

EFFECT OF POINT OF SALE (POS) BUSINESS ON EMPLOYMENT GENERATION IN NIGERIA

Adewole Joseph Adeyinka, Ph.D

ORCID: <https://orcid.org/0000/0002-0676-5480>

Department of Banking and Finance, Faculty of Management Sciences,
Osun State University, Osogbo, Nigeria.
joseph.adewole@uniosun.edu.ng

Attah Elejo Vincent., Ph.D.

Department of Banking and Finance,
Veritas University, Abuja.
attahe@veritas.edu.ng

Adewale Abass Adekunle

Department of Banking and Finance, Faculty of Management Sciences,
Osun State University, Osogbo, Nigeria.
<https://orcid.org/0000-0002-8289-7127>
abassadewale96@gmail.com

Idih Ogwu Emmanuel., Ph.D.

Department of Banking and Finance, Faculty of Management Sciences,
Kogi State University, P.M.B 1008, Anyigba, Kogi State, Nigeria.
emmite1010@gmail.com

ABSTRACT

The study examines the effect of Point of Sale business on employment generation in Nigeria. Specifically, the study determines the effect of POS adoption on employment creation, role of POS trade on low skilled jobs and its effect on proportion of job creation to population in Nigeria. Data were sourced from CBN annual report from 2009-2021. Regression Analysis and ARDL technique was used to present the study results. The study bring revealed that POS adoption has positive and significant effect on employment creation in Nigeria for the period under study. It was discovered that POS business has positive impact on low skilled job rate in Nigeria for the period under the study It was also discovered that POS business has no significant impact on proportion of employment to population. The study recommended that government and deposit money bank should encourage the use of POS so as to increase the employment rate of Nigeria, banks should always provide a good network POS that aids smooth transaction of the business.

Keywords: POS, Employment Generation, Unemployment, Population.

INTRODUCTION

A point of sale is where a customer makes an electronic purchase using their debit or credit card. It is a way to pay for items by swiping your card instead of handing over cash, and it provides added convenience because customers can do it themselves at the store. This makes POS systems advantageous due to their speed and convenience. The Central Bank of Nigeria (CBN, 2011), and Akerejola (2017) reported that the use of electronic payments has helped to solve many of the challenges associated with operating in Nigeria, such as high costs of printing and issuing currency notes, moving large sums of cash around, and having to guard against robbery. Despite the vast number of Nigerians exploring this opportunity, a minority of the population was desperate for employment and was seeking to earn a daily living through it. The POS e-payment channels as a growing financial system that is gaining wide-spread acknowledgment in making payment in for all intents and purposes all commerce areas in Nigeria nowadays.

According to Kingston (2018), the utilization of POS terminals for payment has made Nigerians to use less cash for monetary exchanges more than ever. A record of 1.4 trillion naira was accomplished in Nigeria utilizing POS for making exchange in 2017 (Achebe, 2018; Kingston, 2018). Measurable figures from the Nigeria Inter-Bank Settlement Plot (NIBSS) shown that as of 2018, the number of dynamic POS terminals in Nigeria was 164,607. This prove hence clarifies the truth that there is an enormous increase within the number of POS businesses and cash markets in Nigeria.

The broad objective of this study is to estimate the effect of POS investment in job generation in Nigeria. Specifically, the study intends to investigate the effect of POS adoption on employment creation in Nigeria, examine the role of POS business on low skilled employment in Nigeria, determine the effect of POS business on proportion of

employment to population. Research Questions formulated to guide the study are (i) what is the effect of POS adoption on employment creation in Nigeria? (ii) what is the role of POS business on low skilled job in Nigeria? (iii) what is the effect of POS investment on proportion of employment to population? The study hypothesised in a null form that there is no significant relationship between POS adoption and employment creation in Nigeria, POS business does not have significant impact on low skilled employment in Nigeria, there is no significant relationship between POS business and proportion of employment to population. Findings of this study will be of great significance to the finance and banking sector as it investigates how the implementation of POS by the banking zone has served as a job opportunity for many unemployed Nigerians individuals, thereby reduction in the pressure of lack of employment in a nation. The source of information on this study will serve as a on business ideas to those that intends to do business.

