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COVERAGE

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Each issue has a specific topic that is a subtopic of major journal coverage.

FREQUENCY

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JOURNAL HISTORY

The journal ***Annals of Spiru Haret University. Economic Series*** was founded in 2000 at the initiative of two professors from Spiru Haret University: professor Ph.D. Gheorghe Zaman – also corresponding member of the Romanian Academy and professor Ph.D. Constantin Mecu – one of the University's founders and vice-rector.

Between 2004-2010, the journal is headed by professor Ph.D. Constantin Mecu, as editor-in-chief, and associate professor Ph.D. Aurelian A. Bondrea, as deputy editor, both of them vice-rectors of the university.

In 2011, associate professor Ph.D. Aurelian A. Bondrea, rector of the university, takes over the presidency as editor-in-chief and leads the journal until present.

The ***Annals of Spiru Haret University. Economic Series*** was issued annually, once a year, starting 2000, until 2009.

Since 2010, the ***Annals*** have a new format, with a four-annual issuance exclusively in English, with both redaction and review conditions comparable to the most rigorous international requirements.

In 2007, ***Annals of Spiru Haret University. Economic Series*** obtained the B+ quotation from The National Council of Research in Higher Education in Romania, becoming a publication of real scientific interest.

Starting 2009, the review is indexed in REPEC, SSRN and Google Scholar and beginning with 2016 our Journal is under a process of rebranding, the new team trying to rethink the journal indexing strategy in international databases, suggesting a greater external visibility.

Along the years, in the journal pages, the members of the teaching personnel – professors, associate professors, lecturers and teaching assistants – active in six economics faculties and distinct specialty departments, as well as in the Central Scientific Research Institute, functioning within Spiru Haret University, present the results of their scientific research. The journal also hosts many studies of professors, researchers or Ph.D. students from other universities and research institutes all over the world.

The subject of the publication firstly reflects the concern for the modernization of teaching economic science in University: marketing, management, finance, banking, accounting, audit, international economic relations, trade, business, tourism, administrative data processing, politic economy, commercial law, cybernetics, environmental economics, statistics, ethics in economics, insurance, advocacy & lobby, economic philosophy, econometrics etc.

In the published materials, there are analyzed theoretical and practical issues of edification and consolidation of the Romanian market economy, as well as the fundamental directions of the technical and scientific progress, the actual state and ways of its promotion in the Romanian economy, the issue of developing the new world economy, the directions of globalization and contemporaneous economic integration and Romania's participation to these processes. Also, there are hosted articles that refer to different aspects of economic phenomena from all over the world.

The editing team and the scientific advisors are Romanian intellectual personalities – members of the Academy, professors, and specialists in different fields of the practical economic and social activities. In scientific committee have been engaged as reviewers different professors and personalities in economic field coming from economics and academic institutions in our country, such as Academy of Economic Studies Bucharest, West University from Timisoara, The National Scientific Research Institute for Labour and Social Protection Bucharest, The Romanian Court of Auditors, The Body of Expert and Licensed Accountants of Romania – CECCAR, Institute of National Economy and The Economic and Legal Sciences Department from Romanian Academy, etc. Among them, we also find members of the academia, professors and researchers from other countries of the world: Australia, Azerbaijan, Bosnia & Herzegovina, Bulgaria, France, Germany, Greece, Iceland, India, Indonesia, Italy, Lithuania, North Ireland, Norway, Poland, Republic of Macedonia, Republic of Serbia, Russia, Slovenia, The Netherlands, Turkey, Ukraine, United Kingdom, etc.

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FOREWORD

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As we all know, trade tensions between China and the United States have eased in August 2019, following the announcement made by the United States that it will impose tariffs on Chinese imports. China, as well, introduced additional tariffs on the import from the United States. These developments have triggered strong movements in global stock markets, a drop in global oil prices and higher capital outflows in emerging economies. As trade disputes threaten to become even more perverse, the prospects for global growth have darkened.

Moreover, although trade disputes between China and the United States may create opportunities for several countries, the overall effects on the global economy are negative. Not only that current unresolved trade tensions will prolong the weakness of global trade and demand, but it is likely to trigger a wider spread of protectionist measures by other countries, derailing global economic activity. Importantly, prolonged trade conflict could cause long-term damage to global development prospects. The loss of income could have an impact on social spending, while for households, rising prices of goods as a result of tariffs decrease purchasing power and consumer welfare, especially if national and imported goods are not easily replaceable.

Against the backdrop of macroeconomic policy, escalating trade protectionism in the global economy presents a major risk to global growth and the 2030 Agenda.

In the first half of 2019, Japan’s export volumes decreased by 5.6% compared to the same period last year. However, the volume of imports decreased, to a lesser extent, by 1 percent. Given the rapid decline in exports, Japan’s trade balance remains in deficit. The recent decline in exports reflects a change in business models.

The economic and political agreements concluded by the countries of the Commonwealth of Independent States (CIS) have led to a certain fragmentation of regional business models. The direct impact of ongoing trade disputes on the region is likely to be limited, given the relatively low level of participation in global production chains. However, lower energy prices and slowing global demand, particularly from China, could significantly affect the region’s energy exporters.

Trade tensions between the United States and China have helped to slow demand in Africa's main trading partners, including China and the Euro area. This has led to lower commodity prices and lower demand for commodity exports from Africa, as well as turbulence in foreign exchange markets. In the first week of August 2019, amid rising trade conflict and increased risk aversion from investors, emerging market currencies have softened widely. In particular, South Africa's turnover fell to seven-week lows against the dollar.

However, amid increasing foreign trade barriers, the continent has tightened the largest free trade area in the world on the domestic market. In July 2019, leaders from Benin and Nigeria signed the agreement for the African Continental Free Trade Area at a special meeting of the African Union in the capital of Niger, Niamey. The agreement has now been signed by 54 of the 55 member states of the African Union.

The prolonged trade conflict between China and the United States is visibly affecting export growth in East Asia. In the second quarter of 2019, exports contracted in most economies in the region, Indonesia, the Republic of Korea and Singapore registered the largest declines. Peak indicators such as new export orders and business sentiment continued to deteriorate, indicating continued weakness in the foreign sector over the coming months. Further escalation of trade tensions represents a significant disadvantage for East Asia's growth, especially given its potential to severely disrupt global and regional production networks. As the continued expansion of tariff action continues to fuel global policy uncertainty, the region's investment prospects have also shrunk.

Global trade disputes overlap with political tensions and unresolved disputes in South Asia. The Islamic Republic of Iran remains in an economic and currency crisis, amid global political pressures that have severely affected the country's oil exports. The increased tensions between the two major economies in the region, India and Pakistan, have led to the suspension of bilateral trade.

Turkey is rare to register a considerable current account surplus over a full year. One of the factors that determined the country's rapid growth since the beginning of the 2000s was the substantial flows of foreign capital, which financed the increase of the current account deficits. However, since the sudden inflow of foreign capital inflows last year, the Turkish economy is struggling to adapt to a new set of macroeconomic constraints. While a reduction in domestic demand should have reduced imports, it is expected that the sharp devaluation of the Turkish lira will increase exports amid rising price competitiveness.

The United States-China trade conflict is weighing on the economic outlook for Latin America and the Caribbean even as some countries have seen short-term gains from a diversion of trade flows. Among the region's main beneficiaries are Brazil's soybean producers and Mexico's machinery and automotive sectors. Although some sectors gain from ongoing trade conflict, the overall impact on the region is likely to be negative. There are several channels through which Latin American and Caribbean economic activity would continue to be affected.

Against the backdrop of these global economic upheavals in after mid-2019, our authors try to help, argue, or solve some of these issues through their scientific papers.

In the article called **The Financial Accountability of e-Government: The Information Transparency of Decision-making Processes in Public Organizations,** the authors, *Zenovic Gherasim* and *Luminița Ionescu*, are discussing about effective e-Government that can contribute to the modernization of the public sector administration, and increase the efficiency in the activity of governments and national agencies facilitating the participation of citizens in the social and political life. The use of e-Government improves the electronic transactions between government agencies, companies and citizens, in order to improve the quality of the services and to increase the transparency in the public financial sector. The authors say that recent reforms in the public financial management are accelerated by new technologies and are creating the premises for a disciplined, transpired and flexible public sector administration. After a presentation of recent views from literature on some main problems of e-Government and software services, the research is focused on the development of e-Government and public finance administration.

The authors *Fineboy Ikechi Joseph, Cordelia Onyinyechi Omodero* and *Obioma Manasseh Omeonu* in their article named **The Role of Tax Revenue and Foreign Direct Investment in Promoting Economic Progress in Nigeria** examined the impact of tax revenue on economic growth of Nigeria proxied as gross domestic product (GDP) from 2000-2017. The study employed exploratory and ex-post facto designs and secondary data sourced from Federal Inland Revenue Services (FIRS), UNCTAD, FDI/MNE database, World Bank Report, United Nations Development Programme (UNDP) reports, CBN statistical bulletin. Ordinary Least Squares (OLS) regression technique was adopted to test the hypotheses of the study. The result reveals that tax revenue has significant impact on GDP in Nigeria with R-squared showing that about 87% variations in GDP can be attributed to tax revenue, while the remaining 23% variations in GDP are caused by other factors not included in this model. This is further emphasized by the T-statistic p-value of 0.001 which shows that the regression result is statistically significant because it is less than 5%, level of significance adopted for this study. The result from regression analysis also revealed that there is positive relationship between foreign direct investment and Gross Domestic Product, with a p-value of +0.000, +0.001 < 0.05% significance level. The study concluded that tax revenue has a significant impact on GDP in Nigeria. Also there is a positive relationship between FDI and economic growth in Nigeria; therefore, the more FDI increases, the more economic growth. The study recommended that functional tax structures that would ensure that tax is collected from all taxable individuals, group of individuals and corporate bodies and remitted accordingly to the government without diversion should be instituted to widen the revenue base of the country. Government should liberalize the Nigerian economy more by removing all barriers to trade such as arbitrary tariffs, import and export duties and other levies to encourage foreign investors.

The two authors, *Mihaela Bebeșelea* and *Laura Patache* that wrote the interesting study called **Exploring the Relationship between Accounting and Statistics** say that the article highlights the connection between accounting and statistics. There is a historical connection between these quantitative methods of analysis, taking into account the fact that accounting data on property and wealth were requested in census of the great ancient civilizations. Both statistical and accounting data-setting systems provide a framework to identify, record, classify and summarize economic activities of entities. Starting from this point of view, the authors tried to understand what kind of connection exists between accounting and statistics in the current historical stage of a conform accounting: is it a univocal relationship (accounting serves statistics or statistics serves accounting) or is it a bi-univocal relationship of reciprocity? In order to find the answer to this question we considered necessary a theoretical approach to this issue, followed by an applied one.

In the fourth article called **Job Design and Employee Performance in Nigeria Bottling Company Plc, Benin City,** the authors *Moses M. Adagbabiri* and *Ugo Chuks Okolie* are telling us that job design and employee performance are two concepts that are of significance to all modern corporate entities. They also say that a robust appreciation and application of these concepts will contribute in measurable respects to the growth and sustainability of various organizations. This study is an assessment of the impact of job design on employee performance in Nigerian Bottling Company Plc, Benin City. A descriptive method was adopted and data was collected via a survey of 237 respondents. The study found that job design which comprises job rotation, job enlargement and job enrichment has a positive correlation with employee performance. Requisite conclusion and recommendations were provided in the light of empirical and theoretical findings.

In the article called **Leadership and Management and Its Role in Strategic Change**, the authors, *Svetlana Jokić, Milena Ilić, Marko Ranković, Branislav Mitić*, are talking about leadership and management, as two important processes in organizations, having a significant impact on all interactions and other processes that occur within an organization. The process of strategic change, important for the survival of organizations in turbulent times, is also conditioned by the roles of managers and leaders and their coordination of resources, vision, and the like. The aim of the paper is to demonstrate the influence of managers and leaders on strategic change (strategy implementation), through secondary and primary research.

The next article is written by a PhD student called *Ciprian Adrian Ghinea* and it is about **Rethinking Persuasion in Religious Symbolic Communication: A Marketing Point of View.** The marketing dynamics of the study and praxis of persuasion present different interweavings with the time frame chosen. Even so, the author considers that the only one offering a stable reference background is religious communication, because even if interpretations may differ, the basic principles of association towards individual apprehension and comprehension remain the same. It is the author intention to try to map out possible connections between persuasion, as a symbolic process, and religious symbolic communication, by assuming that, in a Biblical sense, communication is intrinsic to the act of being of all humanity.

The article called **Provisions Concerning the Organization of Events for the Promotion of Products on the Pharmaceutical Market in Romania** is written by a the master degree author named *Alina Natalia Iosif* who works in a pharmaceutical company and her coordinating teacher. For the purpose of writing the scientific paper, the author was motivated to choose this subject as it is a core part of the pharmaceutical companies' business strategy of promoting medicines. Regarding the importance of the research theme and the business environment, it is crucial that anyone connected to this business should realize the importance of organization, details, good deployment and impact of each event. In this respect, marketing can be seen as a true system of economic activities related to the programming of products and services that have the role of satisfying the requirements of current and potential consumers considerably, but is also linked to prices, promotion and distribution products or services. Having knowledge about how important is the marketing part of pharmaceutical market, taking in consideration the huge budgets that medical and pharmaceutical companies spend on the events organized in this domain, we consider that a company which is able to have a new approach and a new vision for the organization of events and sharing medical education to doctors and medical information to patients will have a big success.

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This issue of the journal ends with an interesting case study called **The Effects of Labour Costs Reduction on Foreign Investment in Romania** written by *Adina Trandafir*. The article addresses the issue of changes in tax legislation in Romania over the last 20 months, in view of the effect they have on the level of foreign investment. The article presents, besides the actual legislative changes and the evolution registered in this period by foreign investments, also the fiscal pressure in the field of contributions, VAT and corporate income tax. The paper presents an econometric analysis that seeks to highlight the impact of the fiscal pressure of the above mentioned taxes on the FDI level recorded in Romania between January 2017 and August 2018.

We hope that our journal issue caught your attention and made you read it**.** Also, we strongly believe that all the articles are interesting and deserve to be appropriated by those who are interested in understanding the specific issues of the global economy.

If you liked our articles please visit our website at **http://anale-economie.spiruharet.ro/**. If you want to write an article in our journal, we are waiting you to expose your ideas in new studies published by us.

Finally, hoping that you found interesting Issue 3/2019, I strongly invite you to address your comments and suggestions at *ashues@spiruharet.ro* and, of course, to submit your own paper via online submission system, using the following link: **http://anale.spiruharet.ro/index.php/economics/login**.

Research is the breath of the future. Let's shape the world together!

Associate Professor Elena GURGU, Ph.D.
Deputy Chief Editor

ACADEMIA PAPERS

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THE FINANCIAL ACCOUNTABILITY OF E-GOVERNMENT: THE INFORMATION TRANSPARENCY OF DECISION-MAKING PROCESSES IN PUBLIC ORGANIZATIONS

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Abstract

Effective e-Government can contribute to the modernization of the public sector administration, and increase the efficiency in the activity of governments and national agencies facilitating the participation of citizens in the social and political life.

The use of e-Government improves the electronic transactions between government agencies, companies and citizens, in order to improve the quality of the services and to increase the transparency in the public financial sector. The recent reforms in the public financial management are accelerated by new technologies and are creating the premises for a disciplined, transpired and flexible public sector administration.

After a presentation of recent views from literature on some main problems of e-Government and software services, the research is focused on the development of e-Government and public finance administration.

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Keywords: *e-Government; software services; public administration; financial management*

JEL Classification: C88, H83, M48

1. Introduction

E-Government is a common concept which defines the use of IT&C in conjunction with the organizational measures to improve the specific structures, processes and functions of the government. The fundamental forms of e-Government are: G2G (Government to Government), G2B (Government to Business) and G2C (Government to Citizen).

Effective e-Government can contribute to the modernization of the public sector administration, and increase the efficiency in the activity of governments and national agencies facilitating the participation of citizens in the social and political life.

The use of e-Government improves the electronic transactions between government agencies, companies and citizens, in order to improve the quality of the services and to increase the transparency in the public financial sector. The recent reforms in the public financial management are accelerated by new technologies and are creating the premises for a disciplined, transpired and flexible public sector administration.

E-Government provides citizens easy online access to public finance information with economic efficiency and reduced costs.

The next section of the paper presents recent views from literature focused on the specific problems of e-Government and software services, and their influence on the public sector services and public finance administration.

2. Recent Views From Literature on Some Main Problems of E-Government and Software Services

E-Government has a *public value*, defined as *citizens' collective expectations in respect to government and public services* [Moore, 1995; Twizeyimana, & Andreson, 2019]. There are six dimensions of the *public value* of e-Government: *Improved Public Services (IPS); Improved Administrative Efficiency (IAE); Open Government Capabilities (OGC); Improved Ethical Behaviour and Professionalism (IEBP);*

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Improved Trust and Confidence in Government (ITCG); Improved Social Value and Well-Being (ISVWB). J.D. Twizeyimana and A. Andreson, (2019) realizes three main dimensions of the public value of e-Government: Improved Public Services, Improved Administration (IAE, OGC, IEBP) and Improved Social Value (ISVWB, ITCG).

The three main domains for e-Government application are e-Administration, e-Citizen and e-Services, and e-Society. There are a lot of sub-domains for e-Government, for examples: e-Finance, e-Education, e-Health, etc. In the domains of the e-Government, it is much better understood and measured online, through appropriated techniques and technologies, fiscal transparency, in conjunction with increased and improved active participation of the taxpayer citizen in e-Government activities and in decision-making.

There is a relationship between the added value and the e-Government projects. In this case, the added value is a public value. The citizen perception on the added value in e-Government determines the decision-making for the new e-Government project. Rather, it is about a perceived value on e-Government projects which highlight the real value of these projects. In fact, the amount invested in IT&C projects is valued later than the time of investment.

V. Ndou (2004) thinks that the e-Government framework has three main components: transformation areas; users and stakeholders; e-Government application domains. E-Government transformation areas are *internal* (to improve internal structures, processes and functions of the government), *external* (to improve transparency to citizen and businesses) and *relational* (between citizen and state). E-Government users and stakeholders have the following relationships: G2G (Government to Government), G2B (Government to Business), G2C (Government to Citizen) and G2E (Government to Employees). E-Government application domains are e-Administration, e-Citizen and e-Services, and e-Society.

G.P. Simic (2019) considers that *e-Government software services* depend on a multitude of archived documents. The archived content process prepares all types of documents to the same level of complexity, in different formats (DOC, PDF, ODT, etc.). Useful document content is separated from its formatting part through text filtering and text and metadata extraction from standard document format. There are a lot of software solutions based on grouping the similarly distributed documents. For example, a rule-based inferring software solution allows in English the semantical analysis of the document content.

M.J. Kim (2019) classifies primitive members who need artificial intelligence ethics in intelligent information society in three main categories: developers, suppliers and users. Seoul PACT (Publicness, Accountability, Controllability and Transparency) establishes canonical guidelines (for examples, artificial intelligence appliance in e-Government services).

N. Faulkner, B. Jorgensen and G. Koufariotis (2019) propose interventions through several techniques based on the applied behavioural science, to increase citizen numbers which use an e-Government service. Citizens use different channel types in e-Government (web, phone, laptop, desktop, etc). These channels can be integrated with traditional non-digital communication channels to be used in market online service systems including citizen education and training in e-Government.

H. Abualese, T. Al-Rousan, and B. Al-Shargabi (2019) propose a new trust framework for e-Government in Cloud of Things, with the Internet of Things devices, a facile possibility to increase productivity of e-Government services in a trusted manner.

J.B. Lee and G.A. Porumbescu (2019), Wiwik Supratiwi, Isnalita and Farandi Angesti Octorizki (2019) associate citizen participation in government IT&C training programmes for a good governance with e-Government use. This e-Government use from some citizens may generate new forms of inequity and social exclusion in the future. The duty of governments is to intensively train all citizens so that they can consciously and responsibly use e-Government online services especially from public finance administration.

Cha Sungdeok, (2019) thinks that software programs present bugs because they are made by people who are subject to error, and the software requirements are not always clear or, worse, sometimes are wrong. It is obvious that related software services systems will present periods of malfunction. For example, the ANAF application for collecting state taxes has stalled when a large number of taxpayers have accessed it. Another example is represented by the integrated IT&C system of the Health Insurance House.

3. The Development of E-Government and Public Finance Administration

According to the EU e-Government action plan 2016-2020, a modern and efficient public administration needs to ensure fast and high-quality services for citizens and a business-friendly environment because the digital transformation of government is a key element to the success of the European market in order to promote the macro-fiscal discipline and stability. An important step in the process of public administration modernization is the use of new technology, such as Wide

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Area Networks, the Internet, and mobile computing [The World Bank, 2012] in order to achieve a much efficient government management.

The use of e-Government in the public finance development has been planned by the European Commission as follows:

Table no. 1. The Steps of E-government in Public Administration

ACTIONS	*Target date*
1. Support the transition of Member States towards full e-procurement and use of contract registers.	2019
2. Accelerate the take-up of eIDAS services, including eID and eSignature.	2016
3. Ensure the long-term sustainability of cross-border digital services infrastructure.	2018

Source: www. ec.europa.eu/digital-single-market/en/european-egovernment-action-plan-2016-2020

In order to understand the steps presented by the European Commission, we need to explain the new technologies in the public finance and public administration, with further actions to accelerate the cross-border transactions. Thus, electronic identification (eID), including mobile ID, and eSignature can facilitate the fast transfer of financial information to the financial agencies and public management. In this way, the results can be less corruption, increased transparency, greater convenience, revenue growth, and/or cost reductions.

