatise of Government* (A. J. Simmons, Ed.). New York: W. W. Norton & Company.
- Madukwe, I. C. et al. (2024) 'Why Separatists' Communication Messages Succeed (or Fail): The Contributing Role of Socio-Economic Status on Adherence to IPOB Directives among Residents of South-East Nigeria', *Journal of Asian and African studies* (Leiden), 59(2), pp. 549-562.
- Nuhu, S. (2023) 'The Role of the Military in Stemming the Tide of Ethnic Nationalism in Nigeria' in A. O. Chukwu, C. Obiageli and N. D. Muhammad (eds.) *Critical Perspectives on National Security Strategies in Nigeria*. Newcastle upon Tyne: Cambridge Scholars Publishing. pp. 112-127.
- Nwachukwu, O. F. (2024) 'Security Lapses and the IPOB Sit-at-Home Order in the Southeast Nigeria: A Critical Appraisal', *British Journal of Library and Information Management*, 4 (1), pp. 1-10.
- Nwankpa, N. (2021) 'Labelling Conflict Groups in Nigeria: A Comparative Study of Boko Haram, Niger Delta, IPOB and Fulani Militia' in A. Geis, H. Pfeifer, and M. Clément (eds.) *Armed Non-state Actors and the Politics of Recognition*. Manchester: Manchester University Press. pp. 1979-1993.
- Odemwingie, O. (2025) *The Indigenous People of Biafra's Secessionism and Human Rights Violations in Nigeria*. A Thesis Submitted at the Department of International Relations, Teesside University, Middlesbrough, UK.
- Odemwingie, O. (2024) *Policy Evaluation of Diplomacy and Peacekeeping Efforts in Sri Lanka*. A Diplomacy and Peacekeeping in Practice Module End-Course Assessment Submitted at the Department of International Relations (Applied), Teesside University Middlesbrough.
- Office of the High Commissioner for Human Rights (2025) *International Covenant on Civil and Political Rights*. Available at: <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-civil-and-political-rights> (Accessed: 18 February 2025).
- Office of the High Commissioner for Human Rights (2025c) *International Covenant on Economic, Social and Cultural Rights*. Available at: <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights> (Accessed: 19 February 2025).
- Ogunode, N. J. and Chijindu, O. E. (2022) 'Implication of Sit-at-home Order (insecurity) on Basic Education in South-East Geo-political Zone of Nigeria', *Central Asian Journal of Social Sciences and History*, 3(7), pp. 20-29.
- Ojibara, I. I. (2016) 'Biafra: Why Igbo Want to Secede', *Nigerian Chapter of Arabian Journal of Business and Management Review*, 4(1) pp. 53-61.
- Okonta, I. (2012) *Biafran Ghosts: The MASSOB Ethnic Militia and Nigeria's Democratization Process*. Sweden: Nordiska Afrikainstitutet.
- Okpoko, C. C., Onyishi, C. N. and Okeke, S. V. (2025) 'Public Perception of the Impact of IPOB Sit-at-home Order on the Economic and Educational Development of South-East, Nigeria', *Ianna Journal of Interdisciplinary Studies*, 7(1), pp. 314-326.
- Onyemechalu, S.J. and Ejiofor, P.F. (2024) 'Long-distance Nationalism, Diaspora Mobilisation, and the Struggle for Biafran Self-determination in Nigeria', *Ethnicities*, 24(3), pp. 309-339.
- Pavković, A. (2018) 'Secession' in M. Sellers, and S. Kirste (eds.) *Encyclopedia of the Philosophy of Law and Social Philosophy*. Dordrecht: Springer. pp. 1-6
- Radan, P. (2018) 'Secession: A Word in Search of a Meaning' in A. Pavković and P. Radan (eds.) *On the Way to Statehood: Secession and Globalization*. Aldershot: Ashgate. pp. 17-32.
- Saidu, N. A. (2023) 'Secessionist Movements and the Quest for Restructuring in Nigeria: A Threat to Peace Building and National Security', *Journal of Research in Humanities and Social Science* 11(3) pp. 394-402.
- The Constitution of the Federal Republic of Nigeria, 1999. Abuja: Government Printer.
- Uchime, V. O., and Molokwu, U.C. (2023) 'The Socio-Economic and Political Impact of IPOB Sit-at-Home-Order in Southeast Nigeria, 2012-2021: An Appraisal', *Polac Historical Review*, 6 (1 and 2), pp. 107-121.
- UK Visa and Immigration (2025) *Country Policy and Information Note: Separatist Groups in the South-East, Nigeria*. Available at: <https://www.gov.uk/government/publications/nigeria-country-policy-and-information-notes/country-policy-and-information-note-separatist-groups-in-the-south-east-nigeria-march-2022-accessible> (Accessed: 23 February 2025).
- United Nations (1945) *Charter of the United Nations*, 1 UNTS XVI. Available at: <https://www.un.org/en/about-us/un-charter/chapter-1> (Accessed: April 27 2025)
- United Nations (1948) *Universal Declaration of Human Rights*. Available at: <https://www.un.org/en/about-us/universal-declaration-of-human-rights> (Accessed: 17 February 2024).



Booklet prepared by

Aishath Shahana (Shahaa)