

THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

The Impact of Peace Accounting on Human Capital Development of Sub-Saharan African Countries

Ajibade Temiloluwa Iyanuoluwa

Postgraduate Student, Department of Accounting, Babcock University, Ogun State, Nigeria

Akintoye Ishola Rufus

Professor, Department of Accounting, Babcock University, Ogun State, Nigeria

Enyi Patrick Enyi

Professor, Department of Accounting, Babcock University, Ogun State, Nigeria

Abstract:

Governments all over the world set structures that enable their economy to either grow or be sustained, while also paying attention to the maintenance of peace and order, as well as ensuring the security of lives and property and food. Most countries in the Sub-Saharan part of Africa are faced with various security challenges and consequently, these challenges have become threats not only to their peaceful coexistence but also their economic prosperity. Conflicts are destabilizing the country's economy and the costs of maintaining peace in terms of finances and the cost in terms of loss of human life and property, and the destruction of social infrastructure are enormous. Peace accounting in accessing the extent of loss incurred as a result of insecurity and alternative way of investing fund to curtail its effects on the economy. This study therefore examined the impact of peace accounting on human capital development in sub-Saharan African countries. . The study adopted ex-post facto research design. The population of the study comprised the 48 Sub-Saharan African countries. Seven countries were selected using stratified and purposive sampling techniques. Data used were obtained from the World Bank databank for 35 years (1984-2018). The study employed inferential statistics using Regression Analysis. Findings revealed that Peace accounting had positive and significant impact on Human Development Index (HDI) (Adj.R² = 0.4533, F stat= 25.60, p< 0.05).The study concluded that peace accounting impacted economic performance. The study emphasized the importance of ensuring security in terms of lives and food these contribute positively to the performance of the economy in terms of the level of human capital development. It was recommended that there is the need for the government of the sub-Saharan African countries to avoid policies and activities of the government of country can lead to conflicts which might disrupt economic activities there by affecting performance, so that more funds can be committed to human capital development.

Keywords: Cost of defense, foreign agricultural aids, food production index, human capital development, insecurity peace accounting

1. Introduction

Governments all over the world set structures that enable their economy to either grow or be sustained, while also paying attention to the maintenance of peace and order, as well as ensuring the security of lives and property and food. Despite the use of environmental accounting to curtail most of the environmental issues that ranges from environmental degradation to environment restoration in order to avoid unnecessary conflict among stakeholders and also insecurity of lives and property, (Igweonyia, 2016), there is the need to promote a sustainable environment by accounting for peace. Ellawule (2018) opined that measuring a country's economic performance has gone beyond the country's Gross Domestic Product (GDP) or Gross National Product (GNP), which only measures economic growth. The measurement of the level of human development through the use of Gross National Product (GNP) for different countries was first criticized by the pioneer United Nation Report of 1954 in which for standard of living was made. The level of development is reflected by openness to international trade, levels of per capita GDP, and urbanization. According to Dialoke and Edeja (2017), economic development is a concept involving two or more variables; hence, there is no single acceptable definition of it. Economic development is a process where low income national economies are transformed into modern industrial economies. It involves qualitative and quantitative development in a country's economy. Political and social transformations are also included in the concept of economic development in addition to economic changes. World Bank (2018) noted that a holistic development that considers material conditions and quality of life tells a more complex story. Arnold, (2011), stated that Economic development is related to improvement in the quality of life of people through the introduction of better packaged goods and services using recent technology and infrastructural development, reduction of risk and dynamics of innovation and entrepreneurship. The Newly Industrialized Countries have been able to achieve economic prosperity mostly due to their peaceful operational environment. Any one cannot dispute the argument

of peace which these countries had during their rapid economic development era without liberal democracy until the end of the twentieth century (Selvarathinam, 2008)