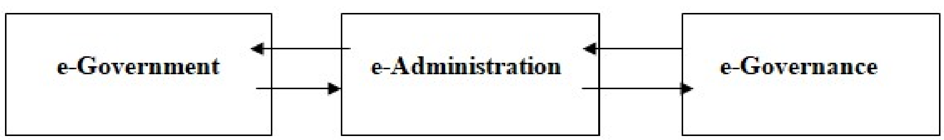

Fig. 1. The Connection between e-Government, e-Administration and e-Governance
Source: Authors own work

On long term, the objective of the European Commission is to implement a European Interoperability Framework (EIF) in order to strengthen the interoperability of public services in the European Union. Therefore, to implement e-Government in the national public administration for all the European member states, it is necessary to include the concept of "*e-Administration*" which implies the application of electronic media for the new public management. We could observe below the connection between e-Government, e-Administration and e-Governance.

The development of new political instruments to advance the modernisation of public administrations across the European Union is connected with digital public services in the public sector. According to the EU e-Government action plan 2016-2020, by 2020, public administrations in the European Union should be open, efficient and inclusive, providing borderless, personalised, user-friendly, end-to-end digital public services to all citizens and businesses in the European Union. Thus, one of the priorities of Romanian government is to transform the public finance culture and the mechanism of public service from conventional to a modern system, in order to reduce the fraud and corruption. According to World Bank, Romanian government has already taken important steps to improve public financial management, but progress has been uneven.

The principle of transparency concerns the consultation and dialogue with each segment of public administration, as well as civil society, both in terms of substantiating the decision-making processes in the field, as well as the knowledge of events related to corruption. Adopting the digital public services will reduce corruption and bureaucracy in the public sector. Due to the negative externalities of corruption acts, as well as the "public bad" character of corruption, fighting corruption involves the direct and indirect involvement (participation) of a large number of members of society.

The six dimensions of the public value of e-Government in public finance management have associated a lot of Key Performance Indicators – KPIs. These KPIs determine the main action ways in public finance management development and in fighting corruption (fig. 2).

The digital transformation of the public finance has empowered users of the public services and providers and made it possible for them to choose how to access or deliver a public service, how to communicate, when to engage on policy areas or issues, in order to improve the quality of the public service. Finally, the digital technologies will secure, will increase confidence in the public sector and will simplify access to information under EU regulation.

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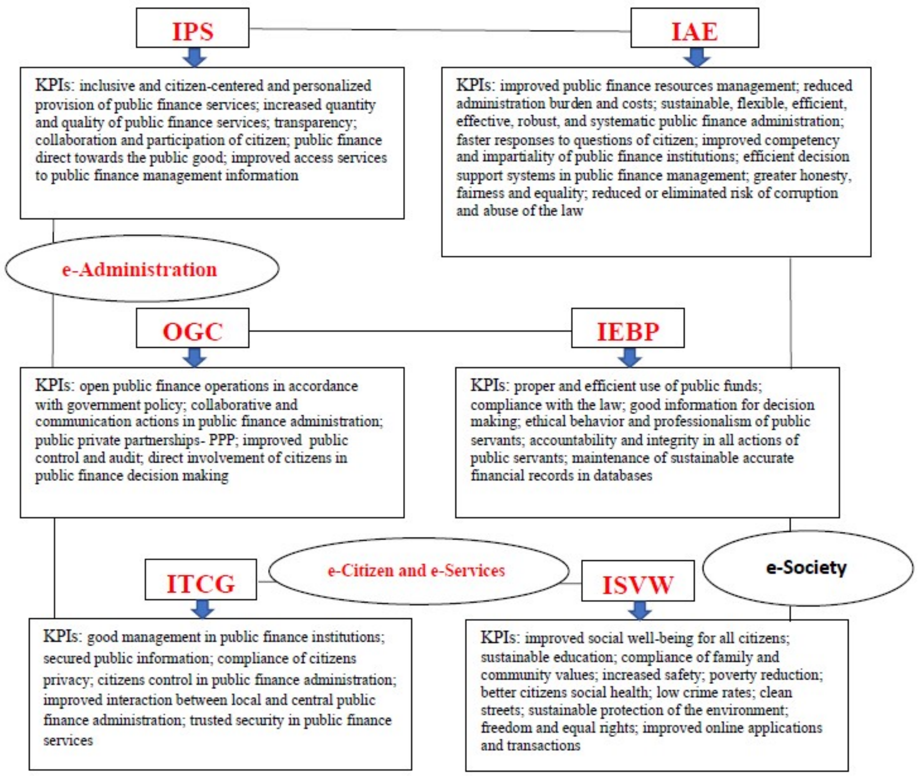

Fig. 2. KPIs for the Six Dimensions of the Public Value of E-Government in Public Finance Management
Source: Authors own work

4. **Conclusions**

In our opinion, e-Government plays a significant important role in economic development in general and public finance in particular. The simplification of the administrative procedures, as a requirement of increasing the efficiency of the public administration on the different levels of economic-social activity, requires the adoption of e-Government. Governments should prioritized using digital technologies

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and e-Government to improve the design and implementation processes of public services and policies in order to meet citizens' and businesses' needs and demands.

The successful implementation of e-Government to public service delivery will first require a change in public sector culture and multi-channel accessibility.

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THE ROLE OF TAX REVENUE AND FOREIGN DIRECT INVESTMENT IN PROMOTING ECONOMIC PROGRESS IN NIGERIA

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Abstract
The study examined the impact of tax revenue on economic growth of Nigeria proxied as gross domestic product (GDP) from 2000-2017. The study employed Exploratory and ex-post facto designs and secondary data sourced from Federal Inland Revenue Services (FIRS), UNCTAD, FDI/MNE database, World Bank Report, United Nations Development Programme (UNDP) reports, CBN statistical bulletin. Ordinary Least Squares (OLS) regression technique was adopted to test the hypotheses of the study. The result reveals that tax revenue has significant impact on GDP in Nigeria with R-squared showing that about 87% variations in GDP can be attributed to tax revenue, while the remaining 23% variations in GDP are caused by other factors not included in this model. This is further emphasized by the T-statistic p-value of 0.001 which shows that the regression result is statistically significant because it is less than 5%, level of significance adopted for this study. The result from regression analysis also revealed that there is positive relationship between foreign direct investment and Gross Domestic Product, with a p-value of +0.000, +0.001 < 0.05% significance

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level. The study concluded that tax revenue has a significant impact on GDP in Nigeria. Also there is a positive relationship between FDI and economic growth in Nigeria; therefore the more FDI increases, the more economic growth. The study recommended that functional tax structures that would ensure that tax is collected from all taxable individuals, group of individuals and corporate bodies and remitted accordingly to the government without diversion should be instituted to widen the revenue base of the country. Government should liberalize the Nigerian economy more by removing all barriers to trade such as arbitrary tariffs, import and export duties and other levies to encourage foreign investors.

Keywords: *tax revenue, economic growth and GDP, foreign direct investment.*

JEL Classification: F21, H20

Introduction

It is the primary responsibility of government globally to make sure that security, freedom and welfare of its citizenry are catered for. Section 16(1b) of the 2011 Constitution of the Federal Republic of Nigeria precisely has stipulated that it is the responsibility of the government to ensure maximum welfare, freedom and happiness of its citizenry (Federal Government of Nigeria, 2011). Adequate funding is needed for government to effectively carry out its main functions and other supplementary functions. Tax payment of various forms by individuals and corporate bodies is one of the reliable means through which the government realizes the need to play these primary roles. Tax payments has become phenomenally of universal significance owing to how it affects every economy, national differences notwithstanding [Oboh & Isa, 2012]. For instance, tax revenue is used by the federal government in the provision of infrastructure and other necessary social services such as health facilities and education. The government equally has the primary responsibility of ensuring that the territorial integrity of the nation is defended, ensuring security of lives and property, maintaining good external relations. The government also gets involved in productive activities which the private sector cannot conveniently provide owing to huge capital outlay involved [Sackey *et al.*, 2014].

Ezejelue and Ihendinihu (2006) have defined taxation as the demand made by the government of a country for a compulsory payment of money by the citizens of the country with the objectives of raising revenue to finance government expenditures, satisfy collective wants of the people and regulate economic and social policies.

Taxation is a civic responsibility whose assessment is in accordance with all established cannons – the principle of equity, convenience and productivity. The Nigeria tax system features a wide and mixed range of statutes by which various governments in the country seek to change and collect for public expenditure. Of these, the most widely used was based on income and is personal income tax and company's income tax. Taxation is divided into two, namely direct and indirect taxes. Direct tax in Nigeria consists of personal income tax and company's income tax. Indirect taxes are levied against goods and services e.g. stamp duties, entertainment, pool and casino taxes, industrial training funds, custom duties and exercise duties [Joseph *et al.*, 2018]. In a wider sense, there are three (3) main methods open to most developing countries such as ours in financing economic expenditure, namely taxes on other currency receipts, loans and grants. Taxation perhaps is the most important of all these because revenue generated by the system determines expenditure.

To carry out these primary and supplementary responsibilities as expected, the Nigeria government has depended so much on oil revenue which is susceptible to fluctuations owing to market forces and international politics. Recently, the fall in crude price per barrel (below US$40) almost crippled the government from playing its primary roles; led to recession (among other factors) which the economy is still struggling to pull through fully from. So, overdependence on oil revenue is likened to a house owner who opens his doors midnight amidst insecurity – no doubt, he is venerable to attacks.

It was for this reason that the former Minister of Finance and Coordinating Minister for Economy appealed to governments at various levels to seek alternative revenue sources to ensure sustainability in economic growth and development of Nigeria. Running a democratic government is very expensive especially in Africa because of greed, inflation of contract costs and high rate of corruption generally that results in a situation where public office holders earn bogus salaries and allowances that are not proportionate to available funds. From the foregoing, it has become crystal clear that oil revenue does not sustain developmental goals of the nation, hence the need for alternatives.

Kiabel and Nwokah (2009) opined that the decline in revenue and increased cost of governance has made it necessary for all tiers of Nigerian government to seek alternatives to improve their revenue base. As observed by Kusi (1998), many countries of the world depend mainly on taxation for generating required income to meet their financial needs. Pfister (2009) confirms that tax revenue can be predicted (certainty attribute of taxation). It is stable, therefore provides reliable flow of revenue to finance development goals either in the short and long term.

By ensuring efficiency and effectiveness in the tax system, adequate revenue is generated to finance government expenditure with its attendant positive influence on the needs of the people – standard of living of the citizens.

According to The World Bank Group (2004), "the quality of life of people of a state is the focus of any development objectives. Accessibility to education, improved healthcare delivery, employment opportunities, clean air, safe drinking water, and security of life and property determine the quality of life of a people as well as the standard of living." Taxes can be used as an instrument towards the achievement of micro and macroeconomics goals particularly in developing nations such as Nigeria. As observed by Musgrave and Musgrave (2004), the dwindling level of tax revenue generation in developing countries makes it difficult to apply tax as a veritable instrument of fiscal policy for the achievement of economic development. Tax revenue generated from Company Income Tax, Value Added Tax, and Personal Income Tax has greatly impacted positively on economic development of countries such as the USA, Canada and the United Kingdom to mention but a few [Oluba, 2008].

"In Africa, natural resources such as income from production sharing, royalties, and corporate income tax on oil and mining companies yield the significant portion of tax revenue" [Pfister, 2009] in Chukwunwike and Ofoegbu, 2016. Chukwunwike and Ofoegbu (2016) observed that tax sources are the fundamental and most reliable sources of government revenue. This is because of their certainty and flexibility characteristics. Certainty characteristic implies that collection of taxes from taxpayers is assured, all other things being equal. The state of the economy does not affect tax. Take for instance, whether the economy is declining, stagnant or growing. Its flexible nature makes it possible for the government to amend the tax system to be suitable to its needed purpose. There are many research works related to tax revenue and economic development of Nigeria with conflicting results. In some of those research works, economic development and economic growth are used interchangeably. This research work adopted economic growth applying Gross Domestic Product (GDP) as an indicator for measuring economic growth [Worlu, & Emeka, 2012]. The amount of tax revenue can influence budget figures. The more tax revenue, the more budget figures increase. The consequence would be increase in expenditure of government in the provision of welfare services and infrastructural facilities which would enhance the standard of living of the citizenry. There may be an increase in GDP

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without any actual improvements in the standard of living of the people, and that culminates in economic growth without development [Chukwunwike, & Ofoegbu, 2016]. The objectives of this study include testing the impact of tax revenue (not segregated into VAT, PIT and CIT) on economic growth in Nigeria proxied as Gross Domestic Product (GDP) and the relationship between FDI and economic growth in Nigeria for the period covered by the study.

The following are the objectives, research questions and hypotheses for the study.

Objectives of the Study

a. To determine the impact of total tax revenue figures on economic growth in Nigeria.

b. To ascertain the relationship between FDI and economic growth in Nigeria.

Research Questions

a. Does a total tax revenue figure have any significant impact on economic growth in Nigeria?

b. What is the relationship between FDI and economic growth in Nigeria?

Hypotheses

a. **HO_1:** Tax revenue has no significant impact on GDP in Nigeria.

b. **HO_2**: There is no positive relationship between tax revenue and FDI in Nigeria.

This study, as way of filling a gap in related studies, statistically investigates the relationship between aggregate tax revenue per annum and government annual aggregate expenditure in Nigeria. It critically examines the impact of aggregate tax revenue on Gross Domestic Product (GDP) in Nigeria.

Division of this paper into five parts as shown below helps to achieve its objectives as follows. Introduction is part one. It captures the background of the study, key issues relating to importance of tax revenue in adequate financing of the developing countries, especially in Nigeria. It looks into the reasons tax revenue has not been used adequately in growing the economy when compared with developed nations of Europe and the USA. The objectives, hypotheses and gaps filled are captured in this part. Part two deals with review of related literature and some theories underlying taxation and how related they are with economic growth. Part three captures research methodology. The focus of part four is on data presentation, analysis and discussion of findings related to this study. Part five summarises the

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paper, draws conclusion and makes recommendations based on results of the tests conducted.

1. ***Review of Related Literature***

1.1. **The Concept of Taxation and the Scope**

Ezejelue and Ihendinihu (2006) defined taxation as the demand made by the government of a country for a compulsory payment of money by the citizens of the country with the objectives of raising revenue to finance government expenditures, satisfy collective wants of the people and regulate economic and social policies. From the foregoing, it can be deduced that what makes tax payment compulsory by the citizens, groups and corporate bodies is because it has legal backings. It is a veritable instrument for the financing of government developmental objectives and because of its certainty and reliability objectives; it generates public funds for financing of government projects.

Similarly, Ogundele (1999) describes taxation as "the transfer of real economic resources from private sector to the public sector to finance public sector activities." It may be concluded from the foregoing that taxation is "the transfer of financial resources from private economic agents like households and corporate bodies, to the public sector to finance the development of the society" [Ojong *et al.*, 2017].

Based on the definition of taxation, Nzotta (2007) in [Ojong *et al.*, 2017] recognized four key issues which must be understood for taxation to play its functions in any society. First, a tax is a compulsory contribution made by the citizens to the government and this contribution is for general common use. Second, a tax imposes a general obligation on the tax payer. Third, there is a presumption that the contribution to the public revenue made by the tax payer may not be equivalent to the benefits received. Finally, a tax is not imposed on a citizen by the government because it has rendered specific services to him or his family.

Individuals, group of individuals and corporate entities are expected to make this payment based on their income, profit or wealth of group person. A well-designed tax system that functions effectively and efficiently can help developing countries' governments prioritize their spending, put together stable institutions, and advance democratic accountability [Brautigam, 2008]. As observed by Ezejelue and Ihendinihu (2006), the primary purposes of tax revenue include raising revenue to finance government expenditures, satisfy collective wants of the people and regulate economic and social policies. Taxation can aide in the redistribution of common

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wealth to ensure social justice [Ola, 2001]. Therefore, taxes can be used as an instrument for achieving both micro and macroeconomic objectives especially in developing countries such as Nigeria [Chukwunwike, & Ofoegbu, 2016]. Nevertheless, Musgrave and Musgrave (2004) noted that the declining level of tax revenue generation in the developing countries makes it difficult to use tax as an instrument of fiscal policy for the achievement of economic development. Canada, the United States, Netherland, and the United Kingdom have to a large extent influenced their economic development through tax revenue generated from Company Income Tax, Value Added Tax, and Personal Income Tax, and have attained great heights through tax revenue [Oluba, 2008].

2.2. **Principles of Taxation**

Anyanfo (1996) opines that the principles of taxation describe the suitable criteria to be adopted in the development and appraisal of the tax structure. Such principles are derivations from welfare economists and their applications as well. To entrench the wider objectives of social justice, the tax system of a country should revolve on sound principles. Based on the study conducted by Jhingan (2004), Bhartia (2009) and Osiegbu *et al*. (2010), the following principles of taxation were listed as follows: equity, certainty, convenience, economy, simplicity, productivity, flexibility and diversity. These principles are expected to make tax payment interesting to the taxpayer as well as boost their confidence.

Equity principle: denotes that every taxpayer should pay tax proportional to the taxpayer’s income. Jhingan (2004) stated that the wealthy should pay more and at a higher rate than the other individual whose income is less. Anyanfo (1996) in Ogbonna and Appah (2012) state that only when a tax is based on the taxpayer’s capacity to pay that it can be regarded as equitable or just. At times, this principle is construed to mean proportional taxation.

Certainty principle: As noted by Bhartia (2009), this principle of taxation states that a tax which each individual is supposed to pay ought to be definite/certain, not arbitrary. The certainty should manifest in relation to the time of payment, the mode of payment, the amount to be paid, things that must be clear and plain to the taxpayer and every other person.

Convenience principle: This states that the time and manner for tax remittance should be convenient to the taxpayer. As put forward by Anyanfo (1996), this principle of taxation provides the justification for Pay-As-You-Earn (PAYE).

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Economy principle: This emphasizes that every tax should be economical for the state to collect and the taxpayer to pay [Appah, 2004; Jhingan, 2004; Bhartia, 2009] in Ogbonna and Appah (2012). Anyanfo (1996) stressed that this principle entails that taxes should not be imposed where it is ascertained that their collection cost surpasses the benefits.

Productivity principle: This principle denotes that a tax, as it is expected, brings in large revenue adequate enough for the government to carry out its financial and developmental goals. It is the main reason governments in all parts of the world continuously take up tax reforms [Ogbonna, & Appah, 2012].

Simplicity principle: As regards this principle**,** tax should be plain, simple and comprehensible to common taxpayer. Anyanfo (1996) argued that there should be no hidden agenda in the tax law. Transparency ought to be the watch word of an efficient tax system.

Flexibility principle: implies that there should be no rigidity in taxation. That is to say that there ought to be variety of taxes. Diversity Principle of taxation states that there should be variety of taxes. Bhartia (2009) argued that it is dicey for state to rely on too few sources of public revenue.

2.3. **Taxation Payable in Nigeria**

In Nigeria, taxes payable by taxpayers are categorised as either direct or indirect tax. In Nigeria, the government can place emphasis on any one of the tax forms depending on the objective it wants to attain [Ofoegbu *et al.*, 2016]. Though there are other forms of taxes, emphasis is placed more on the aforementioned forms of taxes – direct and indirect. The direct tax describes a levy remitted on personal income, corporate income or property. Instances are Company Income Tax, Personal Income Tax, Petroleum Profit Tax, and Capital Gains Tax. Indirect tax is an imposition on the price of goods and services. Indirect tax is paid on the consumption of goods and services associated with import duties or tariffs, export duties, value added tax and excise duties. There are different legislations that allow the government tax its citizens and to increase the tax revenue of the country; those are the Personal Income Tax Amendment Act 2011, the Companies Income Tax Amendment Act 2007, the Petroleum Profit Tax Amendment Act 2004, the Capital Gains Tax Amendment Act 2004, the Value Added Tax Amendment Act 2007 and the Education Tax Amendment Act 2004. Federal Inland Revenue Services is in charge of the administration and collection of these taxes (except customs/excise duties).

Nigeria has recorded an increase in tax revenue above the target every year. The Federal Inland Revenue Service (FIRS) reported taxation increased from N2.83 trillion to N4.71 trillion between 2010 and 2014. These figures do not include those taxes collected by tax authorities in the State Board the Local Government Revenue Committee (LGRC) [Ofoegbu *et al.*, 2016].

2.4. **The Nigerian Economy and Its Nature:** The three sectors of the Nigerian economy are primary (agriculture/natural resources), secondary (processing and manufacturing), and tertiary (services) sectors. The economy is dominated by agriculture and petroleum sectors. In the 1960s and early 1970s, the primary revenue earner was agriculture (largest revenue earner then) and from the late 1970s to date, it turned to be the oil sector. According to Apata *et al* (2011), agriculture was the heart of economic activities then and was followed by manufacturing and mining activities at very low levels of development.

Nigeria, from the early 1970s, suddenly had an enormous increase in revenue from the sales of crude oil. Ezirim *et al.* (2010) noted that this sudden wealth from crude oil was invested in socio-economic infrastructures across the country particularly in the urban cities and this led to a high growth rate of the country's service sector. The investment in the socio-economic infrastructure led to a movement of young men and women from the hinterland to the urban cities thereby escalating the oil-driven urban economy. This sweeping movement crumbled the agricultural sector as oil became Nigeria's key source of revenue. Agriculture and agricultural business activities was left in the hands of the aged in remote villages. The migration of the young men and women did not go without its social and environmental problems like congestion, pollution, unemployment and criminal activities.

Both the prolonged military rule and the civilian government in Nigeria (democratic government) for over half a century have created more social economic stagnation. These governments have continued to mismanage and misappropriate the common wealth of Nigeria resulting in low standard of living of the people, poverty, poor infrastructural facilities and poor ranking of Nigeria in Human Development Index (HDI). Though there are claims that some economic progress have been made by the present and previous civilian governments in terms of increase in Gross Domestic Product (GDP), poverty rate is high and has even increased, unemployment is worsening, poor infrastructure and ethno-religious crisis have been

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the order of the day. At this juncture, one begins to wonder how economic prosperity of a nation is measured taking a close look at these negative developments.

Presently, Nigeria is working towards expanding her financial, telecommunications service, entertainment and technology sectors that are all contributing to the growth of her Gross Domestic Product (GDP). Some challenges to the country's rapid economic development are the inadequate power supply, lack of key infrastructure, and the general fall in the price of oil that has given rise to the severe reduction in the country's total revenue [Ofoegbu *et al.*, 2016].