LITERATURE REVIEW

Concept of Point of Sales (POS)

The payment system is an operational arrangements represented by laws, rules and benchmarks that joins bank accounts and gives the usefulness of financial trade utilizing bank money (Summers, 2012). The payment system is the foundation comprising of teach, disobedient, rules, strategies, benchmarks and specialized implies set up to influence the exchange of financial esteem between parties releasing common commitments. Its specialized proficiency decides the proficiency with which exchange cash is utilized within the economy and chance related with its utilize. What makes it a “system” is that it utilizes cash substitutes with the utilize of electronic cash and other ICT related gear in its operations. Traditional payment systems are debatable disobedient such as draft cheques and narrative credits such as letter of credits. With the appearance of computers and electronic communications a expansive number of

elective electronic payment system have developed. These include credit and debit card, direct credits, electronic funds transfers, direct debits, internet banking and e-commerce payment systems. Some payments include credit mechanisms but that's basically a diverse viewpoint of payment. Payment systems are utilized in lieu of offering cash in domestic and international transactions and comprise of a major benefit given by banks and other banks.

Payment systems may be physical or electronic and each has its claim methods and conventions. Standardization has permitted a few of these systems and networks to develop at worldwide scale, but there are still numerous nations and item- particular systems. Cases of payment systems that have ended up all inclusive accessible are credit card and ATM systems. Particular shapes of payment systems are too utilized to settle monetary exchanges for items within the value markets, money markets, bond markets, option markets, prospects markets, derivatives, and to transfer money between banks both locally using clearing and Real Time Gross Settlement (RTGS) Systems and internationally using the SWIFT network.

Economic Benefits of Electronic Payment System in Nigeria

Delali (2010) in Fiallos& Wu (2005) famous that the entry of the web has taken electronic payments and exchanges to an exponential development level. Buyers might buy products from the internet and send decoded credit card numbers over the organize, which did not give much security and privacy. But a wide assortment of modern secure organizes payments plans have been created as customers got to be more mindful of their protection and security. Digital cash has critical benefits for monetary educate, banks and vendors (Fiallos & Wu, 2005). Advanced Cash is an electronic payment innovation, which can give mysterious adaptable electronic payment , like paper cash, but with included security necessities required for web exchanges.. In a related work by Lee, Choi & Rhee (2003), a secure electronic cash system can ensure

namelessness of authentic clients but moreover gives traceability almost wrongfully issued cash or washed cash. In the event that illicit movement did take put, it can cancel namelessness of the computerized cash in arrange to secure the bank. Lee, Goodness & Lee, (2004) included that since computerized cash can follow twofold investing, and twofold investing ensures substance by uncovering the twofold spender's personality, computerized cash may be a trick confirmation way of guarding against unlawful redistribution of mental property and materials. Computerized cash can moreover be utilized to discourage illicit substance replicating and conveyance by embeddings following substance components into the advanced cash payment scheme that anticipates clients from person replication action, (Lee, Goodness & Lee, 2004). By utilizing this work, lawful, mysterious buyers can spread substance to other paying mysterious clients whereas tolerating by copyright laws. Utilizing advanced cash in businesses like advanced excitement can increment the request for items through less demanding and more secure spread channels. Computerized cash can follow who is wrongfully duplicating and dispersing copyrighted mental material, hence expanding security for creators and at the same time conceding misplaced income and deals for computerized media amusement companies (Lee, Goodness & Lee, 2004).

METHODOLOGY

Research design

Expo facto Research Design was adopted for the study. Data was sourced from CBN annual report from 2009-2021.

The annual report was easily obtained from the website of Central Bank of Nigeria. The multiple regression analysis was used to establish the type of relationship that exists between the two variables, also, the study made use of Auto Regressive Distributed Lag to achieve the study objective.

Area of Study

The geographical area of study is Nigeria; a country located in West Africa of Sub Saharan Africa. Nigeria is the most populated black nation in the world with over 200 million inhabitants.

Sample Size and Sampling Technique

The point of sales businesses in Nigeria are used as sample for the study since their variable data are available in the Central Bank of Nigeria Annual Report.

Method of Data Analysis

The study made use of Autoregressive Distributed Lag (ARDL) owing to a number of factors. Firstly, the ARDL approach helps to Simultaneously estimate both the model's long and short-run parameters. Secondly, the econometric methodology helps to handle variables of mixed order of integrations. Since most financial and economic variables are known to be of different orders, it is imperative to adopt a technique that handles such attributes to have reliable and unbiased results. Hence, the ARDL technique most used in this regards irrespective of the order of integration of the series (purely $I(0)$, $I(1)$, or mixed order of integration). Thirdly, the ARDL model permits the introduction of the lag of dependent and independent variables.