In recent times, sub-Saharan Africa is fast becoming an insecure place for both human and businesses because of the increasing rate of conflict and violence and insecurity. For instance, there is the news of one form violence or conflict or the other in from various sources. Kidnapping has also become the order of the day. These spates of abductions are currently generating global attention and of recent is the xenophobia crisis in South Africa (Ajodo-Adebanjoko & Okerie 2014; Bremmer, 2019). All these security issues might affect the economic performance of any country given the involvement of the financial resources, human resources, material resources and even the environmental impact. Owolabi (2008) noted that there are socio-political and security implication of corporate environmental neglect in the sub-Saharan Africa, most especially Nigeria. The ripple effects of the environmental degradation engender frustrations orchestrated by food, economic, health, water and socio-political insecurities that trigger aggression and violent conflict (Akahalu, 2014). Environmental pollution and degradation of agricultural land which serves as source of income for the people couple with social unrest arising from unpaid claims of compensation and lack of concern for the people in the exploration area. Poor corporate relations with host communities, infrastructure vandalization, severe ecological damage, and human and food insecurity are problems that continue to plague the sub-Sahara African countries (Odularu, 2008; Olujimi, Emmanuel and Sogbon 2011). The entrenchment of social and environmental justice principles in a society serves as sure antidote for threats to sustainable peace and a desirable climate for the distribution of costs and benefits and the allocation and reallocation of resources (Ejumudo, 2014). The long and peaceful struggle for environmental justice and equity eventually resulted into violence (Ighodalo, 2013). Okoro and Amachi (2016) opined that most nations are now trying to measure the cost of curtailing these domestic crises. Peace-accounting, an innovative idea that is taking a firm root in Africa and the world over is one major way of ascertaining or measuring the costs of peace-keeping, peace restoration and peace building in an environment in order to enhance the economic performance of a given environment. According to Sandler and Enders (2010) the developed economy employ peace accounting in accessing the extent of loss incurred as a result of insecurity and alternative way of investing fund to curtail its effects on the economy. That is, economy losses as a result of insecurity may have a temporary influence as these developed countries are swift to reallocate resources to other sectors of the economy or better security measures are deployed to dispel concerns.

World Bank (2018) reported that poverty and fragility are increasingly interlinked. By 2030, projections showed that between 43 and 60 percent of the world's extreme poor will live in settings marked by fragility, conflict, and violence (FCV), and serious risks such as violent extremism, climate change, pandemics, and food insecurity will be on the rise. Justino and Verwimp (2013) asserted that given the level of insecurity in the Sub-Saharan Africa, when societies in this rural part of Africa are affected by violence or conflict, the food security of their citizens is threatened. Most countries in the Sub-Saharan part of Africa are faced with various security challenges and consequently, these challenges have become threats not only to their peaceful coexistence but also their economic prosperity (Okoro & Amachi 2018). Adebanjoko and Okerie (2014) noted that conflicts are destabilizing the country's economy and the costs of maintaining peace in terms of finances are on the increase and loss on human resources is increasing. Also, the cost in terms of loss of human life and property, and the destruction of social infrastructure are enormous. A challenge relating to human development is according to Udeh, Ugwu & Odo (2018) that the use of military options to suppress agitations often results in depletion of human capital which is the most valuable asset of any nation. Unlike other assets, human capital replacement process stretches into many years; sometimes with difficulty of a perfect replacement. Governments of most of the countries faced with the challenge of insecurity are reluctant in disclosing destruction of assets (especially human capital assets) of the state. Perhaps, the agent engages in this act in order not to instill fear and panic into the citizenry without consideration of the consequences such distortions pose to the accounting process. There is no gainsaying that this affects economic performance of these countries. (Ooro & Amaechi 2016). Another challenge is human capital flight many of the best brains are leaving the country going to develop other countries while Nigeria suffers. (Udeh, Ugwu & Odo 2018).