2.5. Economic Development and Growth Described

A policy intervention effort targeted at the economic and social well-being of people is termed economic development (Salmon Valley Business Innovation Centre, 2014). It concerns itself with improvement in the quality of life of people, creation of new goods and services using modern technology, lessening of risk and bringing to bare dynamics of innovation and entrepreneurship [Hadjimichael *et al.*, 2014] in [Ofoegbu *et al.*, 2016]. The objective of economic development is to make the environment favourable for local communities and regions to develop new ways of production of goods in such quantities that may lead to exportation to other countries. Availability of financial resources from exportation leads to more investment in infrastructure for the benefit of the society and improvement in living conditions of the people, in education, transportation networks, health conditions, water supply, sewage and sanitation conditions (SVBIC, 2014) in [Ofoegbu et al., 2016]. The changes create the conditions for long-run economic growth by positioning the economy on a higher growth trajectory [Hadjimichael *et al.*, 2014] in [Ofoegbu *et al.*, 2016]. Economic development is different from economic growth. Economic growth specifically means an increase in the value of goods and services produced by a country over a period. Economists use an increase in nation's GDP to measure it. Therefore, it is possible to have economic growth without economic development in the short or even medium term [Hadjimichael *et al.*, 2014]. On the other hand, there could be an increase in GDP without any increase in standard of living of people in a state. Environmental conditions that would enhance economic growth must be created through an investment of the national wealth in infrastructural development for successive improvement in the standard of life of the population of a country [Wilkins, & Zarawski, 2014] in [Ofoegbu *et al.*, 2016]. Authors use economic growth and development interchangeably and also use GDP as measurement indicator for

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both. On the other hand, given that the two are different, any effort to use GDP as a measure for the two gives inaccurate outcome on economic development. Robert *et al.* (2009) placed emphasis on the need for an innovative measure of progress in the wellbeing of people. He argues that GDP is not a good measure because economic growth is the same with well-being.

Furthermore, according to the United Nations report on Human Development Index (HDI) "development is much more than just the expansion of income and wealth. It connotes a process of enlarging people's choices" [UNDP, 1990]. It is a shift to a more holistic perception of development that had earlier focused more on per capita income. United Nation's Human Development released Human Development Index (HDI) first as part of her 1990 Report. The United Nations came up with Human Development Index (HDI) as a parameter for ranking countries' levels of social and economic development based on the following namely Health Index, Education Index, and Standard of Living Index. The health index is a representation of life expectancy (expected numbers of years) of a particular region or country under study. Human Index (HI) in a correct manner explains the degree to which life expectancy of the people in the area or country under study is above the minimum (least) life expectancy. United Nations (UN) report has it that the minimum and maximum life expectancy in the world is put at 25 years and 85 years correspondingly [UNDP, 2014] in [Ofoegbu *et al.*, 2016]. The Education Index (EI) shows the literacy rate and enrolment rate of people, in a particular region or country under study. The Literacy rate indicates the percentage of people of 16 years of age and above who are literates [UNDP, 2014] [Ofoegbu *et al.*, 2016]. These are people who must be able to write, read and understand a simple statement regarding their daily life activities. Enrolment rate is the percentage of children who are within school-going age bracket, be it primary, secondary and tertiary. The living standard index indicates the per capita income of a region or country stated in US$ at Purchasing Power Parity (PPP) rate. It shows the income of a country, the exchange rate between the country's currency and US$, and the price level index of the country in comparison to the US price level. Nigeria's HDI value for 2014 is 0.504, which is in the low human development category ranking the country at 152 out of 187 countries and territories. The Nigeria's HDI value increased from 0.466 to 0.504, between 2005 and 2014, an average annual growth of about 0.81 percent or an increase of 8.1 percent [UNDP, 2014] in [Ofoegbu *et al.*, 2016].

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2.6. **Tax Revenue, Foreign Direct Investment, Economic Growth and Development of the Nigerian Economy**

Worlu and Emeka (2012), in a study on the impact of Tax Revenue on the economic growth of Nigeria between 1980 and 2007 regarding its effect on infrastructural development, opined that tax revenue has direct and indirect relationships with the infrastructural development and the gross domestic product respectively (GDP). The study argued that the means through which tax revenue affects economic growth in Nigeria are infrastructural development, Foreign Direct Investment (FDI) and Gross Domestic Product (GDP). They stressed that availability of infrastructure stirs up an investment that in turn brings about economic growth. It can be inferred from the foregoing that timely and adequate provision of critical infrastructure send positive signal to potential foreign investors to invest their wealth and boost the confidence of existing investors to retain their wealth in the country. By this mechanism, FDI is boosted resulting in industrial growth, creation of more employment opportunities, and increase in per capita income, increased tax revenue through VAT, PIT and CIT et cetera. All these would lead to economic development.

2.6.1. *Theoretical Framework*

This study reviewed four taxation theories, namely benefit received theory, cost of service theory, faculty theory and socio-political theories of taxation. Bhartia (2009) noted that a taxation theory may be based on a relationship between tax liability and state activities. This reasoning gives justification for the imposition of taxes for financing state activities/projects and also providing a basis for apportioning the tax burden between members of the society. This way of thinking yields the benefit received theory and cost of service theory. Also available is the faculty theory of taxation.

Benefit Received Theory: This theory proceeds on the assumption that there is basically an exchange relationship between taxpayers and the state. The state provides certain goods and services to the members of the society and in turn they contribute to the cost of these supplies in proportion to the benefits received [Bhartia, 2009] in [Ogbanna, & Ebimobowei, 2012]. Anyanfo (1996) in [Ogbonna, & Ebinmobowei, 2012] argues that taxes should be allocated on the basis of benefits received from government expenditure.

Cost of Service Theory: This theory is similar to the benefits received theory. It emphasizes the semi-commercial relationship between the state and the citizens to a greater extent. In this theory, the state is being asked to give up basic protective and welfare functions. It is to scrupulously recover the cost of the services and therefore this theory implies a balanced budget policy [Ogbonna, & Ebimobowei, 2012].

Faculty Theory: Anyanfo (1996) noted that this theory denotes that one should be taxed based on ones capacity/ability to pay. This theory is an attempt to maximize an explicit value judgment about the distributive effects of taxes. Bhartia (2009) argues that a citizen is to pay taxes just because he can, and his relative share in the total tax burden is to be determined by his relative paying capacity. This buttresses the equity principle of taxation.

The Socio-Political Theory: This theory of taxation states that social and political objectives should be the key factors in selecting taxes. The theory believes that a tax system should not be planned in such a way that individuals are served, but should be used to treat the ills of society as a whole [Bhartia, 2009]. Since economic objectives of a government have strong relationship with political development in a country, this study therefore settles with this theory.

2.6.2. *Review of Empirical Studies*

Worlu and Emeka (2012) studied the impact of tax revenue on the economic growth of Nigeria for the period 1980-2007 looking at its effect on infrastructural development. The study discovered that tax revenue has both direct and indirect correlation with the infrastructural development and the gross domestic product respectively (GDP). The study argued that the means through which tax revenue influences economic growth in Nigeria are infrastructural development, Foreign Direct Investment and Gross Domestic Product (GDP). It stressed that availability of infrastructure speeds up investments that in turn brings about economic growth.

Bukie and Adejumo (2013) as quoted in Ofoegbu, Akwu and Oliver (2016) examined the effect of tax revenue on economic growth of Nigeria within the period 1970 to 2011, regressing indicators of economic growth (domestic investment, labour force and foreign direct investment) on tax revenue. The result shows that the indicators all have a positive and significant relationship with economic growth in Nigeria.

Onaolapo, Fasina, and Adegbite (2013) studied empirically the effect of petroleum profit tax (PPT) on Nigeria economy. Secondary data were collected from Central Bank of Nigeria statistical bulletin over the 1970 to 2010 period. Multiple regressions were used to run analysis on data on such variables as Gross

Domestic Product (GDP), petroleum profit tax, inflation, and exchange rate. There were all found to have considerable effects on the Economics Growth.

Ihenyen and Mieseigha (2014) examined taxation as an instrument of economic growth in Nigeria. Using annual time series data sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin during the period 1980 through 2013, data of Corporate Income Tax (CIT), Value Added Tax (VAT) and Economic Growth (GDP) was estimated using the Ordinary Least Square (OLS) technique. The empirical result suggests that the hypothesized link among corporate income tax, value added tax and economic growth indeed exist in the Nigerian context. Therefore the result provides enticing evidence that taxation is an instrument of economic growth in Nigeria. This conclusion points to the need for additional measures by government in ensuring that taxpayers do not indulge in tax avoidance and evasion so that income can be properly redistributed in the economy.

Omodero (2019) investigated the relative impact of agriculture, oil and non-oil tax revenue on Nigeria's economic expansion using data that covered a period from 1981-2017. The study found evidence that agriculture and non-oil tax revenue had a strong and significant positive impact on economic growth of Nigeria while the dwindling oil revenue had significant negative influence on economic expansion of the country.

3. ***Research Methodology***

3.1. **Research Design**

Exploratory and ex-post facto designs were adopted in this study. The exploratory design helped the researcher to gather related materials from various sources such as text books, journal articles. The ex-post facto design was adopted on the grounds that it does not provide the study the chance to influence or control the variables majorly because they have already taken place and cannot be manipulated.

3.2. **Method and Sources of Data**

The study primarily used secondary source of data. Time series data were collected through desk survey method from official websites of Federal Inland Revenue Services (FIRS), UNCTAD, FDI/MNE database, World Bank Report, United Nations Development Programme (UNDP) reports, CBN statistical bulletin, journals, textbooks and other relevant private and government publications. The period covered by the study stretched from 2000 to 2017.

3.3. **Techniques of Data Analysis**

Ordinary Least Squares (OLS) regression technique was used in analyzing data gathered having established the relationship between dependent and independent variables. Economic approach was used in estimating the relationship between taxation and economic growth. This regression technique has been employed in previous studies such as Ihenyen and Mieseigha (2014), Balestra (1970); Okafor (2012) and was found suitable owing to its distinctive properties of linearity, efficiency, sufficiency, least variances, unbiasedness and least mean errors.

3.4. **Model Specification**

The functional relationship between tax revenue and the economic growth of Nigeria is expressed as shown below:

$$GDP = F\ (FDI, TR) \quad (1)$$

Obtaining the OLS model from the above expression thus:

$$GDP = \alpha + \beta 1FDI + \beta 2TR + € \quad (2)$$

Where:
GDP = Gross Domestic Product
FDI = Foreign Direct Investment
TR = Tax Revenue
€ = Error term

Increased Tax Revenue and Foreign Direct Investment (FDI) are expected to increase Gross Domestic Product and so mathematically, GDP ÷ TR ÷ FDI.

This study places emphasis on the impact of the aggregate tax revenue on the economic growth of Nigeria and the relationship between economic growth and Foreign Direct Investment. GDP is adopted as proxy for economic growth in this study.

Table 1 shows the actual revenue collected, the Gross Domestic Product (GDP) and the Foreign Direct Investment (FDI), all in local currency unit for the periods under study, that is, 2000-2017. GDP and FDI figures are converted to Naira equivalent using Central Bank of Nigeria official exchange rate/value.

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Table 1. Tax Revenue (TR), Gross Domestic Product (GDP) and Foreign Direct Investment (FDI) of Nigeria (2000-2017)

YEARS	TR ACTUAL (Billions) ₦	GDP (Trillions & Billions of Naira) ‘000 ₦	FDI (Billions &Millions) ₦
2000	455.3	14,238,186,147.48	402,012.42
2001	586.6	13,548,157,335.53	392,097.93
2002	433.9	18,145,916,438.84	626,239.39
2003	703.1	20,766,952,085.84	666,511.23
2004	1,194.80	26,964,151,823.86	652,913.35
2005	1,741.80	34,454,631,985.55	1,528,089.19
2006	1866.20	44,639,666,324.15	1,503,379.71
2007	1846.90	51,092,199,951.78	1,868,312.57
2008	2,072.20	63,865,476,168.63	2,531,907.77
2009	2,107.60	52,022,290,419.03	2,655,086.81
2010	2,839.30	113,283,723,499.89	1,872,088.05
2011	4,628.50	126,384,759,935.38	2,736,428.56
2012	5007.70	141,489,780,096.61	2,187,755.43
2013	4,805.6	158,068,901,858.04	1,721,529.08
2014	4,714.6	174,500,748,892.61	1,440,761.91
2015	3,741.8	147,663,255,629.28	940,556.19
2016	3,307.5	123,803,499,734.45	1,365,528.47
2017	4,027.94	115,342,820,583.35	1,075,245.85
TOTAL	**46,081.34**	**1,440,275,118,910.91**	**26,166,443.91**

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics) and FIRS.

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$HO_{1:}$ The impact of tax revenue on GDP in Nigeria.

Table 2. Tax Revenue (TR) and Gross Domestic Product (GDP), 2000-2017

YEARS	TR:ACTUAL (BILLIONS IN NAIRA)	GDP (Trillions & Billions of Naira) N'000
2000	455.3	14,238,186,147.48
2001	586.6	13,548,157,335.53
2002	433.9	18,145,916,438.84
2003	703.1	20,766,952,085.84
2004	1,194.80	26,964,151,823.86
2005	1,741.80	34,454,631,985.55
2006	1866.2	44,639,666,324.15
2007	1846.9	51,092,199,951.78
2008	2,072.20	63,865,476,168.63
2009	2,107.60	52,022,290,419.03
2010	2,839.30	113,283,723,499.89
2011	4,628.50	126,384,759,935.38
2012	5007.7	141,489,780,096.61
2013	4,805.60	158,068,901,858.04
2014	4,714.60	174,500,748,892.61
2015	3,741.80	147,663,255,629.28
2016	3,307.50	123,803,499,734.45
2017	4,027.94	115,342,820,583.35
TOTAL	**46,081.34**	**1,440,275,118,910.91**

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Testing of Hypotheses

HO_1: Aggregate Tax revenue has no significant impact on GDP in Nigeria.

Regression analysis on the impact of aggregate tax revenue economic growth

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t-cal value	Sig.
1	(Constant)	0.218	0.127		1.224	0.009
	TR	0.789	0.061	0.752	8.789	0.001
	R^2	0.867				

The size of the coefficient of the independent variable (β1) shows that a 1% increase in TR will cause a 0.79% increase in GDP. Also, the R-squared showed that about 87% variations in GDP can be attributed to TR, while the remaining 23% variations in GDP are caused by other factors not included in this model. This shows a strong explanatory power of the model. This is further emphasized by the T-statistic p-value of 0.001, which shows that the regression result is statistically significant because it is less than 5%, level of significance adopted for this study. Therefore, the model is adequate and the null hypothesis two that states that the tax revenue has no significant impact in the economic growth of Nigeria is rejected. Therefore, tax revenue has a significant impact on GDP in Nigeria.

HO_2: The relationship between tax revenue and FDI in Nigeria.

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Table 3. Tax Revenue (TR) and Foreign Direct Investment (FDI) in Nigeria (2000-2017)

YEARS	TR:ACTUAL (BILLIONS IN NAIRA)	FDI (Billions &Millions) N
2000	455.3	402,012.42
2001	586.6	392,097.93
2002	433.9	626,239.39
2003	703.1	666,511.23
2004	1,194.80	652,913.35
2005	1,741.80	1,528,089.19
2006	1866.2	1,503,379.71
2007	1846.9	1,868,312.57
2008	2,072.20	2,531,907.77
2009	2,107.60	2,655,086.81
2010	2,839.30	1,872,088.05
2011	4,628.50	2,736,428.56
2012	5007.7	2,187,755.43
2013	4,805.60	1,721,529.08
2014	4,714.60	1,440,761.91
2015	3,741.80	940,556.19
2016	3,307.50	1,365,528.47
2017	4,027.94	1,075,245.85
TOTAL	**46,081.34**	**26,166,443.91**

HO_2: There is no positive relationship between aggregate tax revenue and FDI on Nigerian economic development.

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Regression analysis of foreign direct investment and tax revenue on Gross Domestic Product

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t-cal value	Sig.
1	(Constant)	0.207	0.161		1.286	0.003
	FDI	0.810	0.051	0.875	8.667	0.000
2	TR	0.883	0.027	1.033	6.778	0.001
	R^2	0.688				

The result above reveals a significant positive relationship between each of the surrogates of Foreign Direct Investment and Tax Revenue collected on Gross Domestic Product measured by Log (GDP) for the period under study. With a p- value of +0.000, +0.001 < 0.05% significance level, this shows that strong positive relationships exist between FDI and TR on GDP. Therefore there is a positive relationship between tax revenue and FDI in Nigeria. It implies also that on the aggregate, the foreign direct investment and tax revenue collected by the Federal Government of Nigeria has a positive relationship on Economic Growth of the country.

4.1. **Results and Discussion**

The study examined the impact of tax revenue on economic growth of Nigeria. It further investigated the relationship between foreign direct investment (FDI) and economic growth in Nigeria. From the findings of the study, the regression analysis adopted to test hypothesis one showed that tax revenue has a significant impact on GDP in Nigeria and with p-value of 0.001% < 0.05% significance level. The regression result further revealed that there is a positive relationship between tax revenue and FDI in Nigeria, with a p-value of +0.000, +0.001 < 0.05% significance level. This implies that a unit increase in foreign direct investment (FDI) and tax revenue (TR) leads to a 1% increase in Nigerian GDP. This is in consonance with the findings of Bukie and Adejumo (2013) as quoted in Ofoegbu, Akwu and Oliver

(2016), which discovered that the tax revenue and economic growth have a positive and significant relationship. Furthermore, Worlu and Emeka (2012) in a similar study found out that tax revenue has both direct and indirect correlation with the infrastructural development and the gross domestic product respectively (GDP).

5. ***Findings and Conclusion***

The study reveals that tax revenue has significant impact on GDP in Nigeria. This implies that the more tax revenue increases, the more proportionately the GDP increases resulting in economic growth of Nigeria. It shows that there is positive relationship between foreign direct investment and Gross Domestic Product; therefore the more FDI increases, the more the economy grows. That is to say that economic growth is directly related to foreign direct investment. The study recommended a functional tax structure that would ensure that tax is collected from all taxable individuals, group of individuals and corporate bodies and remitted accordingly to the government without diversion and should be instituted to widen the revenue base of the country. Government should equally concentrate on providing critical infrastructure to support indigenous investors and foreign investors that are ready to invest in the economy. The economy should be liberalized by the government through the removal of all barriers to trade such as arbitrary tariffs, import and export duties and other levies to encourage foreign investors.

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EXPLORING THE RELATIONSHIP BETWEEN ACCOUNTING AND STATISTICS

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Abstract

This article highlights the connection between accounting and statistics. There is a historical connection between these quantitative methods of analysis; taking into account the fact that accounting data on property and wealth were requested in census of the great ancient civilizations. Both statistical and accounting data-setting systems provide a framework to identify, record, classify and summarize economic activities of entities.

Starting from this point of view, we have tried to understand what kind of connection exists between accounting and statistics in the current historical stage of a conform accounting: is it a univocal relationship (accounting serves to statistics or statistics serves accounting) or is it a bi-univocal relationship of reciprocity? In order to find the answer to this question we considered necessary a theoretical approach to this issue, followed by an applied one.

Keywords: *accounting information; accounting data; discriminant analysis; Statev discriminant model; statistical information.*

JEL Classification: M41, C10, C12, C15

Introduction

Accounting is one of those areas that apparently it has little in common with statistics. [Winkler, 2009] The aim of our research is to identify what kind of connection is there between accounting and statistics. In order to achieve this objective we used the theoretical and empirical research.

Through theoretical research the accounting information provided by the two ways of organizing it, respectively horizontally and vertically, but also the statistical information, as a whole, were studied. We considered this approach necessary because the accounting organized horizontally defines the spatial limits of the economic entity, as subject of patrimony, thus making it possible to identify a connection between accounting and statistics by object of study and their own methods used**; while** the accounting organized vertically defines the flows of economic and financial operations on national level. This way it is made possible to identify a connection between accounting and statistics: accounting providing to statistics the information regarding certain macroeconomic indicators which are published in the statistical yearbook.

Through empirical research, a discriminant analysis model was applied; the model that identifies statistics as a tool for substantiating the decision applied in accounting. Thus, by analyzing the financial data from the annual financial statements and by applying statistical discriminant models (Statev model), the probability of bankruptcy of the entity can be estimated, and also future decisions can be made.

The paper is structured into three parts: the first one reveals the theoretical background; the second one emphasizes the methodology applied, while the third one presents the results obtained.

Literature Review and General Framework

The connection between statistics and accounting is a concern for many authors. First this question is outlined: what, but especially how, can we write about statistical thinking to make it increasingly applied in accounting? What are the nature and essence of statistics? [Săvoiu, 2012] The accounting sphere of action covers two dimensions: horizontally, at economic entity level, and vertically, at national level.

The accounting organized at microeconomic level has as object of study the economic entity patrimony, which consists of all the economic assets and sources of capital.

In this respect, patrimony is studied using the accounting method. The accounting method comprises a set of principles, processes and tools that forms a whole and

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with the help of which the patrimony of an economic entity, its state and movement are studied in order to grasp the relationships between the economic elements and, on this basis, to determine the final results. [Munteanu *et al.*, 2014] Given the close relationship of accounting with other scientific disciplines, the tools are grouped in three categories: tools common to all sciences (observation, reasoning, comparison, analysis, synthesis), tools common to economic sciences (documentation, evaluation, calculation, inventory), and specific tools (balance sheet, account, trial balance).

The object of study of statistics is represented by the mass phenomena, which can be variables as an individual form of expression in time, in space and organizationally. [Jaba, 1998] By the way of expressing a characteristic (variable), we distinguish qualitative characteristics which are expressed through words, and quantitative characteristics that are expressed numerically and which give the data concept to statistics. The statistics data represent concrete measurements obtained from observations, measurement, counting and calculations, a fact which leads us to believe that *statistics can be considered a tool of the accounting method common with other economic sciences* (univocal relationship).