Model Specification

In order to determine the relationship that exists between POS business and employment generation in Nigeria, the researcher conducted a regression analysis using the following regression model. The regression model used in this study is expressed as follows:

$$PPO = a + bVOLTR + u \dots\dots\dots (Equa 1)$$

$$ER = a + bVOLTR + u \dots\dots\dots (Equa 2)$$

$$LSE = a + bVOLTR + u \dots\dots\dots (Equa 3)$$

Where:

PPO represent Proportion of Employment to Population

ER represent Employment Rate

LSE represent low skilled employment

VOLTR represent Volume of Transactions Carry out by POS

a represent the intercept (constant term)

b represent Coefficients of variables in the regression model.

u represent the Error terms

DATA PRESENTATION

Year	EMC	PEP	LSM	POS
2009	31.702	12.6997	28.815	11.03
2010	32.588	12.75	28.91	12.72
2011	33.48	12.7749	29.065	31.02
2012	34.366	12.7896	26.142	48.01
2013	35.246	12.8274	23.377	161.02
2014	36.118	12.8619	25.355	312.07
2015	36.982	12.8616	26.704	448.51
2016	37.838	12.819	26.811	759.00
2017	38.683	12.801	27.588	1,409.81
2018	35.65	12.7942	27.829	2,383.11
2019	37.463	12.7904	27.929	3,204.75
2020	34.7543	12.7468	25.812	3,543.65

Source: (CBN Statistical Bulletin, 2020)

RESULTS

Selected Model: ARDL(1, 0)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LOG(POS)	0.791077	0.155199	5.097177	0.0006
C	2.728035	1.975881	1.380668	0.2007
R-squared	0.742738	Mean dependent var		12.79785
Adjusted R-squared	0.685569	S.D. dependent var		0.038951
S.E. of regression	0.021841	Akaike info criterion		-4.597719
Sum squared resid	0.004293	Schwarz criterion		-4.476492
Log likelihood	30.58631	Hannan-Quinn criter.		-4.642601
F-statistic	12.99192	Durbin-Watson stat		1.837209
Prob(F-statistic)	0.006222			

Selected Model: ARDL (2, 3)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LOG(POS)	0.903346	0.279093	3.803506	0.0000
C	27.89023	11.06782	2.519939	0.0862
R-squared	0.831543	Mean dependent var		26.46650
Adjusted R-squared	0.794628	S.D. dependent var		1.381092
S.E. of regression	0.981811	Akaike info criterion		2.997192
Sum squared resid	2.891859	Schwarz criterion		3.209001
Log likelihood	-7.985958	Hannan-Quinn criter.		2.764837

F-statistic	15.46811	Durbin-Watson stat	2.174965
Prob(F-statistic)	0.000000		

Selected Model: ARDL(1, 0)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LOG(POS)	0.393042	0.355412	1.105875	0.2975
C	23.06194	9.996513	2.306999	0.0465
R-squared	0.645355	Mean dependent var		35.81755
Adjusted R-squared	0.554323	S.D. dependent var		1.824413
S.E. of regression	1.359986	Akaike info criterion		3.665144
Sum squared resid	16.64607	Schwarz criterion		3.786371
Log likelihood	-18.99087	Hannan-Quinn criter.		3.620262
F-statistic	9.397832	Durbin-Watson stat		2.237005
Prob(F-statistic)	0.046509			

FINDINGS

The data analysis result is found in the Appendix. The result of hypothesis one shows that POS adoption has significant effect on employment creation in Nigeria. The regression coefficient shows that POS adoption is positively associated with employment creation in Nigeria. The implication of the findings is that, a unit increase in POS business will lead to an increase in employment creation in Nigeria. Coefficient of determination (R^2) for the model is 0.742738 indicating the strength of the explanatory variable to explain variations that take place in the dependent variable. It implies that, POS business accounted for 74.3 per cent of total variation in employment creation in Nigeria while the remaining percentages of variation are unexplained.

The result also shows that POS business has significant effect on low skilled employment rate in Nigeria. The regression coefficient shows that POS business is positively associated with low skilled employment rate in Nigeria. The implications of the findings are that, a unit increase in POS will lead to an increase in low skilled employment rate (LSM) in Nigeria. Coefficient of determination (R^2) for the model is 0.831543 indicating the strength of the explanatory variable to explain variation that take place in the dependent variable. It implies that, POS business accounted for 83.2 percent of total variation in low skilled employment rate (LSM) in Nigeria while the remaining percentage of variation is unexplained.