Furthermore, there is the threat of human capital flight as human resources who are made up of the skilled workers migrate abroad due to non-peaceful and insecure environment. The presence of violence, war and conflicts can affect both physical asset that is destruction of assets and human assets which includes death of citizens, incapacitation or migration which consequently leads to reduction in performance of economic resources and extension poor performance of the economy at large. Despite several years of commitment of men and material resources to conflict resolution, despite the amount of money spent on purchase of military equipment and the Human resource used by government to suppress such agitations, literature has shown that the performance level of sub-Saharan African countries is still of great concern and peace seems to be elusive. This study therefore examines the impact of accounting for peace has on human capital development of Sub-Saharan African countries.

2. Literature Review

Human capital is an important factor used in converting all resources to mankind's use and benefit. Economists observed that the development and utilization of human capital are important in a nation's economic growth. (Adelakun, 2011). OECD (2007) described human capital as the knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services or ideas in market circumstances.

According to Goldin (2014) Human capital is the stock of habits, knowledge, social and personality attributes (including creativity) embodied in the ability to perform labour so as to produce economic value. Similarly, Pettinger (2019) described human capital as a measure of the skills, education, capacity and attributes of labour which influences

their productive capacity and earning potential. The ability of nations to foster human capital accumulation depends on the existence of enabling institutions. One set of these enabling institutions is the legal and extra-legal rules that define property rights in man. Another set includes a host of related institutions such as the franchise, form of government (due process, rule of law), and religion (Goldin, 2014). Recruiter (2019) noted that Human capital development is the process of improving an organization's employee performance, capabilities and resources. Human capital development can range from on-the-job training to tuition assistance to team-building activities-not only along any given spectrum (in terms of quantitative and qualitative commitments), but also along multiple spectrums, such as skill development, project management and morale building.

According to Afuberoh and Okoye (2014) the provision of an enabling environment for local communities and regions to develop new methods of producing goods in a sufficient quantity which may enhance exportation to other countries as well as creating an enabling environment for businesses to thrive is the main objective and aim of economic development. Grace, David and Oliver (2016) noted that indicators besides indicators such as education, transportation networks, health condition and water supply, which can be used to ascertain economic development, human development index (HDI) is a universal standard measure for long term progress and citizen's welfare. According to United Nations Development Programme (2018), the Human Development Index (HDI) was developed to emphasize that people and their abilities should be the ultimate criteria for evaluating the development of a country not just economic growth alone. Economic Times (2019) defined human development index as a statistical tool employed to measure the overall achievement of a country in its social and economic dimensions. These social and economic dimensions are assessed based on the health of people, their level of education attainment and their standard of living. UNDP (2018) also noted that Human Development Index (HDI) is the concise measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. Specifically, the report noted that a long and healthy life is measured by life expectancy; knowledge level is measured by mean years of education among adults, and standard of living measured by Gross National Income (GNI) per capita. The HDI is the geometric mean of normalized indices for each of the three dimensions. To enhance comparability among countries, the UNDP (2018) also states that the data are all obtained from the United Nations institutions responsible for the generation of credible data on the three major proxies of measuring HDI. The United Nations Population Division provides data on the life expectancy of nations, the United Nations Education and Scientific and Cultural Organization Institute for Statistics provides data on the mean years of schooling and expected years of schooling and the World Bank provides data on the GNI per capita.