The accounting organized at macroeconomic level studies the flows of economic and financial operations at national level, operations related to the GDP, the size and composition of the stocks, the financial relations between different branches of the national economy and banking units, the added value at national level and the gross national surplus. All this information on macroeconomic indicators is published in the statistical yearbook, and therefore we can identify *accounting as a source of information for statistics* (univocal relationship).

Furthermore, by analyzing financial data comprised in the financial reporting accounting documents **(the balance sheet and the profit and loss account),** but also by application of statistical models, we can identify *statistics as a tool for substantiating the decision applied in accounting* (bi-univocal relationship of reciprocity).

Data analysis is an important initial stage in making decisions, which enables to identify the causes which lead to the emergence of a decisional situation. One of the methods used in the statistical survey in data analysis is the discriminant analysis. It belongs to the group of explanatory data analysis methods, highlighting the links between a qualitative explanatory variable and linear combinations of several quantitative explanatory variables. This method is also known in the literature as the scoring method, and it aims to establish an indicator for each economic entity called Z “score”; this score allows the estimation of the success or bankruptcy of an

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economic entity. Scoring models were developed both abroad and in our country, and some examples are: the Altman model (1968), considered the initiator of the discriminant analysis, the Conan-Holder model (1979), the Central Bank of France model, the Anghel model (2002), the Băileşteanu model (1998), the Mânecuță model (1996) and the Statev model (2006).

Various authors have used these models in their research, either for bankruptcy risk analysis, or to obtain the audit evidence or even insolvency evidence in court. Thus, Statev (2006) believes that the discriminant analysis models makes it possible not only to determine an entity's financial status at a certain time, but also to produce estimates on the future events, based on some known data. Brîndescu-Olariu (2016), based on scoring models developed by Romanian authors, creates in his study a multivariate model applicable in the Romanian practice for corporate bankruptcy prediction. The study conducted by Brașoveanu *et al.* (2014) reveals the importance of discriminant analysis in increasing financial audit quality, and Jaba and Robu (2012) reveal the importance of discriminant analysis in obtaining the audit evidence. In addition, discriminant analysis is used by the companies' insolvency as insolvency evidence in court. For example, the Company by practitioners in insolvency [Solvendi, 2014], in the Report on the causes that led to the insolvency of the debtor, for the evidence of bankruptcy has applied the Statev discriminant model.

Theoretical Background

Through theoretical research we studied the subject of accounting and statistics, the accounting and statistical information, identifying a connection such as: *Statistics is a tool of the accounting method* or *Accounting is a source collection of statistical information*.

Through empirical research a connection was validated, such as: *Statistics is a tool for accounting and substantiating the decision applied in accounting*. We came to this conclusion by applying the discriminant analysis model, because the discriminant analysis models makes possible, not only to determine an entity's financial status at a certain time, but also to produce estimates on the future events, based on some known data.

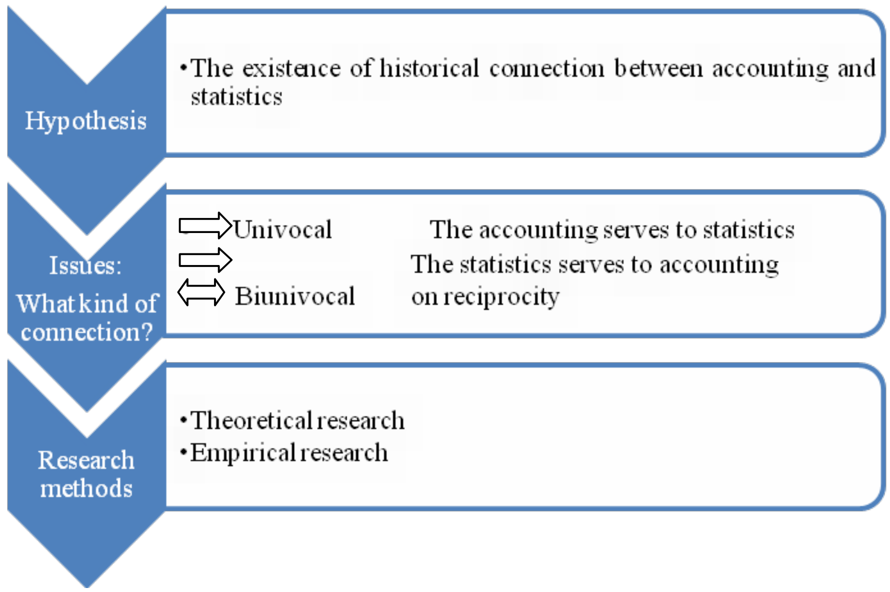

Fig. 1. Positioning the research
Source: The authors' own processing

Data Issues

The function Z called "score", which is awarded to the analyzed company, is a linear combination of rates:

$$Z = a_1 R_1 + a_2 R_2 \dots + a_n R_n \quad (1)$$

where:
Ri = financial parameters
ai = weights coefficients
i = 1 to n – number of parameters

The informational support of our study is the financial data of Elcomex Agroindustrial PLC operating in the field of industrial processing of agricultural products.

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The study materialized by putting the Statev discriminant statistical model into practice, a model applied in economic entities belonging to a branch of processing industry, with a number of employees between 10 and 500. The data were collected from financial statements related to five financial exercises, in a post crisis period, during the period 2011-2015.

The linear model of Statev for the manufacturing industry is as follows (State, 2006):

$$Z_{Statev} = 1.281V_8 + 1.879V_{16} - 0.386V_{32} \quad (2)$$

where:
V_8 = Permanent capital / Total liabilities
V_{16} = Total debts / Total liabilities
V_{32} = Added value / Total assets

Based on this model, the vulnerability of the company to the value function-score is estimated as follows:

Table 1. Decision Rule

Z SCORE VALUE	FINANCIAL CONDITION
$Z_{Statev} > 1,8$	DANGER
$Z_{Statev} \leq 1,8$	GOOD

Source: The authors' own processing based on model of Statev, 2006

Empirical Results

The Statev bankruptcy risk prediction on Elcomex Agroindustrial PLC determines the following values of the function Z score (Table 2).

In the analyzed entity, the function-score values are above the minimum score of 0.18, which places the entity in a precarious financial situation throughout the period of analysis; the probability that the company goes into bankruptcy is not quite high. Nevertheless, an urgent action to redress the economic and financial situation is necessary. That is why we analyze the variables of the model.

Evolution of risk of bankruptcy during 2011-2015 and its proximity to the minimum are shown in the figure 2.

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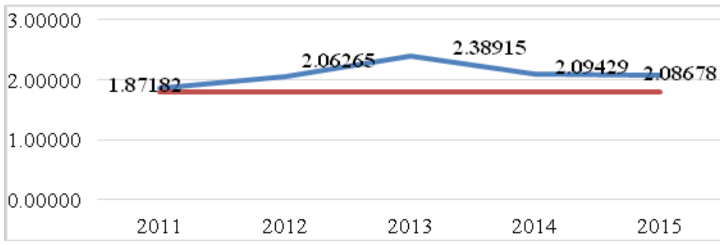

Fig. 2. The Evolution of Bankruptcy Risk and Its Proximity to the Minimum Level
Source: The authors' own processing based on Elcomex Agroindustrial PLC financial data

Table 2. Determination of function Z Elcomex Agroindustrial PLC

INDICATORS (VARIABLES)	FINANCIAL YEAR				
	2011	**2012**	**2013**	**2014**	**2015**
Total Assets	45,086,050	92,691,874	162,071,470	214,498,672	208,656,979
Total Liabilities	45,086,050	92,691,874	162,071,470	214,498,672	208,656,979
Total Debts	22,634,105	55,755,179	118,653,761	132,256,783	139,527,814
Long Time Debts	16,776,991	36,253,839	86,883,085	76,236,310	78,790,504
Equity	15,115,192	30,156,517	37,233,359	76,653,366	56,681,043
Permanent Capital	31,892,183	66,410,356	124,116,444	152,889,676	135,471,547
Sold Production	2,811,288	555,229	2,290,055	19,691,121	52,027,358
Stock Production	560,239	3,781,942	12,585,083	21,990,111	1,762,220
Capitalized Production	1,500,000	3,322,043	6,460,020	12,676,394	-
Production Year	4,871,527	7,659,214	21,335,158	54,357,626	53,789,578
Material Expenses	2,255,112	4,146,827	7,672,711	41,756,561	54,533,400
Added Value	2,616,415	3,512,387	13,662,447	12,601,065	- 743,822
V_8	0.70736	0.71646	0.76581	0.71277	0.64925
V_{16}	0.50202	0.60151	0.73210	0.61658	0.66869
V_{32}	0.05803	0.03789	0.08429	0.05874	-0.00356
Function Z score	**1.87182**	**2.06265**	**2.38915**	**2.09429**	**2.08678**

Source: The authors' own processing based on Elcomex Agroindustrial PLC financial data

Finally, the function Z score of Elcomex Agroindustrial PLC was validated by discriminant analysis for the classification of the financial condition of the company in “good” or “danger”. We find that function-score values are below the minimum score of 0.18, which places the entity in danger. The score is a simple tool for “early detection” of default risk and investment opportunities, but this information should be used with caution. In order to reach a proper decision regarding the financial soundness of a company, the analysis should be supplemented by observing the evolution of the score for the company over several years, and in comparison with traditional methods of financial analysis.

Conclusions

The paper highlighted that between accounting and statistics is a bi-univocal relationship, a mutual dependency. National accounting is a source in collection of statistical information, and statistics can be considered, for the accounting organized at microeconomic level, a tool of the accounting method.

In addition to that, statistics is a tool for accounting and substantiating the decision applied in accounting; that is because the discriminant analysis models make it possible, not only to determine an entity’s financial status at a certain time, but also to produce estimates on the future events (decisions), based on some known data.

The financial data of Elcomex Agroindustrial PLC, processed and interpreted by the Statev model, had placed the company in danger of bankruptcy. In fact, since 2016, the company has begun the financial reorganization as a consequence of the insolvency procedure.

The hypothesis that it is a connection between accounting and statistics is confirmed, first one univocal, demonstrated by theoretical research and then one bi-univocal, and demonstrated by Statev discriminant model.

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JOB DESIGN AND EMPLOYEE PERFORMANCE IN NIGERIA BOTTLING COMPANY PLC, BENIN CITY

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Abstract

Job design and employee performance are two concepts that are of significance to all modern corporate entities. A robust appreciation and application of these concepts will contribute in measurable respects to the growth and sustainability of various organizations. This study is an assessment of the impact of job design on employee performance in Nigerian Bottling Company Plc, Benin City. A descriptive method was adopted and data was collected via a survey of 237 respondents. The study found that job design which comprises job rotation, job enlargement and job enrichment has a positive correlation with employee performance. Requisite conclusion and recommendations were provided in the light of empirical and theoretical findings.

Keywords: *job design; employee performance; job characteristics.*

JEL Classification: J01, J24

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Introduction

Job design is an outgrowth of job analysis that improves jobs through technological and human considerations in order to enhance organization efficiency and employee job satisfaction. It is concerned with changing, modifying, and enriching jobs in order to capture those talents of employees while improving organization performance [Bohlander & Snell, 2007]. Job design has been one of the most effective tools used for optimizing an employee's performance. Effective job design is measure of the degree to which the employee is involved in his/her tasks and assignments. Bates (2004) posits that an effective job design brings involvement of an employee in work related activities which clearly forecasts employee output, departmental productivity and organizational success. Therefore, organizations which are engaged in continuous improvement, or process reengineering, may revamp their jobs in order to eliminate unnecessary job tasks or find better ways of performing work. Job design should facilitate the achievement of organizational objectives. At the same time, the design should recognize the capabilities and needs of those who are to perform the job.

In Nigeria context, the evolvement of jobs in the past was not planned. The practice was for the supervisor or foreman to assign workers to tasks and to randomly group tasks into jobs. For instance, like carpentry, iron bending, electrical work, the content of each trade evolved through tradition and by initiation. However, psychological literature on employee motivation holds claims that the design of work, its content and structure affect both productivity and employee morale [Onimole, 2015]. Therefore, there have been many theories and approaches to the design of jobs. An early reaction to the scientific management philosophy of fitting men to machines was the endeavour of human relations advocates to meet worker's social needs in the workplace, while doing little about the nature of the work itself. However, with the increasing recognition of the complexity of human motivation, not few modern theorists have argued that specialized and simplified work leads to monotony, boredom and general dissatisfaction, which as a result, manifest themselves in various forms of undesirable work behaviour in terms of lateness, absenteeism, and often job changes. The application of these theories to the design of job has produced a multitude of measures concerned with altering the content of job and its organization, thus reversing the job specialization trend by adding more varied tasks and broader responsibilities [Hepworth, 1982]. However, in an attempt to reduce boredom and therefore increase job satisfaction, some techniques of job design have been procreated. These techniques include job rotation, job enlargement and job enrichment.

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In Nigeria, however, job design remains a topic that receives much less attention from employers and policy makers as a driver of employee's performance compared with other aspects of management such as leadership or management style. Also, results of studies from developed countries to developing countries have been time and again showing that job design practices have significant impact on employee performance [Herzberg, 1966; Hackman & Oldham, 1976; Parker, 1998; Grant, 2008; Zareen & Razzaq, 2013; Syarifah, 2013; Achieng *et al.*, 2014; Ali & Zia-ur-Rehman, 2014; Parker, 2014; Siruri & Muathe, 2014; Onimole, 2015; Parker *et al.*, 2017]. But unfortunately little empirical research has been conducted to examine the impacts of job design practices on employee performance in Nigeria. This study has been undertaken to augment the contemporary knowledge base of human resource management practices of developing countries.

Statement of the Problem

Employees in every organization want to draw fulfilments from their jobs and every human resource managers/management wants the employees to be fulfilled being the most important resources of the organization but managers for ages have been struggling on how to make them get the fulfilment [Magaji, 2014]. Globalization has created many challenges for multinational and local organizations such as cost of production that is on the increase day-by-day due to universal factors such as world recession, resource limitation, information technology and trends that have affected the way work is done and also changed the face of competition among organizations. The problem of job design stemmed from the fact that in today's competitive environment, organizations globally want to maximize the potential of their human resources to stay ahead of the aggressive competition in the middle of the quest [Nanle, 2015]. The problems of boredom and job dissatisfaction which consequently result in employee's low productivity, absenteeism and lateness, work stress, delay in administrative performance, psychological breakdown and eventually withdrawal of services are common decimal in most organizations. One possible reason for this development is that employees in these organizations view their jobs as dead ends and therefore have no pride in their jobs [Parker *et al.,* 2017]. To prevent losing such valuable workforce to competitors as a result of boredom and job dissatisfaction, Achieng *et al.* (2014) stated that job design and redesign could be an excellent means.

Job design and employee's attitude towards job design has become an issue of great concern in the recent years among many organization but it has been rarely

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studied in academic literature in developing countries and there is a lack of awareness about its effects and its antecedent. Therefore, this study was conducted to examine the impact of job design on employee performance. It also investigated the relationship between the components of job design and employee performance in Nigeria Bottling Company Plc, Benin City. It is to this end that this study raised the following research questions:

i. Is there any significant relationship between job rotation and employee performance in Nigerian Bottling Company Plc, Benin City?

ii. Is there any significant relationship between job enlargement and employee performance in Nigeria Bottling Company Plc, Benin City?

iii. Is there any significant relationship between job enrichment and employee performance in Nigeria Bottling Company Plc, Benin City?

Significance of the Study

This study was conducted to determine how employee performance could be improved through job design. Hence, this research work would stimulate the interest and awareness of the management of Nigerian Bottling Company Plc, Benin City of the need to apply components of job design as additional motivational tool to stimulate the performance of their employees. The study would also provide alternative motivational strategy to management of both private and public enterprises, mangers, and other who use human resources as an important input in their operational activities. Finally, the study will provide a building block and therefore serve as a strong reference point for future researchers, academia, and students of management and social sciences who may deem it fit to carry out further studies on the subject matter.

Literature Review

The Concept of Job Design

Before we proceed, it is important to define job. A typical definition of a job is "an aggregation of tasks assigned to a worker" [Parker *et al.,* 2017]. Bohlander and Snell (2007) also posited that a job consists of a group of related activities and duties. Ideally, the duties of a job should consist of natural units of work that are similar and related. They should be clear and distinct from those of other jobs to minimize misunderstanding and conflict among employees and to enable employees to recognize what is expected of them. From this perspective, job design refers to "the

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content and organization of tasks” [Parker *et al.*, 2017]. Similarly, Armstrong (2009) posited that job design specifies “the contents, methods, and relationships of jobs in order to satisfy work requirements for productivity, efficiency and quality, meet the personal needs of the job holder and thus increase levels of employee engagement”. Also, Parker (2014) defines work design as “the content and organization of one’s work tasks, activities, relationships, and responsibilities”, and Opatha (2002) considers job design to include “the functions of arranging tasks, duties and responsibilities into an organizational unit of work”. Al-Badarin and Al-Azzam (2017) added that job design leads to job satisfaction by increasing the level of responsibilities and giving the sense of freedom, autonomy and opportunity for employees to decide what and how the job is to be performed and accomplished.

Job design involves the planning of the job including its contents, the methods for performing the job, and how it relates to other jobs in the organization. Therefore job design and redesigns objective is to connect the needs of the individuals performing various job with the productivity needs of the organization. This supports the assertion of Achieng *et al*. (2014) who posits that an important aim of job design and redesign is to provide individuals with meaningful work that fits effectively into the flow of the organization. The goal of job design is simplifying, enriching, enlarging, or otherwise changing jobs to make the efforts of each employee fit together better with jobs performed by other employees. Similarly, Davis (2005) holds that job design and redesign is more likely to improve performance when the changes in job contents are sufficiently non-trivial to be perceptible to the workers, typically in terms of greater self-regulation, diversity, meaningfulness, challenge, and social responsibility; and when the changes in job contents are part of a more pervasive programme of improved working policies and practices, which include elements of adequate pay and job security, proper resources and working conditions, increased mutual influence by people at all levels, and constructive labour management relations.

Elements of Job Design

Job design has to be considered within the context of organization design, but it must also take into account the following elements.

(i) *Job content*: the actual content of the job should be designed to enable people to find their work meaningful. In addition, people need to have a sense of responsibility, and be able to see the link between the works they do and the end results of their work. Where possible, job content needs to allow people to use their current skills and develop new ones; see how their work contributes to a 'whole piece' of work; feel that the work they do matters and makes a difference, have a sense of autonomy; and receive regular and constructive feedback.

(2) *Job Context:* this includes factors such as ergonomic job design, work setting, technology, and flexible working options. When designing jobs, these contextual features all need to be taken into account; we know that a sense of autonomy arises in part when employees feel they have some choice and control over the context within which they work. Equally, in order to experience the 'safety' that Kahn (1990) notes to be so vital for engagement, employees need to feel their job is environmentally and ergonomically healthy.

(3) *Work Relationships:* studies have shown, and common sense tells us, that people are more likely to be engaged when they are in open, trusting and harmonious work settings. Jobs in the modern economy are more likely to be inter-dependent, and so, job design needs to consider not just only the job itself, but also the way the job holder is intended to interact with those around them [Kahn, 1990].

(4) *Line Manager:* the line manager has a vital role to play in bringing the individual's job design to life. Simply having a well-designed job will count for nothing with an unsupportive line manager who provides the feedback.

Taken together, these four elements need to be considered when determining how to design job optimally. The best solution will vary depending on context and job type. Therefore, from the foregoing it is crystal clear that job design is a combination of four basic considerations: (1) the organizational objectives the job was created to fulfil; (2) industrial engineering considerations, including ways to make the job technologically efficient; (3) ergonomic concerns, including worker's physical and mental capabilities; and (4) behavioural concerns that influence an employee's job satisfaction.

Job Design Perspectives

Job design or work design as it is identified by some scholars has a rich documented history dating back to the industrial revolution. Campion and Thayer (1987) identified four distinct job design models that draw from unique disciplines. This includes the mechanistic (i.e., scientific management and the industrial engineering approach focused on maximizing efficiency), motivational (i.e., the organizational psychology approach focused on maximizing job satisfaction and motivation), the biological model from ergonomics and medical sciences that focused

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on maximizing comfort and physical health, and the perceptual-motor model from experimental psychology and human factors that considers the attention and informational demands of the work. This interdisciplinary model highlights the discrete benefits and trade-off of each disciplinary-based approach, which can be particularly helpful when designing and redesigning job [Morgeson & Campion, 2003].

The study of work is an important contribution of the scientific management movement. Industrial engineering, which evolves with this movement, is concerned with analyzing work methods and establishing time standards. Specifically, it involves the study of work cycles to determine which, if any, elements can be modified, combined, rearranged, or eliminated to reduce the time needed to complete the cycle. Industrial engineering constitutes a disciplined and objective approach to job design. Unfortunately, the concern of industrial engineering for improving efficiency and simplifying work methods may cause the behavioural considerations in job design to be neglected. What may be improvements in job design and efficiency from an engineering standpoint can sometimes prove psychologically unsound. For instance, the assembly line with its simplified and repetitive tasks embodies sound principles of industrial engineering, but these tasks are often not psychologically rewarding for those who must perform them. Thus, to be effective, job design must also provide for the satisfaction of behavioural needs [Bohlander & Snell, 2007]. The impediment to the mechanistic approach is that employees are less satisfied and less motivated and this eventually translates into absenteeism, staff attrition, and health complaints and injuries related to physical wear, carelessness or repetition [Van de Ven & Ferry, 1980].

However, in 1950s, the human relations advocate recognized the absence of attention to human needs in the mechanistic approach to job design and advocated for an approach that addressed work motivation and organizational behaviour. The motivational perspective to job design takes into consideration social or people-interaction aspects as well as task variety, feedback, and achievement [Campion & Thayer, 1987]. Recognizing that employees have feelings, motives and needs, organizational psychology developed two main theoretical approaches to motivational designs; the socio-technical and job characteristics theories. Socio-technical theory is concerned with the interdependence of both the social and technical systems of organizations. Its assumption is that the incremental gains of doing more of what is already being done and doing it better are restricted [Tonges, 1998]. The heart of the theory lies in the suggestion that in job designs, there should be a fit between design features of the organization and as of equal significance, a fit between the organization

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and its environment [Lawler, 1996]. The socio-technical theory basically presented a shift in how work and organizations are to be designed [Trist, 1981]. In the outline of the theory, self-managed teams are actually the core building blocks of organization designs [Trist, 1981; Macy & Izumi, 1993; Lawler, 1996; Siruri & Muathe, 2004; Parker *et al.*, 2017]. Job design needs to include both how the work is designed and how the workers are organized. Socio-technical theory has, in particular, encouraged the innovation of autonomous work groups [Holman *et al.*, 2002].