Lastly, there is a significant relationship between POS business and proportion of employment to population. The regression coefficient shows that POS business is positively associated with proportion of employment to population. The implication of the findings is that, a unit increase in POS business will lead to 0.393042 increases in proportion of employment to population (PEP) in Nigeria. Coefficient of determination (R^2) for the model is 0.645355 indicating the strength of the explanatory variable to explain variation that takes place in the dependent variable. It implies that, POS business accounted for 65.5 per cent of total variation in PEP in Nigeria while the remaining percentage of variation is unexplained.

CONCLUSION

Based on the findings of the study, it was concluded that there is a significant relationship between pos business and employment creation in Nigeria. The regression coefficient further shows that pos business has positively associated with employment creation in Nigeria. This implication is that, a unit increase in pos business will lead to an increase in employment creation in Nigeria.

Point of Sales (POS) Business has a significant on low skilled employment rate in Nigeria. The regression coefficient further shows that pos business is positively

associated with low skilled employment rate in Nigeria. The implication of the findings is that, a unit increase in pos business will lead to an increase in low skilled employment rate in Nigeria.

Lastly, Point of Sales (POS) Business has significant impact on proportion of employment to population in Nigeria. The regression further shows pos business is positively associated with proportion of employment to population in Nigeria. The implication of the findings is that, a unit increase in pos business will lead to an increase in on proportion of employment to population in Nigeria.

RECOMMENDATIONS

Based on the findings of this study, it was recommended that;

1. Government through the CBN should enact a law on how to protect the interest of the POS customers, so that fund will not be withdrawn in their account without authorization.
2. Government and deposit money bank should encourage the use of POS in order to increase the employment rate in Nigeria.
3. Government should provide a good facility such as good power supply to encourage people indulge in the business and reduce unemployment in Nigeria.
4. Banks should provide a good internet network to aid smooth transaction of POS business in Nigeria.

References

- Adeoti, O. O. (2013). 'Challenges to the Efficient Use of Point of Sales (POS) Terminals in Nigeria'. *African Journal of Business Management*, 7(28), 2801-2806.
- Adeoti, O. O., & Oshotimehin, K. O. (2012). Adoption of point of sale terminals in Nigeria: Assessment of consumers' level of satisfaction. *Research Journal of Finance and Accounting*, 3(1), 1-5.
- Akerejola W.O, 2017. Determinants and Adoption OF Point of Sales of Selected Business Organization in Lagos State, Nigeria. *Unpublished thesis*, Department of Business Administration and Marketing, School of Management Sciences, Babcock University, Ilisan-remo Ogun state, Nigeria.
- Ayo, C. K., & Babajide, D. O. (2006). Designing a reliable e-payment system: Nigeria a case study. *Journal of Internet Banking and Commerce*, 11(2), 1-18.
- CBN, 2011. Towards a Cashless Nigeria: Tools & Strategies. *Nigerian Journal of Economy*. 3(2): 344-350
- Delali, K. (2010). The Challenges of Implementing Electronic Payment System: *The case of Ghana's E-zwich payment system MBA Thesis*.
- Fiallos, F. & Wu, L. (2005). *Digital Money*: Future trends and impact on banking, financial institutions and e-business International Labour Organisation (2018). *Unemployment*. Assessed on April 20, 2020. <https://www.woecd.org/statistics>.
- Kareem, R. O. (2015). Employment level and economic growth of Nigeria. *Journal of Sustainable Development Studies*, 8(1), 53- 70.
- Lee, D.G., Oh, H.G., & Lee, I.Y. (2004). A study on contents distribution using electronic cash system. Proceedings of the 2003 IEEE International Conference on e-Technology, e-Commerce and e-Service, IEEE Computer Society.
- Lee, H.J., Choi, M.S., & Rhee, I.Y. (2004). Traceability of double spending in secure electronic cash system. Proceedings of the 2003 International Conference on Computer Networks and Mobile Computing IEEE Computer Society.
- Ogedebe, P.M & Babatunde, P.J. (2012). E-payment: Prospects and challenges in Nigerian public sector. *International Journal of Modern Engineering Research (IJMER)*, 2 (5), 3104 – 3106.
- Ukwegbu A. C. (2012). Employment generation and expansion: a panacea for security challenges in Nigeria. Department of Business Administration, University of Lagos
- Venkatesh, V M.G. Morris; G.B. Davis; F.D. Davis (2003): User Acceptance of Information Technology: Toward A Unified View." *Mis Quarterly* Vol. 27 No. 3 pp. 425-475.