Scholars have debated the role of physical and social infrastructure in development without reaching a definitive consensus on their importance relative to other dynamics in human development. (Olukoju 2003) However, Bello (2002) argued that a high positive correlation exists between a developed infrastructure and sustained high rates of economic growth and trade coupled with a significant reduction in poverty, inequality and environmental degradation. According to Mbaku (2013) infrastructure enhances trade and commerce, encourages cultural exchanges that can promote national integration and reduce conflict, and eases labor mobility. In most dimensions of infrastructure performance, Sub-Saharan Africa ranks at the bottom of all developing regions, so the strategic emphasis on infrastructure is hardly surprising. And the literature suggests that some intrinsic features of Africa's economies may enhance the potential role of infrastructure for the region's economic development, (Calderon & Serven 2010). Infrastructure development and financing are an indispensable component of growth for any economy, and in sub-Saharan Africa (SSA) are essential building blocks for African countries to get on the path of sustainable development. However, at present, Sub-Saharan Africa countries lack adequate and sustainable infrastructure to support increased economic growth (Saghir 2017). According to the Infrastructure Consortium of Africa (ICA), (2016) infrastructure makes up a major part of investment expenditure in Sub-Saharan Africa, equivalent to roughly 3 to 6 percent of GDP per year (one-third to one-half of total public investment). And yet, the poor state of infrastructure in SSA countries continues to impede growth, trade and poverty reduction. The World Bank estimates that it reduces economic growth by 2 percent and business productivity by as much as 40 percent, every year. (Foster & Briceno-Garmendia, 2010). For the growth and development of any nation, it is expedient that infrastructural facilities are in place. By infrastructural facilities, we mean all activities that fall under the ambit of Social Overhead Capital (SOC). World Bank (1994) stated the SOC includes public utilities such as roads, dams, and drainage. Put differently, infrastructure may be argued to include all public services meant to serve the populace (e.g. provision of law and order, education, health care, transportation & telecommunication, power, drainage). According to Mobolaji and Wale (2012), the adequacy of infrastructure may determine a country's success or failure in diversifying production, coping with population growth, reducing poverty, improving welfare of citizens.

Peace is regarded 'as the absence of war, fear, conflict, anxiety, suffering and violence and about peaceful coexistence' (Francis, 2006; Igbuzor, 2011). According to Ibeanu (2005), peace is a process involving activities that are linked directly or indirectly to increasing development and reducing conflict within both local and international communities. Peace is not only the absence of war It is described as presence of equality, justice and development, respect and tolerance between people, harmony with the ecosystem, tranquility or inner peace, wholeness and making whole, and absence of war. The IEP (2016) in its affirmed determination to expand the concept of peace, identified eight key domains or pillar of peace thus; Sound business environment, Good relations with neighbours, High level of human capital, Acceptance of the rights of others, Low level of corruption, Well functioning government, Free flow of information, Equitable distribution of resources. These are the pillars upon which positive peace stands. Olanrewaju (2013) noted that a condition of order conjured by respect for human socio-cultural diversity is called 'positive peace'. IEP (2016) therefore defines positive peace as the presence of structures, institutions and attitudes that guarantee a sustainable social system and freedom from all forms of violence.

As urgent as properly understanding the impact of crime and violence in the economy has recently become, much empirical evidence is still needed to properly identify concrete mechanisms under which conflict and violent crime may negatively affect economic performance. Widianingsih (2018) is of the opinion that the emergence of the concept of peace and the need for accounting is not separated from the long history behind the development of its thinking. Accounting can be said to have been present in conditions of war. The war economy itself is understood as a set of special economic measures undertaken to sustain proper production, commodity movements, and distribution. The overall purpose of that at the time was to meet the needs of arms and food for soldiers and people in wartime (Diaconu, 2017). Oghoghomeh and Ironkwe (2012) defined Peace accounting as the process of recording, analyzing and providing of information that relates to cost of curbing violence or cost associated with peace-keeping. The information is so significant that it solves the agency problem that may erupt between the government and the citizens. It has caused the government huge amount of resources in guaranteeing peace and national security. Peace accounting according to Okoro and Amaechi (2016) is the process of recording, analyzing and providing information that relates to cost of curtailing violence or cost associated with peacekeeping.