The second main theoretical approach is job characteristics and this has been strongly influenced by the work of Hackman and Oldham (1975) and the job characteristics model. They advocated that well-designed jobs lead to high motivation, high-quality performance, high satisfaction, and low absenteeism and staff turnover. These outcomes occur when employees experience three critical psychological states (noted in the middle column of the figure below):

i. They believe they are doing something meaningful because their work is important to other people.

ii. They feel personally responsible for how the work turns out.

iii. They learn how well they perform their jobs.

Addition, they proposed that five core job dimensions are instrumental in producing these psychological states. The five core job dimensions include task variety, task identity, task significance, autonomy, and feedback. Task variety is related to the fact that completing repetitive tasks offers no challenges to employees and can cause them to lose interest and become dissatisfied. Task identity suggests that employees are more satisfied when they have an opportunity to complete a whole and identifiable piece of work. Task significance suggests that workers need to feel responsible for their work and understand the importance of their work and how it positively impacts on the lives of others. Autonomy is the individual's independence and discretion in making decisions. Finally, feedback suggests that everyone needs information about their job performance. These five core job dimensions affect the outcome of work by influencing three psychological states (experienced meaningfulness, responsibility, and knowledge of actual results). Once these three psychological states are activated, supposedly work motivation, job satisfaction and job performance should improve. It is further suggested that these outcomes would be more important for workers with high growth needs.

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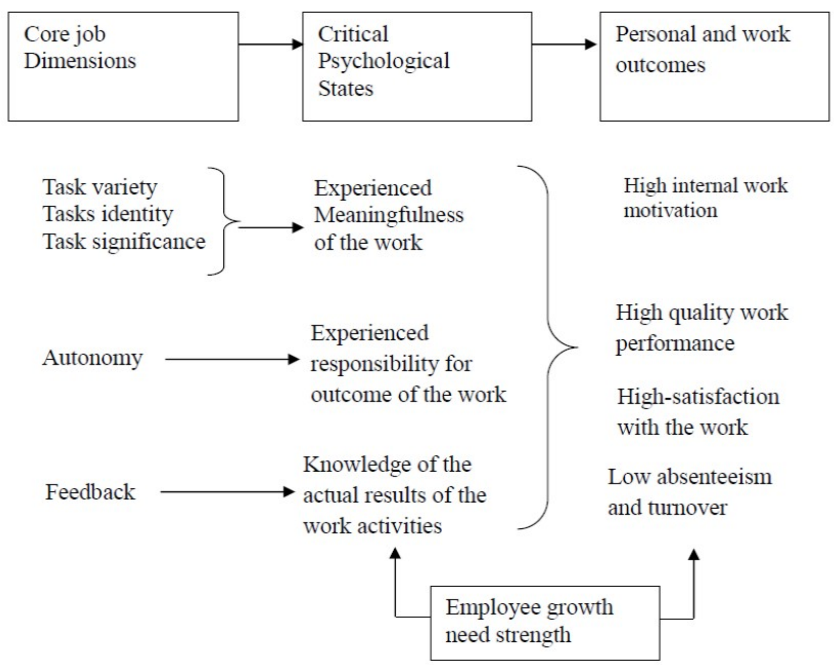

Fig. 1. Task Characteristics and Work Motivation
Source: *A New Strategy for Job Enrichment* by Hackman and Oldham (1976)

The goal of this model is to design job so that it will be personally satisfying and intrinsically rewarding. This model along with the job design survey has guided a significant number of job design studies [Hackman & Oldham, 1980]. The job characteristics model appears to work best when certain conditions are met. One of these conditions is that employees must have the psychological desire for the autonomy, variety, responsibility, and challenge of enriched jobs. When this personal characteristic is absent, employees may resist the job design and redesign effort. In addition, job design or redesign efforts almost always fail when workers lack the physical or mental skills, abilities, or education needed to perform the job. Forcing enriched jobs on individuals lacking these traits can result in frustrated employees [Bohlander & Snell, 2007].

In attempts to accommodate the human capabilities and limitations of those who are to perform a job, a biological perspective to job design was developed. The approach is concerned with adapting the entire job system – the work itself, the work environment, the machine and equipment, and the processes to match human characteristics. In short, it seeks to fit the job to the person rather than the person to the job. Its main premise was to minimize the harmful effects of carelessness, negligence, and other human fallibilities that otherwise may cause product defects, damage to equipment, or even the injury or death of employees [Bohlander & Snell, 2007]. The advantages of jobs exhibiting a biological approach include less physical fatigue, fewer health complaints, fewer inquires, lower absenteeism and possibly increased job satisfaction because they are physical less strenuous [Avhieng *et al.,* 2014]. The biologic approach improves productivity and morale and yields positive return on investment. It is a broad approach to improving human performance. Unfortunately, more workplace inquires occur yearly resulting from motions such as lifting, bending, and typing.

Two additional contemporary perspectives deserve mention. They are relational approach and learning and development approach to job design. Grant (2007) developed the idea of 'relational job design', which focuses on "the relational architecture of jobs that increases the motivation to make prosaically difference by connecting employees to the impact they are having on the beneficiaries of the work. Empirical research has supported and extended this conceptual model [e.g., Grant, 2008; Grant & Parker, 2009; Johns, 2010; Parket *et al.*, 2013; Parker *et al.*, 2017]. This important research clearly recognizes that job exists in a social context that can have a fundamental affect on employees. Also, Parker (2014) has advanced a learning and development approach to job design. This approach draws from a diverse body of research showing that jobs with certain characteristics, such as high demands and control [Karasek & Theorell, 1990], autonomy and complex work with low supervision [Kohn & Schooler, 1982], can promote employee's learning and development. The learning and development perspective recognizes that job design promotes morale, cognitive, and personality development. Li *et al.* (2014) showed that job demands and control predict the development of a more proactive personality, which in turn has lagged beneficial effects on job characteristics. The focus on learning and development as a result of job design dovetails with advances in the careers' field [Parker *et al.*, 2017]. Likewise, coming from a career perspective, Hall and Heras (2010) advocated "the need to design smart jobs that contribute to and self-identify of the employee".

Commenting on the importance of job design in contemporary management literature, Parker *et al.* (2017) affirm that the topic of job design is thus often central to business and organizational discussion, and yet is not clearly referred to using the language more commonly used by academics. Job design is perhaps so ubiquitous in its breadth of application that the impact of the topic is somewhat unnoticed. Our analysis shows that references to scientific management peaked around 1918 and then decline, whereas core job design terms such as work design, job characteristics, job demands/control, socio-technical, role conflict and other role demands all peaked in the early 1980s with a decline thereafter. However, in contrast to these traditional terms, there is a dramatic increase in the use of terms associated with teamwork as well as clear increase in the use of newer terms such as empowerment, demands, time pressure, emotional demands, cognitive demands, and electronic monitoring, thus showing the continued contemporary relevance of job design issues. Therefore, job design is important in contemporary business management for developing talent through job rotation, boosting innovation, and enabling outcomes like virtuality and sustainability.

Approaches to Job Design

Especially in organizations that depend on highly motivated knowledge employees, keeping talented employees may require letting them design their own jobs so that their work is more interesting than it would be elsewhere. Some approaches to construct an effective job design to increase intrinsic rewards and therefore motivation are job rotation, job enlargement and job enrichment, which can be used to engage, encourage and involve employees in their work.

Job Rotation

This is "the movement of employees from one task to another to reduce monotony by increasing variety" [Armstrong, 2009]. Similarly, Dessler and Varkkey (2009) defined job rotation as a systematic shifting of employees from one job to another and, in most cases, over prearranged intervals. It essentially involves rotating employees from one routine task to another to alleviate boredom. An essential aspect of job rotation is in its innate ability to promote organizational learning. Ortega (2001) argues that job rotation can promote organization learning better than work specialization in circumstances where there is little information about the relative importance of different job tasks. With the benefits that accrue from organizational

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learning, it means that job rotation is an inevitable aspect of job design. However, Cosgel and Miceli (1999) argued that job rotation should only be applied when the incremental benefits of its application outweigh the benefits of work specialization. This means that it is absolutely essential to carry out a cost benefit analysis before using this kind of job design and it should only be applied where it is rational to do so.

Job Enlargement

This is the process of giving employees additional tasks at the same time to mitigate boredom [Bateman & Snell, 2011]. Similarly, Dessler (2005) views job enlargement as an activity that entails assigning employees' additional same level activities, thus increasing the number of activities they perform. This means that job enlargement increases the scope of work laterally without necessarily increasing job tasks in a horizontal manner [Siruri & Muathe, 2014]. The significance of job enlargement lies basically in the role it plays in fulfilling lower needs of Abraham Maslow's hierarchy of needs theory, thus is an essential determinant of job satisfaction [Chyng & Ross, 1977]. This argument, however, indicates that job enlargement plays a critical role in meeting an employee's basic and psychological needs in Maslow's continuum of the needs hierarchy given such an employee the vigour to enjoy his/her work and thus enhance workplace productivity. However, job enlargement has historically been criticized as decreasing social interactions and increasing workload, thereby decreasing job satisfaction and commitment of employees [Donaldson, 1975]. Essentially, this arises from the fact that job enlargement increases the volume of work, thereby reducing the socializing time, ultimately leading to lowered job satisfaction and employee commitment.

Job Enrichment

This is a process of changing a task to make it inherently more rewarding, motivating, and satisfying [Bateman & Snell, 2011]. Basically, job enrichment entails giving employee's greater autonomy and control thereby influencing employee's affective and motivational systems by chiefly providing multiple paths to job goals [Griffin *et al.*, 2001]. Originally popularized by Frederick Herzberg, job enrichment is touted as fulfilling the high motivational needs of employees, such as self-fulfilment and self-esteem, while achieving long-term job satisfaction and performance goals. He further discusses five factors for enriching jobs and thereby motivating employees: achievement, recognition, growth, responsibility, and performance of the whole job versus only parts of the job [Herzberg, 1968]. These factors allow employees to assume a greater role in the decision-making process and become more involved in planning, organizing directing, and controlling their own work. Where jobs have been enriched, employee satisfaction tends to increase with a decrease in labour turnover and absenteeism [Saavedra & Kwun, 2000]. However, in spite of the benefits to be achieved through job enrichment, it must not be considered a panacea for overcoming production problems and employee discontent. Kelly (2982), Pollert (1991) and Bohlander and Snell (2007) argue that job enrichment can lead to demotivated employees as a result of employees disliking job enrichment as a form of workplace intervention. In the same vein, other scholars argues that enrichment techniques like total quality management, self-management teams and quality cycles encourage peer surveillance which can lead to lower job satisfaction [Delbridge *et al.*, 1992; Garrahan & Stewart, 1992; Sewell & Wilkinson, 1992; Siruri & Muathe, 2014]. This argument implies that it is fundamental to understand what motivates employees before undertaking job enrichment since without such knowledge job enrichment interventions can be counterproductive.

Employee Performance

The issue of performance in organization is broad and has been subject of discourse among social scientists from a wide range of disciplines as it is being used synonymously with productivity, efficiency, effectiveness and more recently competitiveness [Cooke, 2000]. Azreen (2011) affirms that performance is a function of capacity (ability, health, intelligence, etc.), willingness (motivation, job satisfaction, status, etc.), and opportunity to perform (tools, equipment, working conditions, co-workers and leader behaviour, etc.). Essentially, performance is related to the extent to which an employee or organization is able to accomplish assigned tasks and how the accomplished tasks contribute to the realization of the organizational goals [Okolie & Omole, 2017].

The term employee performance is interchangeably used as job performance, employee productivity, and employee efficiency and employee effectiveness. Gitman and McDaniel (2005) defined employee performance as employee's contribution to the organization, arising from the job objectives, schedules, deadlines, product/ service requirements. Employee performance can also be seen as behaviour exhibited or something done by employee. Daft (2008) sees employee performance as employee output of goods/services divided by the employee input. According to Ikyanyon and Ucho (2014), employee performance refers to the behaviour individuals engage themselves in or produce that are in line and contribute to an organization's goal. Therefore, employee performance is more of actions rather than feelings derive from job and thus encompasses the efficiency and effectiveness that employee demonstrate in carrying out task in the workplace. Review of extant literature has shown that high performing organizations are more likely to survive and compete favourably in this ever changing and competitive business environment [Saari & Judge, 2004]. They are more likely to have higher customer satisfaction and market share [Daft, 2008]. However, in achieving this, the organization needs not only highly motivated but also satisfied and psychologically balanced employees to increase performance and productivity in the organization.

Therefore, organizations that create work environments that attract, motivate and retain hardworking employees will be better positioned to succeed in a competitive national and international business environment that demands quality and cost-efficiency because the success of any business depends on employees' performance. One of the most effective ways to increase business performance and profit is to increase the performance of employees, from the lowest levels of the organization to senior management [Ivancevich, 1998]. In addition, Al-Ahmadi (2009) adds that performance improvement is not only a result of well functioning system but also depends on effective human resource strategies that succeed in recruiting and maintaining a committed and motivated workforce.

Job Design and Employee Performance

The various psychological works on employee motivation contain many claims that changes in job design can be expected to produce better employee job performance and job satisfaction [Lawler, 1969]. Also, attention has been drawn to the theory that the redesign of work or job as a strategy for organizational change is expected to enhance employee's motivation and performance [Onimole, 2015]. However, modern behavioural scientists like Argris, Maslow, McGregor, Likert, Herzberg, Hackman and Oldham, Cummings and Worley, Morgeson and Campion, Trist and Bamforth, Griffin, Bohlander & Snell believe that work should be challenging, complex, varied and meaningful so that the higher order needs of employees are satisfied. In the view of Garg and Rastogi (2006), well designed jobs can have a positive impact on both employee satisfaction and quality of performance.

The perceived work demands, job control and social support through job design leads to high productivity [Love & Edwards, 2005 as cited in Garg & Rastogi, 2006]. Similarly, Campion, Mumford, Morgeson and Nahrgang (2005) posit that status of work or job has a substantial impact on an employee's performance and attitude. Hence, there is a strong relationship between job design and employee performance. Outcomes of an effectively designed job according to the desires or psychological perception of the employee are involvement and satisfaction which ultimately lead to performance maximization and goals achievement [Kahn, 1992]. Three approaches can be used to achieve an employee's motivation and satisfaction. These include job rotation, job enlargement and job enrichment.

Job Rotation and Employee Performance

Job rotation gives the employees the opportunity to develop skills in a variety of changing jobs. In job rotation, employees are given the opportunity to make lateral moves majority of the time, but job rotation can also involve a promotion. Essentially, job rotation is a method used for employee development. This means that when properly designed and executed, job rotation can result in improvement of capacity of employees and hence resulting in enhanced task performance and productivity [Siruri & Muathe, 2014]. According to Ostroff and Kozlowski (1992), job rotation facilitates information sharing and socialization and these result in a more knowledge employee base and the resultant effect is that employees undertake their tasks much better, hence enhancing workplace productivity for the employees individually and collectively. In addition, Zeira (1974) argued that job rotation is an important technique of augmenting employee's task commitment and job involvement and as such plays an important role in facilitating normal functioning of organizations, thereby helping to drive efficiency and effectiveness, which ultimately leads to enhanced workplace productivity. Therefore, job rotation gives employees a broad knowledge of the business that enhances their value to the organization and at the same time it opens up opportunities for their career development.

Job Enlargement and Employee Performance

Job enlargement generally involves only the horizontal extension of the job, that is, more of the same thing merely makes a job structurally bigger [Cole, 2002]. Pierce (1980) argued that job enlargement is a variant of the motivational perspective of designing jobs. The implication of this is that it is very difficult to view a job enlargement intervention as independent of an employee's motivation. That is, if such interventions are not employee centric, then they would defeat the very purpose of their execution, as low employee motivation would serve to defeat the benefits of such job enlargement interventions. According to Bateman and Snell (2011), job enlargement leads to higher job satisfaction, better error detection and improved customer service. Achieng *et al.* (2014) affirms that job enlargement is primarily concerned in improving employee performance. However, Lowe (2003) argued that job enlargement can serve to increase role uncertainty and hence lead to role conflict. This thus calls for a careful implementation of job enlargement interventions for, if not carefully done, the resultant effects can be disaster.

Job Enrichment and Employee Performance

One of the ways of tackling the issue of employee performance and satisfaction is to enhance the motivating factors in job [Cole, 2002]. The term 'job enrichment' was coined by Herzberg (1968) to denote the vertical enlargement of a job by adding responsibility and opportunity for personal growth. Essentially, job enrichment is requisite to enhancing employees' efficiencies, innovations, capability, reasoning faculty, and competence [Lynton & Paareek, 2000] which will improve organizational performance [Davoudi, 2013] and as well help in gaining competitive edge [Armstrong, 2010]. In addition, Cherati, Mahdavi and Rezaeian (2013) posits that the level of job enrichment goes a long way in determining how effective and committed an employee will contribute to organizational goals and objectives. Therefore, organizations who seeks for greater performance and distinctive advantage must give better chances for employees' freedom, autonomy, control, skill varieties, and responsibility [Davoudi, 2013] which constantly helps to reduce rigidity, managerial monotony, lack of creativity and employees' dissatisfaction [Salau *et al.*, 2014]. Employees' autonomy and control has often been as a strategic driving force to facilitate peaceful co-existence, affection, recognition, friendliness, freedom, etc., that are crucial for efficient performance capable of enhancing organizational effectiveness [Lawal, 2005]. Al-Nsour (2012) examined the inevitable role of job enrichment played on employee and organizational performance. Part of the roles are internal work motivation, greater commitment, employees retention, job satisfaction, distinctive and competitive advantage, improving workplace opportunities which have significant and important effects on corporate success.

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Theoretical Framework

Studies on job design have largely been based on Herzberg's Factor Theory and Hackman and Oldham's job characteristics model. However, given that the study seeks to take organization as system characterized by interdependencies of variable, the study will be anchored on the tenets of the Expectancy Theory. In a nutshell, expectancy theory states that if an employee can see links between his/her efforts and performance, and between performance and rewards, and if those rewards are personally valuable to him or her then he or she will be motivated to put in the required effort [Cole, 2002]. The relevance of this theory to job design is considered by Lawler (1969) as follows: "…if changes in job design are going to affect an individual's motivation they must either change the value of the outcomes that are seen to depend on effort, or positively affect the individual's belief about the probability that certain outcomes are dependent upon effort. The argument is that job design changes can have a positive effect on motivation because they can change an individual's beliefs about the probability that certain rewards will result from putting forth high level of effort".

Lawler, in fact, uses Maslow's list of needs to illustrate the application of theory to job design. He considers extrinsic rewards as mostly satisfying lower level needs, while intrinsic rewards seem to satisfy higher level needs. The key rewards, or motivators, according to Lawler, are the intrinsic rewards; since they are derive from the job itself. In terms of job design factors, Lawler favours the follow:

i. The job should allow for meaningful feedback.

ii. The job should test the individual's value abilities.

iii. The job should permit a great amount of self-control.

These ideas have been taken a stage further by Hackman (1977), who suggests that meaningfulness, responsibility, and knowledge of results do contribute to increased motivation and performance at work.

Research Hypotheses

The following null hypotheses were formulated to guide the researchers in finding answers to the research questions:

i. H_1: There is no significant relationship between job rotation and employee performance in Nigerian Bottling Company Plc, Benin City.

ii. H_2: There is no significant relationship between job enlargement and employee performance in Nigerian Bottling Company Plc, Benin City.

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iii. H_3: There is no significant relationship job enrichment and employee performance in Nigerian Bottling Company Plc, Benin City.

Conceptual Model

This study focused on the relationship between job design (job rotation, job enlargement and job enrichment) and employee performance in Nigerian Bottling Company Plc, Benin City. After the review of extant literature, we have analysed that job design has a strong effect on the performance of the employee. However, as obtained in the literature reviewed above, we proposed the following model depicted in fig. 2. The model shows that job rotation, job enlargement and job enrichment are independent variables, while employee performance is the dependent variable.

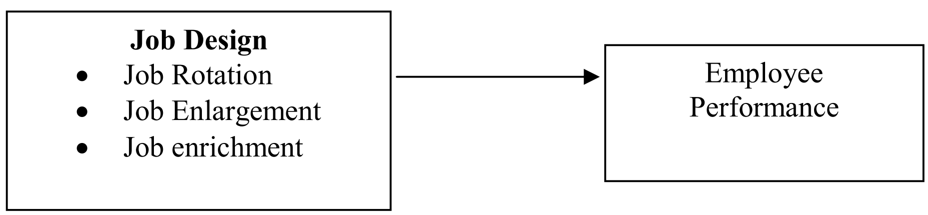

Fig. 2. Conceptual Framework of the Study
Source: Author's construction

Methodology

This study examined the relationship between job design and employee performance in Nigerian Bottling Company Plc, Benin City. The descriptive research approach was adopted. Research survey method through the use of structured questionnaire designed to elicit needed information from the respondents was adopted. The survey sample size was 309 and out of which 237 questionnaire were duly filled and returned representing 76.7% response rate. The responses obtained were subjected to analysis with the use of Statistical Package for Social Science (SPSS) and adoption of Pearson correlation and Regression Analysis method.

Data Analysis and Discussion of Findings

Table 1 below shows the nature of the relationship that existed between job design practices (job rotation, job enlargement and job enrichment) and employee performance.

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Table 1. Correlation Coefficient Matrix

Variables		Job rotation	Job Enlargement	Job Enrichment	Employee Performance
Job rotation	Pearson correlation Sig. (2-tailed) N	**1** **237**			
Job enlargement	Pearson correlation Sig. (2-tailed) N	0.232** 0.093 237	1 237		
Job enrichment	Pearson correlation Sig. (2-tailed) N	0.217** 0.000 237	0.453** 0.004 237	1 237	
Employee performance	Pearson correlation Sig. (2-tailed) N	0.209** 0.000 237	0.602 0.511 237	0.529** 0.000 237	1 237

** Correlation is significant at the 0.01 level (2-tailed). The above table clearly shows that there is a positive and significant relationship between job design practices and employee performance. The results in Table 1 revealed that job rotation (r-value = 0.209 and p-value = 0.000), job enrichment (r-value = 0.529 and p-value = 0.000) are significantly related to employee performance but the significance of its relationship with job enlargement (r-value = 0.602 and p-value = 0.511) could not be established.

Table 2. Multiple Regression Analysis between Job Design and Employee Performance

Dependent variable	Independent variables	Std. Beta (β)	Results
Employee performance	Job Rotation Job Enlargement Job Enrichment	0.041 0.023 0.587**	Rejected Rejected Accepted
	R^2 * 746 Adjusted R^2 * 406 Sig. F 46.275**		

Note: The level of significance: * p<0.05

The multiple regression table (Table 2) above shows that job design significantly influences employee performance (Sig. F = 46.275, $p < 0.05$). Further evidenced is the fact that the percentage of variance in employee performance explained by job design is 40.6%, which showed the extent of the effect of job design on employee performance. Table 2 further shows that only job enrichment has strong impact on employee performance due to the beta value (β) of 0.587 and a significant value of

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0.000, which is less than 0.05. Therefore, hypotheses H_1 and H_2 are rejected and only H_3 is accepted.

Conclusion and Recommendations

The objective of the study was achieved as it revealed that there are positive correlation between job rotation, job enlargement and job enrichment and employee performance. The findings have established that the relationship between job rotation together with job enlargement and employee performance is positive but very weak. In fact, there is no significant effect. So this clearly shows that only job enrichment has significant effect on employee performance in Nigeria Bottling Company Plc, Benin City. As the review of the literature revealed, research has established that job rotation should only be applied when the incremental benefits of its applications outweigh the benefits of work specialization [Cosgel & Miceli, 1999]. This means that it is necessary to carry out a cost benefit analysis before this kind of job design and it should only be applied where it is rational to do so. Also, job enlargement has historically been criticized as decreasing social interactions and increasing workload, thereby decreasing job satisfaction and commitment of employees [Donaldson, 1975]. In essence, we propose job enrichment as a powerful vehicle for mitigating potential negative effects (and enhancing potential positive effects) of technological and social change, as well as for enabling these changes to be more effective. As a suggestion for a future study, the researchers can look at the factors that exist in job rotation and job enlargement that reduce the percentage of influence on employees' performance. Although according to previous researchers, job rotation and job enlargement can reduce stress and motivate employees [Ali, 2013], on the whole this is not a suitable practice in the production sector especially within the population of this study. Based on the findings of this study, it is recommended that:

i. Human resource manager of the Nigeria Bottling Company Plc, Benin City and HR managers of other organization alike should study the psychology of employees before designing jobs, task or assignment for them, because an effective job design should be according to the psychological perception of an employee – not all the employees can be motivated and satisfied by a specific job design.

ii. Employees should be interviewed at the time of recruitment in order to hire the desired employees whose psychology fits the existing job design. This is because, if the nature of jobs, tasks, and assignments matches with the psychology of employee, the employee tends to be more effective, productive, and helpful in achieving his/her personal goals and organization goals.

iii. Employees should be involved in the process of designing their job characteristics that suits their psychological perceptions.

iv. Human resource managers should take account of individual differences, attributes and people orientation to work by reviewing and redesigning job at regular intervals. This is because an effective job design should be aligned to the employee's goals as well as organizational outcomes.

v. Existing job design of valued employees also should be analysed to provide them with better work arrangement to enhance their efficiency and retention within the organization.

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LEADERSHIP AND MANAGEMENT AND ITS ROLE IN STRATEGIC CHANGE

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Abstract

Leadership and management, as two important processes in organizations, have a significant impact on all interactions and other processes that occur within an organization. The process of strategic change, important for the survival of organizations in turbulent times, is also conditioned by the roles of managers and leaders and their coordination of resources, vision, and the like.

The aim of the paper is to demonstrate the influence of managers and leaders on strategic change (strategy implementation), through secondary and primary research.

Keywords: *leadership; management; strategic change.*

JEL Classification: M20, M21

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Introduction

Managers manage the organization's resources, including human resources, and through that coordination, perform various functions or tasks. The purpose of management lies primarily in the exercise of its functions, i.e. planning, organizing, leading and controlling. The planning defines the goals and selects the strategies that will help them to be achieved and the plans based on them. Within the organization, the determination of the specific tasks to be performed, the entities that will perform the tasks, and then the appropriate integration of these tasks into groups and their consolidation are carried out. Within the function of organizing, also define the relations between the subordinate and the superior, the way of decision making in terms of their centralization or decentralization.

A leader is the person charged with encouraging the organization to succeed, which is conditioned by making effective decisions and formulating strategies well and implementing them. If the strategy is not well implemented it becomes irrelevant. Leaders, therefore, must provide information about expected performance and how they will be delivered and must provide vision and show the way.

The paper shows the link between leadership and management and the impact of these two processes on strategic change.

The general goal of the research study is connected with the presentation of an organized selection of data, their aggregation and analysis so as to determine the cognizance important for research studies. The goal of the research is to show the existence of the determined parameters important for proving or refuting the set hypotheses.

The scientific goal targeted within the framework of the scientific paper relates to ensuring relevant indicators obtained by using scientific methods within the secondary and primary research studies, and also making the scientific community familiar with the same. The results obtained within the framework of the secondary research study and later the interview, i.e. a survey research as the primary one, will serve to further analyze the issues of leadership and followership, and their influence on strategic management. The conclusions drawn can serve scientific researchers as an input for their further research studies.

Literature Review

Inside the concept of leadership as a process, leaders and followers have a certain exchange and relation that are the subject matter of different leadership theories, actually all those that consider leadership to be a process. The process mandatorily includes the leader, the follower, and the relationship they have established with and between one another.

Management is a process related to management with the help of which defined goals are achieved by applying different instruments. [Stefanović, V. *et al.*, 2017] Robbins and Coulter consider that **management** implies a coordination of the activities related to the job in a way in which they would be carried out efficiently and effectively with the help of and with people as well. Within the framework of this definition, **efficiency** implies obtaining a maximum output with the minimum use of the resources, which constitutes the basic assumptions of economics, whereas effectiveness is related to doing the right things, i.e. conducting of the job-related activities with the help of which the organization will achieve its goals. [Robbins, S., & Coulter, M., 2005]

Management processes are implemented inside the organization and they are inseparably liaised with it. Đuričin, Janošević and Kaličanin find that the organization is a consequence of management. [Đuričin, D. *et al.*, 2016] **Organization** is a process restricted by a structure, within the framework of which individuals bring the goals set to reality through interactions. The structural connecting of power, actions, relations, goals and other segments are in question. [Weber, 1947] It is about a set of at least two or several persons engaged in a joint coordinated work so that they could achieve the goal. [Petrović, M. *et al.*, 2014]

The management process has its four functions – **planning, organizing, leading, and control**. There is a belief that, independently of their position, level, and organizational settings, managers are responsible for each of the above functions. [Mahoney, T. *et al.*, 1965]

Planning is a process of setting the goals of performances and the determination of the actions needed for the achievement of the goals. When managers are making plans, they are in fact setting goals and choosing the way in which they will achieve them. Even the best of plans are doomed to fail if they are not implemented well, for which **organizing** as a process of the delegation of tasks, resource allocation, and the coordination of individuals' and groups' activities is very important. When managers are conducting the process of organizing, they blend people and resources together so as to achieve plans. As a function of management, **leadership** is a process within the framework of which enthusiasm is provoked in employees to work hard and their efforts are inspired with the purpose of fulfilling the plans and achieving the goals.

Control, i.e. controlling, is a process of measuring work performances, i.e. a comparison of the results of the goals and undertaking corrective actions as and when needed. [Schermerhorn, J., 2013]

The evaluation of the **strategy** is of vital significance for the wellbeing of the enterprise since timely control can warn the management about the existent problem(s) or potential threats before the situation has become critical. The strategy evaluation process, i.e. the strategy control(ling) process includes three basic activities: [David, 2016]

- the examination of the basic strategy of the enterprise;
- the comparison of the expected results with the actual results;
- undertaking corrective measures in order to ensure that the performances are in compliance with the plans.

The identification of the current mission, goals and strategies branches into the external analysis of opportunities and threats, as well as into the internal analysis of strengths and weaknesses, while both serve to formulate a strategy, implement the strategy, and ultimately carry out an evaluation of the results. [Robbins, S., & Coulter, M., 2005]

An enterprise may use **different strategies.** Certain enterprises choose differentiation strategies based on a superior quality which is in correlation with the achievement of the minimum sustainable performances and the competitiveness of the enterprise. With respect to differentiation, Porter's attitude implies that in order for enterprises to be different from competitive ones they must be characterized by uniqueness with respect to certain performances important to users other than a low price. An enterprise can be different if it offers a better quality of its products or services. In this way, competitive advantage is ensured in case the price of this differentiation is higher than the costs it incurs.

Strategic changes (strategy implementation): By describing change, Robbins presents the organization as a large ship sailing across a quiet sea, on which everybody knows their direction since they are experienced. An occasional tempest arrives, symbolizing a change in the ordinary course. Then, within the framework of another metaphor, the organization is a small raft floating down the river that has gone wild and has rapids. The crew consists of six members who have met each other for the first time, the river is unknown to them, they do not know where they are going to, travelling at night. In the first metaphor, the change that occurred is

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something that the organization expects and something it can manage, which is not the case in the second metaphor. [Robbins, S., & Coulter, M., 2012]

Leading is performed in a specific situation and in an environment which the organization exists and operates in, whereas leadership itself is inseparable from power and authority, and represents their specific form which influences other people.

The contemporary concept of leadership discusses the concepts of transformational-transactional leadership, then charismatic visionary leadership, as well as the team leadership concept. Within the concept of transformational-transactional leadership, transactional are those who implement the motivation of their associates, explaining the nature of the job and work tasks, whereas transformational are those who direct followers through the process of inspiring towards personal interests in the direction of a general organizational affirmation, simultaneously leaving a significant trace in their associates. [Robbins, S., & Coulter, M., 2012].

Power is the capability of individuals or groups to persuade, inspire or force others to follow certain directions of action. There are many different sources of power. On the one hand, there are the powers that people or groups have based on their respective position(s) inside an organization, due to the resources or knowledge they control, or through formal arrangements of corporate management. [Johnson, G. *et al.*, 2008]

The leader is also obliged to ensure the development of the employees and a concept of continual learning.

Strategic change involves several dimensions, according to Milosavljevic. The first dimension is strategy implementation and the second is control. [Milosavljević, 2012].

Methodology

Of the scientific methods that will be used for the purpose of the research, the following ones will be used: the induction method, the deduction method, the description method, the synthesis method, the historical method, the method of comparison, as well as content analysis. Surveying the respondents is planned for the primary research (**Survey Research**) via electronically forwarded questionnaire to the leaders and the employees (followers). This kind of surveying is considered as acceptable for obtaining respondents' reliable attitudes because of the preservation of anonymity.

A determination like this indicates the attitude that not only leaders are those who have to respond to challenges from the environment – followers are also important in

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this process. The concept of joint leadership lowers the responsibility hierarchically downwards, i.e. it shares responsibility for the success of the organization, which makes it more flexible. In this manner, members are encouraged to assume the role of the leader, i.e. they are invited to take initiative in interactions, which increases the probability of positive outcomes.

The IBM SPSS software will be used to process the results of the survey research, namely for organizing, documenting, and processing data in the field of social sciences. The key criteria for measuring the elements that determine the role of the leader in the shaping of strategies is the personal attitudes of the respondents, which will be processed by applying descriptive statistics, the comparative method and correlation analysis, whereas the theoretical sources will be analyzed by the content analysis method.

The first part of the questionnaires should ensure that the basic personal data of the respondents (their respective sex, years of age, professional qualifications, business position) are collected, whereas in the second part of the questionnaire, the respondents are requested to express their attitudes based on the close-ended questions posed, while at the same time they are offered an answer according to a modified Likert Scale from 1 'I absolutely disagree' to 5 'I absolutely agree'.

This group of questions, for both leaders and followers, examined the views of respondents (followers) regarding the role of leaders in the organization. Five connotations related to strategic management and the role of leaders at each stage (strategy planning, strategy formulation, strategy implementation and strategic control) were outlined. A special payday is dedicated to a group of issues related to strategic change or strategic implementation.

Results and Discussion

Survey questioners were electronically sent to leaders as well followers during May and June 2019, making two sub-samples (leaders and followers). Characteristic of the leader sample regarding the sex shows 50.9% of the persons are male and 49.1% are female; then employed in the private sector mostly 46.3%, within the age group 26-35 years old, mostly with university or college degree 44.4%.; 53.7% of the respondents are employed in a service company, mostly (59.3%) employed in a private company. Characteristic of the follower sample regarding the sex shows 41.4% of the persons are male sex and 58.9% are female; then employed in percent of 46.7 in the field of Public Administration within the age group 26-35 years old

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(60.7%), mostly with university degree 33.3%; 35.1% of the respondents are employed in a service company, mostly (65.5%) employed in state-owned company. A total of 276 respondents participated in the survey research.

The results obtained indicate the following statements (hypotheses): Effective leaders are tasked with selecting and implementing a strategy by developing a strategic vision and mission, defining strategic goals, and conducting post-implementation monitoring and evaluation. (h1); Managers and leaders must create the condition for developing and implementing a strategy that must ensure the survival and development of the organization. (h2)

Conclusions

In the organization, the role of the leader is to provide a vision and strategic thinking framework. Also, the leader in the organization must think strategically and plan and direct operational events by adapting the organization to the environment. The leader is also committed to ensuring employee development and the concept of continuous learning. Also, the leader must direct followers to perform activities effectively and to achieve organizational goals. Effective leaders are tasked with selecting and implementing a strategy by developing a strategic vision and mission, defining strategic goals, and conducting post-implementation monitoring and evaluation. Also, regarding to results of survey research conducted in Serbia in 2019 in which total of 276 respondents participated. Managers and leaders must create the condition for developing and implementing a strategy that must ensure the survival and development of the organization.

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BACHELOR, MASTERAL, DOCTORAL AND POST-DOCTORAL STUDENTS' PAPERS

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RETHINKING PERSUASION IN RELIGIOUS SYMBOLIC COMMUNICATION: A MARKETING POINT OF VIEW

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Abstract

The marketing dynamics of the study and praxis of persuasion present different interweavings with the time frame chosen. Even so, we consider that the only one offering a stable reference background is religious communication, because even if interpretations may differ, the basic principles of association towards individual apprehension and comprehension remain the same. It is the author intention to try to map out possible connections between persuasion, as a symbolic process, and religious symbolic communication, by assuming that, in a Biblical sense, communication is intrinsic to the act of being of all humanity.

Keywords: *symbol; significance; language; persuasion; symbolic processing.*

JEL Classification: M31, Z13

Introduction

The authentic religious communication has as a main characteristic the fact that tends to be ineffable. From this respect, the religious discourse needs a proper "translation" from apart specialists into a more effable form. [Turner, 2008]

Religious cues have an important role within marketing communications across different cultural backgrounds. Drawing on symbolic interactionism theory, researchers have found symbols that possess symbolic value with religious people influencing their buying behaviour and perception upon products image. [Bakar, Lee & Rungie, 2013]

Also, other research suggest that the Christian cross can be only a peripheral cue but as well as a central part of the persuasive message used in health advertisements. [Lumpkins, 2010] Thus the religious symbolic communication has a strong connection with the persuasion process that can affect attitudes, beliefs and values of individuals. The academic literature has developed over time numerous major concepts such as Elaboration Likelihood Model, the Extended Parallel Process Model, and Cognitive Dissonance Theory that can be applied for a diversity of fields in order to explain and analyze the process of persuasion and the mechanism that entails transformation of attitudes and beliefs. [Perloff, 2010]

The present article will explore the complex meaning of persuasion process seen as a symbolic process and the connections that can be made with symbolic religious communication. As we have stated above, marketing communication discourse will use different persuasion techniques in order to achieve marketing specific goals for organizations.

From a marketing perspective, the symbolism of different religious images is integrated into the marketing communication appealing to a deep cultural and spiritual layer of individuals' personality. [Gârdan & Geangu, 2013]

Thus, there is the need for an inter-disciplinary approach in order to explain the subtle link that can be established between inner values and beliefs on one hand and religious symbolism that can be used for persuasion on the other hand.

Literature Review Concerning Persuasion and Symbolic Religious Communication

The study and praxis of persuasion are not new, since they can be traced even in the Old Testament, when Jeremiah tried to persuade his people to repent in front of the Lord. [Perloff, 2010] Furthermore, persuasion may be depicted when John the Baptist preaches on the arrival of Jesus Christ: "John testified concerning him. He cried out, saying, "This is the one I spoke about when I said, 'He who comes after me has surpassed me because he was before me'." [Ioan, 1:15], thus building on the credibility of Jesus, playing the part of the advance-man [Whalen, 1996], namely the one sent before an actual event in order to build expectations and create a framing of expectations regarding the main character/figure in the event.

The dynamics of the study of persuasion manifests different rhythms, based on the chosen time frame – each presents a set of traits, a specific tempo and a specific socio-emotional fingerprint. This is the reason why persuasion, or persuasive communication unfolds in a different manner, it being grafted on the set of traits of the period and domain we reference.

Academia has provided several definitions for persuasion. From the communication studies perspective, we have selected the following:

• a communication process in which the sender of the message seeks to elicit a distinct response from the receiver of the message [Andersen, 1971];

• a deliberate endeavour of one individual to alter the attitudes, beliefs and behaviours of another person through the sending of a certain type of message [Bettinghaus & Cody, 1994];

• a symbolic activity with the purpose of achieving the voluntary acceptance of different behaviour patterns and/or cognitive states through an exchange of messages [Smith, 1982];

• wilful effort to influence the mental state of an individual through communication in a context in which the person to influence benefits of a certain degree of freedom [O'Keefe, 2016].

All these definitions present their strengths, but should we chose to unite all their main components into a definition which is aligned with the purpose of our research, we would embrace Perloff definition, namely that persuasion represents a symbolic process through which those sending a message attempt to convince the receivers of that message to change their own attitudes and behaviours related to a specific topic, by engaging in this process in a free will environment [Perloff, 2010].

This definition encompasses five components: persuasion as a symbolic process, persuasion as an attempt to influence, persuasion includes a self-persuasion component, persuasion contains the transmission of a message and persuasion befits the existence of a free will component. For this paper we will focus on the first component, namely persuasion as a symbolic process and the way this definition paves the way to revealing connections to the symbolic religious communication.

In a Biblical sense, communication is achieved within a trinity framing, therefore at the essential roots of the being and of the real. The second person of the Holy Trinity is named Logos, or Word, because it refers to the inward communication of Self that the Holy Father performs in its entirety towards his Son, in the name of the Love which is represented by the Holy Spirit. From St. Augustin hither, the

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relationship Father-Spirit has been considered analogical to the "Pater-Filius" relationship, considered foundational to the procession of the Spirit ex patre filioque[1]. Moving inward, this relationship is considered by Augustine as unity preserving, according to the divine essence, quoting also from John 10:30 in order to defend the unity between the Father and the Son: "It is in this sense that [John] says I and the Father are one; 'are one' means 'What he is, that I am too by way of being, not by way of relationship'." [Hill & Rotelle, 1990]. Again it is noticeable that the Pater–Filius rational is elemental for the pneumatological[2] doctrine: "just as the Father, then, begot and the Son was begotten, so the Father sent and the Son was sent. But just as the begetter and the begotten are one, so are the sender and the sent, because the Father and the Son are one; so too the Holy Spirit is one with them, because these three are one." [Hill & Rotelle, 1990].

Exploring the depth of this definition and its pertinence in the current context of communication sciences is an ongoing process, we might even consider it never ending. Therefore, communication is not to be considered an accidental activity or a prerogative, but intrinsic to the act of being of all humanity. Man is created after the image of the Pater, who is communication. In any authentic communication, we consider that a portrayal of the Holy Trinity may be depicted, since there is One who communicates, there is One to whom the communication is addressed and the communication itself, such as the Holy Trinity is a continual becoming from the Pater who loves, the Filius who is bestowed upon with love and the Holy Spirit which is love.

In marketing, the truest of communication is never one to be uniquely defined but is always an act of giving and of receiving, and act of talking and of hearing. It is a similar outlook to communication derived from within the conceptualization of the

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[1] This expression refers to the inquiry Does the Holy Spirit proceed from the Father only, as Eastern Christendom contends, or from both the Father and the Son (ex Patre Filioque), as the Latin Church teaches? More information: https://summaphilosophiae.wordpress.com/2006/07/25/ex-patre-filioque/ Accessed on 20.07.2019

[2] The term pneumatology comes from two Greek words, namely, pneuma meaning "wind," "breath," or "spirit" (used of the Holy Spirit) and logos meaning "word," "matter," or "thing." As it is used in Christian systematic theology, "pneumatology" refers to the study of the biblical doctrine of the Holy Spirit. Generally this includes such topics as the personality of the Spirit, the deity of the Spirit, and the work of the Spirit throughout Scripture.

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Holy Trinity: the Filius is a becoming of the word of love of the Pater and a coming into being of the answer of love offered to the Pater. Thus, paraphrasing John: "In the beginning was the Word, and the Word was with God, and the Word was God." [John, 1:1], or from our point of view: communication was the beginning.

This outlook on communication is possible only where God is conceived not as absolute power, or absolute cosmic law, like in antic or modern religious systems, but is understood as absolute love. Power and law can be wielded by a singularity, but it is not the same with love. Love needs an I who loves and a You who is loved. Therefore, this understanding of God spreads throughout those who believe because it is communication unfolding from and towards love. What arises from the inwardness of God conveys firstly in the history of redemption. The Biblical revelation is both communication and dialogue. God speaks to man, but man speaks unto God in/through the Bible. From an ecclesiastic outlook, the importance of communication resides in this originating point: when it is risen from seeking truth and love, communication is the only means of building bridges between the islands which are men[3] until the shore which is God.