According to Ijeomah (2014) Peace Accounting is the systematic according and ascertainment of the cost of peace keeping. Nations are now trying to measure the cost of curtailing these domestic crises. Peace accounting deals with the cost accompanying domestic predicaments such as insecurity, political violence, insurgency, militancy, economic predicament, corruption and all other costs connected with national security. It is quite difficult to accurately measure the economic cost of violent conflict; the presence of a conflict poses difficulty in the measurement of economic activity. Stiglitz and Bilmes (2012) in their work, estimating the costs of war: methodological issues, with applications to Iraq and Afghanistan opined that wars have both micro and macro-economic cost implications. Their methodological thought showcases two approaches: measuring cost of war in economic and accounting terms. Economic costs include micro and macroeconomic costs. Microeconomic costs are cost of war endured by a particular individual or firm while macroeconomic costs are those which have effect on the whole economy in excess and ahead of the amount of micro costs. Thus, the economic approach to calculating peace accounting is assessing the amount of resources utilized and how these expended resources are valued. On the other hand, accounting approach deals with providing information on the use of resources during domestic disaster. The accounting approach as they discuss, is indispensable for good governance of a nation. They argued that while micro economic costs of war include costs suffered by particular individuals and firms, macro-economic costs exert effects on the aggregate economy. This therefore, implies that wars ravage economy from two distinct perspectives and invariably retard growth and development of countries involved in it. (Stiglitz & Bilmes 2012).

Onime (2018) examined the effect of insecurity on economic growth using descriptive qualitative analysis, focusing on some indicators that relates to human development such as population, unemployment, agriculture. The study found that insecurity in Nigeria between 2009 and 2013 has resulted to the loss of about 1,341 lives through insurgency, 6,059 kidnapped between 2000 and 2013 and about 65,989 assassination cases between 2000 and 201. Furthermore the study found out that human development in terms of food security was affected has the agricultural sector was majorly hit by insecurity people were forced to move in the course of the conflicts. Gobat and Kostial (2016) in their study titled Syria's conflict Economy analyses how Syria's economy and its people have been affected and outlines the challenges in rebuilding the economy. One interesting disclosure of this study is that the devastating civil war has set the country back decades in terms of economic, social and human development and while reconstructing damaged physical infrastructure will be a monumental task, rebuilding the human and social capital will be an even greater and lasting challenge. Erin and Tony (2011) examined peace, conflict and development in Africa. The study examines the role of political economy in conflicts and the methods and tools needed to bring about peace that is more about the absence of violence. The study contributes that the drive for peace in Africa should not marginalize the vital priority of human development or vice versa.

Justino (2012) theoretically described how the correlation between economic marginalization, disparity, conflict and violence control the goal of instituting shared societies. The study recognized two institutional frameworks for recognizing the relationship between conflict and shared societies. First, the change set off by armed conflict on social relations, norms of trust and collaboration; second, the control used by informal intermediaries, informal service providers and informal systems of governance synchronized habitually by non-state armed players emerging from the course of violence. These forms of institutional frameworks are fundamental to recognizing how nations can restrict the use of violence to ensure national security. In the opinion of Santhirasegaram (2008), this effect is more significant than other economic determinants of physical and human capital accumulation. The economies which have peace environment accumulate more physical and human capital accumulation and enhance to economic growth rapidly.

This study is supported by signaling theory. Signaling theory was propounded by Spence (1973). This theory is fundamentally concerned with reducing information asymmetry between two parties (Spence, 2002). According to Connelly, Certo, Ireland and Reutzel (2011) it focuses primarily on the deliberate communication of positive information in an effort to convey positive organizational attributes. It is also referred to as the information content hypothesis, corporate announcements are hypothesized to have information content, for example, managers use cash dividend announcement to signal changes in their expectation about the future prospect of the company when the markets are imperfect. Signaling theory focuses primarily on the deliberate communication of positive information in an effort to convey positive organizational attributes this applies to conflict situations too. The peaceful condition an environment sends a signal that attracts the performance of the economic in terms of its growth, human development and infrastructural development and foreign direct investment. The economy of a country tends to react to signals thrown to it form its environment in terms of the level of security (live, properties, investments and food). This study will take the reaction of the economy to be the performance of the economy. Two theoretical insights given by Chuku, Dominic and Ima-

Abasi (2017) that relates signaling is that First, increased conflict, violence, terrorism and insecurity in a country suppresses available capital for growth, and induces governments to divert resources to relatively unproductive spending on conflict, terrorism and state of insecurity. Secondly, increased level of insecurity in a country might result in more aggregate uncertainty which will result in higher interest rates across the economy; reduced domestic investments; increase migration of human capital and lower steady state growth rates.