Persuasion, as a Symbolic Process and Symbolic Religious Communication

Persuasion implies a setting aside of time, it consists in executing certain steps in a specific order and it actively involves the receiver of the message. Furthermore, it is a process which implies using symbols, no matter if used in advertising or marketing communications. It is our intention to draw out the approach of persuasion as a symbolic process, an approach with a rich background in marketing communications [O'Shaugnessy & O'Shaughnessy, 2003]; [Miles, 2013]; [Lannon, 1994]; [Epure, Eisenstat & Dinu, 2014] and to pinpoint connection markers to religious communication, by actively using the connotation of religious symbols as decoding mechanisms. The symbol is defined as any form of language used by a singular entity to portray a concept or an idea communicating, at the same time, psychological and cultural complex meanings.

Symbols act as tools for persuaders and are harnessed to activate change in attitudes and balancing, or moulding points of view and opinions. Therefore,

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[3] 'No man is an island' is a quotation from the English metaphysical poet John Donne (1572-1631) and it appears in Devotions Upon Emergent Occasions and Severall Steps in my Sicknes – Meditation XVII, 1624.

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persuasion does not activate at a literal level, since language itself undergoes multiple interpretations, and these arisen interpretations, or the meanings differ according to the imagination of the audience and to the different acceptations conveyed towards similar messages. For example, Jerusalem represents a holy place for the Jews inhabitants in the Middle East, since it is imprinted in their subconscious as the birthplace of the Jewish people spirit. For the Christians, it is a holy city, where Jesus preached and healed and organized the Last Supper. For the Muslims, Jerusalem is a holy place, where the Prophet Mohamed rose to Heaven.

The key-aspect of the persuasive intervention is represented by the process of activating the imagination and by projecting various significances of the same symbol, both multiple and fluid, towards the active and receiving audience [Perloff, 2010]. When these processes occur, the symbol becomes a mediation vehicle for a comprehensible presence and representation of the sacred under a variety of conventional and standardized forms [Moritz & Goldammer, 2018].

The symbol presents an architecture of complementarity: the object, be it a painting, a word or a gesture, requires an association with an idea from the conscious realm for the embedded meaning in the object to manifest in its entirety. From this outlook, any symbol presents a double functionality: esoteric and exoteric, however any of these two functions requires an active cooperation between the members of group who trigger the production of meaning.

Religious symbols are used to diffuse concepts which imply the relationship between human and sacred or holy, such is the case of the Holy Cross. Lead symbol of Christian religion, the cross represents both the Crucifixion of Jesus Christ, as well as His death and resurrection as Son of God, therefore underpinning the Christian faith in God. On the other hand, in a ceremonial context, the cross may also represent an act of faith, a blessing or a prayer.

Should we strive to decode the persuasiveness layer of this symbol, we need to consider that Christian tradition has condensed in this symbol so many connotations [Becker, 2000], that each carries within its own projection of meaning. When used as a symbol for Crucifixion, it illustrates the passions of Christ, therefore prompting a representation of Christ through the Eucharist, which may be defined as a sacrament of love and as a source for "salvific grace and virtue" [Viladesau, 2006]. The persuasiveness strengths builds upon these meanings when used in sermons or other teachings, because it appeals to conventional ideas such as sacrifice for the benefits of others, doing good as a virtue or having mercy, and it is this projection that is done

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not by the sender of the message, but by the audience who is willing to let the symbol produce the change.

When used as a gesture by a priest when preaching or delivering a sermon, the cross marks a "repetitive and rhythmic patterning […] to lock in specific words, words carrying a powerful emotional or associational charge" [Allott, 2012]. There is the case for each ending of a prayer, which is always ended with the gesture of the cross, or during a sermon when blessings are bestowed by the preacher onto the participants at certain specific moments. Either considering the meaning architecture of a prayer or that of a sermon, the symbolic gesture of the cross implies two persuasive layers: a first one which refers to the voluntary imprinting of an emotion, usually derived from the Holy grace, and a second one referring to the thoughts verbalization, coming forth when each individual representation of the symbol becomes triggered in each individual stream of consciousness. Should we consider an alignment between the two as ideal, then this could constitute a locking of a persuasive stream within the audience.

Another function of the symbol is to represent a reality or a truth and to portray it by a gradual or synchronic act of revealing. The relationship between a symbol and the reality is built both in a dual and instant manner: both intimate and direct and distant and indirect, and that is due to the identification between the symbol with the reality that it represents. It may be either denotative or truly representative of the meaning encoded from that reality. For example, in the doctrine of the Eucharistic presence of Jesus Christ in the Eastern Orthodoxy or Roman Catholicism teachings there are extensive levels of symbolic significance, both as variety and as extensiveness. Let's consider the transubstantiation theory, which refers to the change by which the essence of the bread and wine becomes the body and blood of Jesus Christ, therefore allowing for a significance act to take place. There are three acts of revealing to be decoded in this instance: the gradual act of revealing the transformative process of the transubstantiation, the gradual act of revealing the opening up to listening process of the participants to the sermon [Pleizier, 2010] and the synchronic act of faith actualization, when the listener becomes part of an sequence with an amanetic character derived from the presence or re-presentation of the founding event [Faber, 2019] of the transubstantion, namely the Last Supper. All these acts carry within them a persuasiveness foundation, since all three events imply an interaction between God and the world changed by His presence, as He exercises influence on all events, but never is the sole cause of any of them [Cobb, 2008]. All

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events exercise their own creativity based on various triggers (either from listener imagination or preacher words), but also based on various degrees of freedom acted upon by divine infusions [Faber, 2019].

Conclusions

"God does never act by coercion, but always by persuasion" [Whitehead, 1942] and it is from this conclusion formulated by others more equipped to argue than the author, should we pursue to draw ours. As described in our article, the symbolic act of listening during a sermon can be defined as a persuasive intervention, since it brings about a three-fold act of revelation only possible through an active engagement of the listener. Furthermore, the religious symbol (i.e. the cross) can mediate a representation of the sacred, both as apprehension, namely as an emotional imprinting of the representation, and as comprehension, that is as a rational and conventional verbalization of what that symbol entails. Therefore, by using connotations of religious symbols as decoding mechanisms we were able to depict manifestation of persuasive layers in conventional forms of re-presentation of the sacred.

The deep meaning of these perceptions is integrated into the cultural dimension of consumers' behaviour and can be used as a background for a marketing communication process [Gârdan, Epuran & Gârdan, 2016].

Future lines of research should explore through qualitative type marketing research how the marketing communication can use the process of persuasion considered as an symbolic process based on religious symbols in order to achieve marketing specific goals – related to consumers behaviour or social marketing programs for example.

In a dynamic business world, cultural, religious and anthropologic elements are combined altogether in order to achieve a convincing message for consumers, their inner experiential universe being explored very carefully during the process.

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PROVISIONS CONCERNING THE ORGANIZATION OF EVENTS FOR THE PROMOTION OF PRODUCTS ON THE PHARMACEUTICAL MARKET IN ROMANIA

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Abstract

For the purpose of writing this paper, we were motivated to choose this subject as it is a core part of the pharmaceutical companies' business strategy of promoting medicines. Regarding the importance of the research theme and the business environment, it is crucial that anyone connected to this business should realize the importance of organization, details, good deployment and impact of each event. In this respect, marketing can be seen as a true system of economic activities related to the programming of products and services that have the role of satisfying the requirements of current and potential consumers considerably, but is also linked to prices, promotion and distribution products or services.

Having knowledge about how important is the marketing part of pharmaceutical market, taking in consideration the huge budgets that medical and pharmaceutical companies spend on the events organized in this domain, *we consider that a company which is able to have a new approach and a new vision for the organization of events and sharing medical education to doctors and medical information to patients will succeed in the very near future.*

Keywords: *marketing events; pharmaceutical industry; drug promotion strategy; social networks*; *AdWords; search engine optimization; digital marketing.*

JEL Classification: M37

Introduction

The pharmaceutical industry is one of the key points in the evolution of medicine. Since the discovery of Aspirin, 100 years ago, the research-oriented pharmaceutical industry has provided medicine with a continuous flow of products designed to treat and ameliorate diseases with increasingly complex mechanisms. The ability to market new products is still a determining factor in a company's commercial success, and the proportion of R & D sales is essential.

Marketing, on the other hand, means that activity carried out by an individual and which is aimed at satisfying consumer needs and wishes in the light of an exchange. In the same sense, marketing is the managerial process whose responsibility includes both identifying and anticipating customer requirements and satisfying them in terms of profitability.

An event could also be outlined as one thing happening or continual incidence or gathering with a purpose. Event promoting could also be delineated as "the promoting discipline targeted on face to face interaction via live events, trade shows and corporate meeting among other events". Event marketing is concerned with designing and developing a live theme based activity to promote a social cause, a product or an organization. Event promoting is one among the quickest growing fields in promoting and advertising nowadays.

Event promoting has got tremendous growth potential and aims at achieving company objectives, being considered a good and higher different tool of selling communication. Thus, events' marketing helps people to understand the importance of marketing through effective communication.

For the medical and pharmaceutical domain, continue medical education event is more than just a casual gathering; it's an opportunity for physicians and other health care employees to learn new skills and brush au courant their patient care.

There square measure thousands of medical events control each year, and most comprise of lectures and seminars, while the best ones have the most effective promoting, with promotion across various channels.

As we have a tendency to all grasp company promoting strategy is formed on entirely customary set of tools: mass advertising inside the media, participation and organization of events, support, PR support, promotions,

Direct marketing, etc. Event promoting is that the promotion of products Associate in Nursing services by making and organizing special events creating as follows an emotional association between the buyer and also the complete.

The variety and layout of special events is unbounded and huge. Considering business goals special event may be taken as a type of human involvement within the culture of the complete, company or different facet of organization through their actions and feelings.

Literature Review

Marketing is an Anglo-Saxon term that began to be used among American farmers in the early twentieth century. At that time in the US, the stage in which agricultural production was superior to what the market could absorb was beginning, which caused surplus production. Farmers began to ask for advice in agricultural schools and soon, from some of them, valid answers began to emerge. The term marketing began to be coined to designate the new experts as "marketing professors", who were able to answer the farmers' initial question: "How to market my product?". In different languages there have been attempts to translate the word "marketing" without achieving great success in its use. The etymological meaning of marketing can range from that marketing is the common sense applied to business, or according to Chaffey and Ellis-Chadwick (2019: 52), marketing is the set of efforts, studies and techniques that, based on a better knowledge of the needs and satisfactions of the consumer, promote the creation of a product and its distribution obtaining an economic profitability. Considering the market as the set of relations between supply and demand, we can find five basic situations, which each force different attitudes and aptitudes:

1. Demand> offer
2. Demand = offer
3. Demand < supply
4. Demand << offer

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5. Demand <<< offer

Events marketing involves the development of a series of planned events, in which the consumer can interact with the brand, the product or the service. According to McDonald and Wilson (2016: 177), this type of marketing is considered as the practice of promoting the interests of a company and its brands by associating the organization and its brand with a significant activity. This practice represents an effective way to express the commitment to a community and strengthen the relationship with it, as manifested in the marketing literature, which provides evidence on the role of event marketing in promoting the relationships between consumers and the brand [Ryan, 2016]. In this way, it helps to legitimize the company from obtaining favourable perceptions of its stakeholders, becoming an important tool to achieve both institutional and marketing objectives. From an institutional perspective, for example, event marketing can help companies increase brand awareness, strengthen corporate image and relationships with stakeholders. Regarding marketing objectives, it contributes, for example, to achieving the target market, increasing sales; generate advertising and reinforce advertising campaigns, among others. Pride and Ferrell (2016: 73) suggest that among the main purposes that motivate organizations to develop event marketing are: improve the image of the organization, increase the visibility of the company , differentiate from competitors, show specific products and services, sell surplus inventory and help build closer relationships with current customers. These scopes, seen as benefits, allow us to infer that a company that executes positive event marketing strategies tends to improve its image and make its brands better known and perceived more favourably in the market. Among the types of marketing events are sponsorships, conventions, exhibitions, seminars, product launches and initiatives, advertising events, product sampling, conferences, press conferences, contests, entertainment, charity fundraising, fairs, training programs, among others.

On the other hand, experiential marketing is born in a context in which previous marketing approaches begin to lose effectiveness: “Consumers have changed their habits in recent years by becoming more and more volatile, unpredictable and increasingly” immune “to communication tools traditional marketing” [Powell *et al.*, 2016]. Today there is a fragmented and heterogeneous market, mass communications are becoming less effective, giving way to much more personalized and individualized communications, as consumers want “products, communications and marketing campaigns that dazzle their senses, reach them heart and stimulate your

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mind"; they look for products that they can relate to and that they can incorporate into their ways of life [Yolal *et al.,* 2016]. In this way, experiential marketing emerges as a strategy that can be a bridge to the future of marketing, since it is based on personalized messages that offer the consumer the possibility of getting involved with the brand. Experiential marketing actions introduce innovation in this context, due to its ability to change the consumer's relationship with the brand, using credible resources for him and providing him with the necessary tools to get involved and experiment with it, which generates direct and significant sensory and emotional connections during their interaction.

Methodology

The methodological aspect regards the current situation of the background on industry, as well as a strategic business analysis. In this plan, the best marketing strategy of the product will be defined, alternatives for internal production or technology transfer will be evaluated. This is how licensing processes on patents or patent assignments can be established, and strategic alliances with other companies are also established. The main activities would concern a PEST analysis identification of the environment, as well as an analysis of the five forces of Porter, identifying the main forces that impact the industry.

Research Results

Objectives of pharmaceutical marketing

Pharmaceutical marketing is a specialized sector of general marketing whose objective is to ensure that pharmaceutical products reach not only the patients who need them but also the consultations of doctors, health centres, hospitals and in general all kinds of establishments that offer health services and products. As with other types of marketing aimed at specific markets such as education, fashion or sports, pharmaceutical marketing is essential to sell medicines in a super competitive market in which manufacturers struggle to position their products and become the most prescribed by health specialists. Marketing for the pharmaceutical sector should serve to establish a chain towards all types of customers and to define the bases that allow the distribution networks to be established at regional level for the retailers of the guild. The marketing plan should also contemplate and promote the creation of strategies for pharmaceutical manufacturers to publicize and promote their products among professionals in the sector.

Essential keys to design an effective marketing campaign aimed at the pharmaceutical sector

When designing a marketing for pharmacy products, certain essential factors must be taken into account:

1. Pricing and programs

The first thing to do in a good pharmaceutical marketing strategy is to set prices and design specific programs so that customers can optimize the distribution of their basic products and their profit margin. This type of marketing will allow pharmacies to strategically place their key products, and at the right prices.

2. Front-end promotion

This marketing strategy applied to the pharmaceutical field consists of applying a monthly premium in the places where a product is promoted to increase the retail sales of the most relevant items. This in turn will result in more competitive prices for the consumer. For this, a monthly fund will be created along with a selection of products that will be advantageously sent to all the partners participating in the campaign.

3. Placement in the market

In pharmaceutical marketing, it is very important to ensure that new products arrive at pharmacies, offices, centres and hospitals as soon as possible in order to increase sales and, consequently, benefits.

4. Product catalogues

It is essential for any seller to sell their products. For this they can promote them through special monthly offers, which they will show in specialized catalogues. In these catalogues will be the products and offers, that is, the basis of the business.

5. Fairs, events, exhibitions

The tactic of organizing fairs or conferences is an annual opportunity (or semi-annual, quarterly etc.) to interact and sell pharmaceutical products to a large number of professionals in the sector. In the events that are organized, the entire range of products can be presented, clearly explain their characteristics and benefits, and promote their consumption and health benefits.

6. Empathy

For the digital marketing created for a particular product to fulfil its function of reaching the consumer, it is essential that there is a relationship of trust between doctor and patient. This relationship of trust is the basis of pharmaceutical care.

Porter's Five Force Model for the Pharmaceutical Industry

The models of the five forces aim at analysing the attractiveness of an industry for new entrant threats, buyer negotiation power, substitution threat, supplier negotiation power, and competitive rivalry.

Fig. 1. Porter's Five Force Model for the Pharmaceutical Industry

In the pharmaceutical industry, suppliers are represented by:

- DISTRIBUTORS – represents the connection between manufacturers and pharmacies; have decision power;
- PHARMACY – much power in brand recommendation (type of prescription DCI);
- DOCTORS – reduced influence in brand recommendation, but increased influence in prescribing the molecule;

• PATIENTS – uneducated in pathology.

On the other hand, competition is very strong in the pharmaceutical field and refers to commercials / TV spots, company's image, pharmacies discounts, strong marketing campaigns for drug promotion, low prices. To a large extent, in all areas of activity, competition is not very loyal in this area.

Also, threats regard:

• THREAT OF NEW ENTRANTS: Most pharmaceutical companies combine several molecules and have tended to "polypill" (Poly-pills simplify patient treatment).

• THREAT OF SUBSTITUTES: In recent years, herbal and homeopathic products have increased. There are a lot of doctors who recommend such products and more and more people who follow such treatments. Research in the field is not well documented.

Entrance barriers for the pharmaceutical sector are economic and legislative.

PESTEL analysis

PESTEL analysis is done to define the large number of possible issues that may affect an industry. The PESTEL analysis classifies environmental influences on businesses, such as:

• Political factors: refers to government policies and regulations. There are stringent patent protection laws with a fixed duration prevent many pharmaceutical companies from adopting a new product.

• Economic factors: refers to factors such as exchange rates, tax changes, and inflation and market fluctuations. The demand for pharmaceutical products is solely dependent on the general health of the population. The increase in the pharmaceutical market depends directly on the growth of the gross domestic product.

• Social factors: refers to income distribution and social trends. Changes in social trends may have an impact on the demand for pharmaceutical products. Funding systems for the health care system are facing enormous pressure to fund the elderly. The generic medicine has a great impact on the pharmaceutical industry (innovation and competition on the market).

• Technological Factors: It refers to the influences of technology. The cost of making technological changes by healthcare services has affected pharmaceutical companies. Technology development facilitates the production of drugs and the domain is promoting innovation.

• Environmental factors: include pollution and waste issues,

• Legal Factors: It refers to industry laws. There is larger legislation regarding the marketing of medicines- legislation on indications (treatment guides) and hard legislation on the medical act.

Discussion

Marketing of events

As we know, the company's promoting strategy is constructed on a full set of tools: mass media advertising, event participation and organization, support, PR support, promotions, marketing, etc. Currently, event marketing is becoming more and more popular. That is why it immediately affects multiple channels of communication and successfully complements the opportunities offered by the advertising marketing tools above.

Marketing of events consists of promoting goods and services by creating and organizing special events, creating an emotional bond between the consumer and the brand. The range and appearance of special events are limited and immense. In particular, this category includes celebrations and opening ceremonies, presentations, corporate events, festivals, fairs, press conferences and seminars, club parties, concerts, sports events and so on. As the size and needs of the event industry grew, event marketing gradually and surely appeared in the event industry. In the early years of industry, the field was characterized by a large number of volunteers. Those event organizers who occupy well-paid positions come from a variety of related fields, relying on their accumulated knowledge and skills acquired in the former job. Many of them come from allied areas such as theatre and entertainment, audio-visual production and film, and have adapted their skills to events. Others have come from work for event providers such as lighting and sound production companies. They were the ones who found that they could expand and build on their existing skills to perform the general management of events.

Event marketing is fast as a promotion to traditional marketing communication tools. Corporations using traditional means have a disillusionment based on cost increases and reduced efficiency. In terms of events, marketing is considered exclusively a means of selling and promoting. In this respect, the following definitions of marketing are noted, in close connection with the consumer: "Marketing can be viewed as a true system of economic activities related to product and service programming that have the role of meeting the requirements of current and potential consumers considerably, but is also linked to prices, promotion and distribution of

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those products or services"; "Marketing, on the other hand, means that activity carried out by an individual which is aimed at satisfying consumer's needs and wishes in the light of an exchange". In the same sense, "marketing is the managerial process whose responsibility includes both identifying and anticipating customer requirements and satisfying them in terms of profitability".

According to Kotler *et al.* (2017), promoting is "that method of socio-managerial nature through that some people or teams of people get what they have by making merchandise and values and exchanging them". By presenting advantages over other means of communication, events capture the attention of the target audience through scenic representation as well as the combination of language and text, dance and music, sound and light, communication and decoration environments, taste and flavour. In other words, the marketing of events involves the use of all the receptors in order to achieve a result that is far more intense than that caused by the pure visual appeal of the traditional advertisement.

Strategic options for positioning the product

Positioning the product on the target market means how a product is perceived by the components of a target market. Together with the selection of target markets, the positioning decision is of crucial importance for a newly launched product or for the revitalization of an already existing market. The link between the selected target market and the positioning strategy needs to be highlighted; different targeting target groups will require different positioning strategies. Positioning involves creating or identifying and communicating differentiated benefits. The key to success in positioning a product is that it provides the target customer with benefits that competing products cannot offer. A differentiated advantage consists of one or more characteristics of the product offered, characteristics that meet three fundamental criteria:

- Differentiates the product from all others (creates a unique perception of it);
- It is important or can be made important to the target audience;
- Exhibits resistance over time in the face of competition.

Each of the three criteria outlined above are vital in establishing a viable product position on the market. The criteria of uniqueness and importance make the difference between the characteristics of the product and its benefits. A product feature becomes a product benefit only if it is perceived as unique and important. These product benefits create product value for both customer and prescriber. As a

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result, it becomes increasingly important to broaden the concept of product in order to create space for alternative differentiated advantages.

The dynamics of product placement is such that if a product has a highly differentiated advantage – unprotected by a patent – competitors will try to copy this advantage or try to minimize it. In this case, the task of marketing management is to defend, revive and renew the differentiated benefits of existing products and try to prevent counter-competition.

Positioning on a market is preceded by three steps: identifying direct competitors, identifying differentiated competitive advantages, assessing the target market perception of the products in competition (forming the perceptual map). Positioning based on specific attributes – this is by far the most common approach in the pharmaceutical industry.

Traditionally, product placement strategy in the pharmaceutical industry tends to focus on technical aspects of the product. It is the situation of new products, the advantage of which is the therapeutic innovation brought to the market. Efficiency, effectiveness, side effects and tolerance are the most obvious features that can focus on company efforts. Positioning by mode of administration – "single pill" is the preferred approach in this case. This characteristic of the drug may be accompanied by other (for example, gastric protection).

Positioning by type of patient – drugs can be positioned to find the most appropriate for various stages of the disease, chronic or acute suffering, adults or children, the elderly or young, ethnic groups or attitude towards treatment.

Competitive Positioning – differentiated benefits can sometimes be best established by taking competition as a benchmark. This is a useful way to rely on the good image of a product and to come up with additional benefits. It can also be treated as an extension of the production company's image.

Positioning versus marketing mix variables – the price is of course the key point in positioning a product. The price is usually a poorly differentiated advantage (unless it is based on substantial price differences). Other elements of the mix created by marketing, such as product packaging, customized labelling, fast delivery, are used to create a distinct image in front of the target audience. The size and quality of the sales team is an important point in supporting a product.

A competitive positioning strategy fulfils two key criteria:

- Product to be perceived by the customer as intended to develop the strategy
- The Product Position Manager understands that the positioning strategy is successful only if the concept can be implemented in relation to all elements of the marketing mix.

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By applying a positioning strategy, the company will obtain: defining the conditions under which the product is prescribed, determining the type of patient to whom the product is prescribed, and designating the product directly. No strategy can guarantee a complete product support, but a good positioning strategy is valid for a longer period of time than the others.

Consumer's behaviour in the pharmaceutical market

A correct approach to marketing issues from the perspective of pharmaceuticals involves investigating the consumption of pharmaceuticals. Considering that consumption is the level at which people meet their needs, it must be the essential element in the design and conduct of any economic activity. The level of consumption is the indicator that ultimately checks the utility of the goods or services produced and their consistency with the needs and wishes of the people. Consumption of pharmaceuticals is the main element of triggering and stimulating production, but also an element to regulate it. The production of pharmaceuticals in terms of: size, meaning and rhythm of production, depend on consumption. The consumption of pharmaceuticals can be analysed in terms of consumer needs, purchasing habits and consumption as well as factors of influence in these spheres. In terms of the individual's response mechanism in the event of deterioration in health, the pharmaceuticals market requires a distinct approach to the consumption behaviour of individuals. Faced with the state of health degradation, a state described through the reported symptoms, the individual may choose to ignore or identify the medical problem they are facing by using formal or informal diagnostic systems. When a diagnosis is made, the individual has a choice between not using any product and choosing the products that can be used to correct the imbalance. The possible option for medicinal products leads to a new choice, which focuses on the source of drug procurement, where the consumer is again confronted with the formal and informal options at hand.

From the point of view of a company, the attractiveness of a pharmaceutical market is assessed through human dimensions and local socio-economic characteristics. Looking at the pharmaceutical market from the angle of the consumer, we can see that the complexity of the problems faced by the consumer in the field of healthcare and the use of pharmaceuticals make him difficult to choose, and leads to prudent behaviour. Since there is an indissoluble link between the consumption behaviour of pharmaceuticals and the consumption behaviour of medical services, an integrated approach to these is in the developed countries indissolubly common, a number of US specialists use the phrase "consumer health behaviour" possible to be translated by the "consumer of medical products and services". Consumer behaviour is the consequence of a learning process, and learning is strongly influenced by efforts to meet needs and, in particular, the way cognitive processes act on the individual, which is why the marketing specialist will need to know how the learning processes work. Understanding the consumer and his behaviour requires recognition that although he is an individualized being, he exists, manifests and operates in society, being subjected to a multitude of social pressures exerted by social, environmental and professional groups and categories, as well as membership consumer to a specific culture. If we take into account the influence of social groups or belonging, it must be taken into account that they are formed especially at the workplace or in the place of residence or refer to organizations or associations of different types. Reference groups are those that the consumer considers to be a norm or behavioural standard. In this context, the views of the members of the reference groups can strongly influence a person's attitude towards a product or economic unit, and, ultimately, the purchasing decision.

Long term sustainability, the key of efficient event marketing

The key to creating and maintaining the demand for pharmacy services and products in the long term lie in the hand-in-hand collaboration with pharmaceutical professionals, doctors, patients, and in general, with the people involved in patient care. It would be desirable to create a network of beneficial relationships for all, with all the resources available, which would be the basis of specialized care as an essential part of this type of business marketing specific to the pharmaceutical sector.

Importance of digital marketing in the pharmaceutical sector

It is impossible to ignore the importance of pharmaceutical digital marketing. To design a correct online marketing strategy one needs to know different areas of it and know how to apply them in the necessary places. The advantages of digital marketing for pharmaceutical products are obvious. Some essential pharmaceutical marketing strategies to increase sales can be found in table 1.

With the appropriate strategies in the networks it is possible to increase the traffic to a certain website or blog by up to 50% more. Social networks mean greater commercial probabilities for the pharmaceutical sector by opening direct

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communication channels with customers. Facebook is considered the most appropriate social network to build customer loyalty, something essential to achieve the ultimate goal: increase business sales.

Table 1. Essential pharmaceutical marketing strategies to increase sales

Search engine optimization (SEO)	SEO through keywords helps to achieve a good positioning. With a good SEO strategy, the pharmaceutical company increases the profitability of the business in the long term.
Visual and quality content	Through networks it is possible to make our content go viral quickly and easily. The content that is shared through the blog or the web must be valuable, useful and enjoyable.
Campaigns in AdWords: Search and Shopping	Search engine advertising allows to appear before a user at the same time in which he performs a search. As in many other sectors, the public in the healthcare and pharmaceutical sector goes to Google, Bing or any other search engine to meet their needs. Google AdWords not only allows the pharmaceutical company to appear in the first search results with a sponsored link, but also allows it to display the product visually with price and features through Google Merchant Centre. One would recommend using a SEM agency to amortize the investment.
Social networks	They optimize visibility. Nowadays networks have become the best showcase for all kinds of products and services, reaching a number of unimaginable customers by physical means. Advertising on social networks allows a pharmaceutical company to increase the organic reach and consequently sales.

Conclusions

One must keep in mind that the market is cyclical. When an event is over and a success, the pharmaceutical company should make sure its audience has expectations about a possible new edition. Even those who do not know it can become prospects for future action. Make an exceptional coverage. Investing in content production –

especially video and image capture – is critical and generates material with long-term potential for use. Digital marketing strategies such as social media, content marketing and media – on and off – are some of those responsible for eternalizing a specific event and opening doors for others. Also, do the feedback analysis: Facebook groups and email-triggered forms are rich sources and can generate valuable insights from those who have experienced the experience.

Events marketing in the pharmaceutical sector must integrate all managerial decisions, as all of these are directed to the event reaching its overall goal. This paper aimed to analyse the marketing strategies used by pharmaceutical sector. The research highlighted the strength of social networking in promoting large events, as well as the realization that creative and flexible marketing plans can also be used as success tools and ensure the success in the pharmaceutical industry. However, in order for this premise to become true, it is necessary that marketing planning be fully instituted, since it is nowadays indispensable for any event that the marketing procedures are properly performed. To conclude, it is emphasized the continuous need to improve the marketing actions in the pharmaceutical events segment, aiming to meet the expectations of a promising and profitable market, as well as the improvement in the quality of the services offered.

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CASE STUDIES

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THE EFFECTS OF LABOUR COSTS REDUCTION ON FOREIGN INVESTMENT IN ROMANIA

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Abstract
This article addresses the issue of changes in tax legislation in our country over the last 20 months, in view of the effect they have on the level of foreign investment. The article presents, besides the actual legislative changes and the evolution registered in this period by foreign investments, also the fiscal pressure in the field of contributions, VAT and corporate income tax. The paper presents an econometric analysis that seeks to highlight the impact of the fiscal pressure of the above mentioned taxes on the FDI level recorded in Romania between January 2017 and August 2018.

Keywords: *foreign direct investment; tax legislation; VAT; corporate income tax; contributions.*

JEL Classification: H21, H32

Introduction

Addressing the issue of tax policy at microeconomic level, it is not to be neglected the very important role that taxation has in the life of business. It influences the legal form of organizing a business, choosing the location of the activities, the evolution of its activity and, last but not least, the results obtained. Managing effectively the economic and financial resources of a business means also

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taking into account the fiscal dimension of the activities. On the basis of the financial analysis, from the synthesis documents, it is possible to establish the past performance and estimate the, likely future, risk and fiscal effectiveness.

At a macroeconomic level, all governments are making efforts to attract FDI, which can generate new jobs, bring new technologies, and generally promote growth and employment. With these potential benefits, legislators are reviewing tax laws to ensure they are attractive to foreign investors.

The relevant literature has established that there is a link between FDI and different tax categories. De Mooij and Ederveen (2008) pay special attention to international investment, analysing the marginal elasticity of the tax base for corporate income tax. Becker, J. *et al.* (2012) analysed quantitatively and qualitatively the effects of corporate income tax on FDI.

Egger and Radulescu (2008) present in their work the impact of the labour tax on the establishment of foreign affiliates in a jurisdiction. Hale A. and Ahmet B. Y. (2017) analysed the relationship between indirect taxes and FDI in the case of Turkey in different sectors of activity.

Hebous S. *et al.* (2010) have estimated the impacts of differences in international tax rates on the probability of choosing a location for an affiliate of a multinational firm, making distinction between the tax sensitivity of Greenfield and M&A investments.

This article aims to analyse the influence of legislative changes both in the field of contributions, direct taxes and indirect taxes on the level of FDI in Romania and it is structured in three parts: the first subchapter presents the legislative amendments from the last period in our country, the second part analyses from the econometric point of view the influence of the fiscal pressure of the aforementioned taxes on FDI, and the last part presents the conclusions and the limits of this research, as well as the directions to be followed by our country to become more attractive in terms of tax.

Tax Changes in Romania and Their Effect on the Business Environment

Amendments to tax legislation in Romania have been numerous lately and have affected all categories of taxpayers, reducing the competitiveness of our country in terms of taxation. Among the modifications made, we will enumerate below those with greater impact on the business environment.

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1. *Changes of compulsory social contributions*

From the employer's point of view, with regard to social contributions, the fiscal pressure has dropped considerably, being transferred to the employee.

Since 2018, the number of compulsory social contributions has fallen from six, which was up to the end of 2017 at three (Government Ordinance 79/2017). Specifically, it is about the following mandatory contributions:

• contribution to pensions for normal working conditions, 25%, which is entirely the responsibility of the employee;

• for special working conditions, the employer has an additional quota of 4% (i.e. 29%, employee + employer) or 8% (i.e. 33% in total, employee + employer);

• health contribution (HC), 10%, which is entirely the responsibility of the employee;

• Work Insurance Contributions (WIC), 2.25%, which is entirely the responsibility of the employer.

Specifically, for employees working under normal conditions, contribution to social insurance (CSI) is 25%, but for more difficult conditions of work, it is due to CSI of 29% or 33%. In other words, the employer owes CSI, along with the employee, only when it comes to heavier working conditions.

Regarding Work Insurance Contributions (WIC), this includes the remaining four social contributions until last month. More specifically, the insurance contribution for work is made up of former contributions to unemployment, medical leave, occupational risks and salary claims (2.25%).

Table 1. 2018 Compulsory Contributions in Romania

Contribution	2018 Rate	Owing	Paid by
CSI	25% (normal conditions) +4% (difficult conditions)	employee employer	employer
HC	10%	employee	employer
WIC	2,25%	employer	employer

Source: Processing of data available in Government Emergency Ordinance no. 79/2017 for amending and completing the Law no. 227/2015 regarding the Fiscal Code.

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Until the beginning of 2018, besides the contribution to unemployment, which was equally borne by the employee and the employer, contributions to medical leave, occupational risks and wage claims were paid only by the employer. From 2018, the employer owes a minimum of 37.25% (normal working conditions) to an employee, compared to 39.25%, the minimum total by the end of 2017. For heavier work, the total is 41.25% or 45.25%.

Only the employer calculates, retains and pays the social contributions. Employees have no obligation to do so, according to the legislation in our country. Until 31 December 2017, the total social contributions reached at least 39.25%, but depending on the working conditions of an employee, the total could even reach 49.95%.

This reduction in tax pressure also had other effects – at the labour market pressure, employers had to raise their gross wage by about 22.75%, so that the net income of the employee did not decrease considerably. This measure was necessary despite the reduction of the income tax on wages from 16% to 10%.

This measure does not imply an increase in wage costs for the employer, but only the uniform gross wage with total wage costs. There were also eliminated inequities on contributions as an equal percentage for all employees in Romania by giving up current ceilings on contributions. However, this alternative raises many questions about its constitutionality, namely whether a third party, the state in this case, may intervene in an ongoing bilateral contract.

2. *Changes in value added tax*

The Government of Romania adopted an Emergency Ordinance (GEO No.89 / 2018) to reduce VAT to 5% for services such as accommodation, restaurant and catering services, access to amusement parks and rental of camping grounds.

This change in the VAT area will generate a significant impact, mainly in tourism, recreation and the hospitality industry, represented by the HORECA sector (e.g. hotels, restaurants, and cafes). Romania has been experiencing an increased level of tax evasion in the tourism sector in the country in recent years. The measure to reduce the VAT rate from 9% to 5% for hospitality services should be an incentive to bring undeclared revenues to the surface and thus to pay VAT by economic agents. A direct effect of this measure for business in the field would be the potential reduction in gross fees, which would increase the occupancy rate of accommodation units, but not many people expect this VAT reduction to lead to a lowering of prices services.

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According to the legal provisions, not all businesses will be able to benefit from the reduction in the VAT rate. An example of this is the food units that deliver food at home, but do not provide a space for consumption and do not offer related services (e.g. meal service). Therefore, the food ordered and delivered at home will be subject to 9% unlike the restaurant served.

Another change brought about by this ordinance is the reduction of the VAT rate from 19% to 5% for recreational services, i.e. access to amusement parks and recreational parks, as well as the use of sports facilities for practicing sport. The measure is welcome as Romania has a significant potential development in the area of recreational parks due to its natural relief and resources. In addition, these sectors have benefited from consistent investments in recent years, materialized in the appearance of several parks of fun and adventure in different parts of the country.

3. *Changes in the field of corporate tax*

The main change concerns the transposition of EU Directive 1164/2016 laying down rules against tax evasion practices which directly affect the functioning of the internal market. The thin capitalization rules will be abrogated and the new rule for limiting interest deductibility provided by EU Directive 1164/2016.

"Surplus borrowing costs" (including the difference between interest / currency and similar income) may be deducted within 10% of the reference value. Exit taxation is introduced for assets transferred by resident companies and / or permanent establishments as a result of business transfer, changes of residence or transfer / liquidation of permanent establishments.

The gain / loss on the transfer of assets will be calculated as the difference between the market value and the tax value of the assets. The profit tax rate (16%) will apply separately to earnings, but the loss could be offset by gains on similar exit transactions (reporting period is 7 years).

In the case of exit taxation, it is specifically provided for the possibility to apply the payment order in accordance with the Fiscal Procedure Code. The tax value of assets transferred to Romania from other EU Member States (source state) will be the one used to calculate the exit tax in the source state, unless this value differs from market value.

The Effects of Taxation on FDI in Romania

The role that taxes and fees play in the decision to place a business in a particular jurisdiction is extremely important. It is true that not only the level of taxation

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matters, but it has a primordial role. The impact of taxation on the private business environment in Romania is very strong. The main obstacles are taxation and tax legislation in our country.

Lately, there has been a decrease in the tax burden in terms of tax work that falls on the employer and the number of taxes on labour (from six to three) and a decrease in VAT in certain sectors (tourism). At the same time, there was a downward trend in foreign direct investment.

The figure below shows the FDI evolution as a share of GDP, the fiscal pressure generated by social contributions, VAT and corporate tax at the macroeconomic level between January 2017 and August 2018.

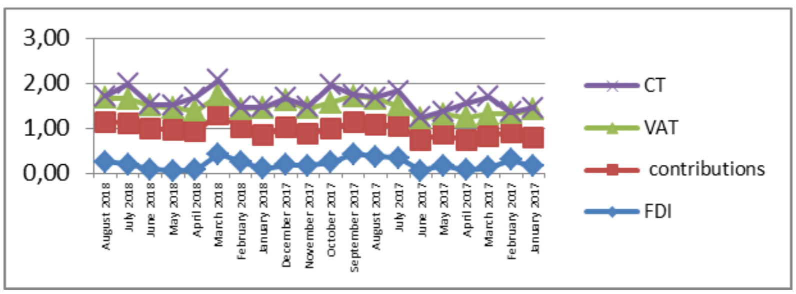

Fig. 1. FDI, Contributions, VAT and Corporate Income Tax Trend in Romania, January, 2017 – August 2018

Source: Own processing of data available on www.bnr.ro and www.mfinante.ro

According to data published by the National Bank of Romania (NBR) last year, foreign investments amounted to almost 4.8 billion Euros, up 6% from the previous year (2016), and 7 months from 2018 barely reached 2.3 billion Euros. Moreover, in the NBR analysis, it is noted that Greenfield investments (from scratch, in new companies) have been almost non-existent in recent years, and the money brought by foreigners in the country concerned only the restructuring and development of the current business. In 2017, Greenfield and merger and acquisition (M & A) investments followed the trend in recent years, recording a very low level. Thus, Greenfield investments contributed only 77 million Euros to the investment flow in equity shares of FDI enterprises, and mergers and acquisitions by 213 million Euros. The predominant share of capital flows in 2017 is provided by enterprise

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restructuring of € 1.16 billion, accounting for 52% of equity, and by business developments of € 787 million, or 35% of holdings. (National Bank of Romania Report)

In order to show the role played recently by the "fiscal relaxation" on the level of FDI in our country, we started from the hypothesis that the decrease in fiscal pressure should have made our country more attractive to foreign investors. In this respect, we used an econometric model with a multi-linear regression equation of the form:

$$FDI = \alpha + \beta * Contributions + \gamma * VAT + \vartheta * CT$$

Where:

FDI – Foreign Direct Investment is the dependent variable;

Contributions, VAT and CT (Corporate Income Tax) – are the independent variables; α, β, γ, ϑ – are the regression equation parameters.

Table 2. Regression Equation between FDI, Contributions, VAT and CT

Dependent Variable: ISD				
Method: Least Squares				
Sample(adjusted): 2017:01 2018:08				
Included observations: 20 after adjusting endpoints				
FDI= α+β*Contributions+γ*VAT+ϑ*CT				
	Coefficient	Std. Error	t-Statistic	Prob.
α	0.379906	0.335251	1.133.200	0.2738
β	-0.142039	0.312137	-0.455053	0.6552
γ	-0.150061	0.446375	-0.336177	0.7411
ϑ	0.041630	0.209627	0.198591	0.8451
R-squared	0.022056	Mean dependent var		0.200455
Adjusted R-squared	0.0161309	S.D. dependent var		0.121353
S.E. of regression	0.130775	Akaike info criterion		-1.053.814
Sum squared resid	0.273635	Schwarz criterion		-0.854668
Log likelihood	1.453.814	Durbin-Watson stat		1.467.940

Source: Own processing of data available on www.bnr.ro and www.mfinante.ro

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In this case, we considered FDI as dependent variable and as independent variables the fiscal pressure of contributions, VAT and corporate income tax. This equation has to show the influence of legislative changes in the tax field on FDI in Romania in the last 20 months.

Using the least squares method in EViews, the following regression equation was obtained:

$$FDI= 0.379-0.142*Contributions-0.150*VAT+0.042*CT$$

According to this equation, the following results were obtained for Romania between January 2017 and August 2018: at a change with a percentage of the tax rate of the contributions, the FDI changed in the opposite direction by 0.142%; to a change with a percentage of the VAT tax rate, FDI changed 0.150% as a share of GDP; to a change with a percentage of corporate tax rate, FDI has changed in the same way as 0.042%.

The coefficient of determination for regression (R-squared) signifies the fact that 1.6% of the variation in FDI is explained by the modification of fiscal pressure in the contributions, VAT and corporate income tax fields. For a better accuracy of this study and to show how is influenced the level of ISD is necessary to take into account much more parameters, such as political and legislative stability, infrastructure, bureaucracy etc.

Conclusion, Limitations and Future Research

This article aims to analyze how they influenced legislative changes in the field of taxation, foreign direct investments in Romania during January 2017-August 2018. For this we used an econometric calculation, starting from the hypothesis that the level of taxation, which theoretically decreased in our country in the last period, should have made it more attractive to the sovereign investors. The statistics, however, show a level at least constant compared to the same period last year, and more than that, according to the Central Bank report, Greenfield and the mergers and acquisitions (M & A) investments had a very low level.

The results of the econometric calculation show that during this period, with a one-percent decrease in the fiscal pressure of the contributions, the FDI increased by 0.14%, a 1% decrease of the VAT fiscal pressure, FDI increased by 0.15%, and a change with a percentage of corporate tax rates, FDI changed in the same way as 0.042%. These results lead us to the following conclusions:

1. Legislative changes in the tax area did not have the expected impact on foreign investors.

2. Legislative and political instability in our country has a greater impact on the investment decision.

3. According to the 2017-2018 Global Competitiveness Report, the global index of national competitiveness – defined as a set of institutions, policies and factors that determine the level of productivity, of Romania was the same as that of Georgia, 4.28 (p. 11), occupying the 68th place of 137 economies and being down 6 positions compared to the previous period. This and the results of the econometric calculation in this article demonstrate that the taxation does not have such a big impact on the decision to place an investment.

In order to attract investment, Romania needs to demonstrate consistency in fiscal, budgetary, investment policy, etc., to ensure adequate infrastructure and, above all, to take steps to increase confidence in public institutions.

As a result, the limits of this study refer to the failure to take into account several categories of parameters that influence the level and location of the investments.

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