3. Methodology

This study adopted the *ex-post facto* research design. Secondary data were extracted from World Bank databank and the relevant international and national regulatory and statutory bodies of the selected countries for the period of 1984 to 2018. The population of this study consisted of the 48 Sub-Sahara African Countries as identified in the World Bank factsheet, as at 30 September 2019. The sample size for the study was 7 sub-Sahara African Countries. These are: Nigeria, South Africa, Liberia, Kenya, Rwanda, Zambia and Uganda. Inferential statistics (regression analysis) was used to analyze the data. Necessary post estimation tests were carried out to determine the correctness of the model estimation.

$Y = f(X)$, Y =Human capital development; = Human development Index (HDI); X = Peace accounting; x_1 = cost of defense (COD); x_2 = foreign aids on agriculture (FAA); x_3 = food production index (FPI)

$$HDI_{it} = \beta_0 + \beta_1 \log COD_{it} + \beta_2 \log FAA_{it} + \beta_3 \log FPI_{it} + \mu_{it}$$

4. Result and Discussion of Findings

Variable	Coefficient	Std Error	t-Stat.	Prob.
Logcod	0.0859	0.0209	4.12	0.000***
Logfaa	0.00309	0.00751	0.41	0.681
Logfpi	0.0836	0.120	0.70	0.484
Constant	-0.704	0.236	-2.99	0.003***
Adjusted R-squared	0.4533			
Wald Chi ²	25.60			
Prob. Chi ²	0.000***			
Diagnostic Tests	Statistics			
Hausman test	-2.76			0.327
Breusch and Pagan Lagrangian multiplier test	934.73			0.000*
Heteroskedasticity test	0.17			0.6765
Wooldridge test for autocorrelation	5448.448			0.000*
Pesaran's test of cross sectional independence	5.136			0.000*

Table 1: Regression Estimates for Model

Dependent Variable: HDI; Obs.: 245

*significant at 5%

Source: Researcher's Computation, 2020

The regression analysis estimates on Table 1 showed that all peace accounting variables which include cost of defense (COD), Foreign aids on agriculture (FAA), food production Index (FPI) have positive effect on human development measured by human development index (HDI). This is indicated by the sign of the coefficients, that is $\beta_1 = 0.0859 > 0$, $\beta_2 = 0.00309 > 0$, and $\beta_3 = 0.0836 > 0$. The result for cost of defense (COD), Foreign aids on agriculture (FAA), food production Index (FPI) is consistent with *a priori* expectation as it is expected that the variables of peace accounting will have positive effect on economic performance. The probability of the individual t-statistics shows that cost of defense (COD) has a positive effect on human development measured by human development index (HDI) and this effect is significant at 1%, 5% and 10% levels of significance given the p-value of 0.000. while, t-statistics shows that Foreign aids on agriculture (FAA) has a positive insignificant effect on human development measured by human development index (HDI) at 1%, 5% and 10% levels of significance given the p-value of 0.681. Food production Index (FPI) has a positive insignificant effect on human development measured by human development index (HDI) given the p-value of t-statistics to be 0.484.

The size of the coefficient of the independent variables show that 1 unit increase in cost of defense (COD), will lead to 8.59% improvement in the human development measured by human development index (HDI), while a unit increase in Foreign aids on agriculture (FAA) will bring about 0.309% increase in human development measured by human development index (HDI) and a unit increase in food production index (FPI) will lead to 8.36% increase in human development measured by human development index (HDI). Additionally, the adjusted R-squared showed that 45.33% variations in economic performance measured by human development measured by human development index (HDI) can be attributed to the measures of peace accounting while the remaining 54.67% variations in economic growth rate are caused by other factors not included in this model. This might be as a result of the nature of data used. Although, the coefficient of determination shows that the main model has weak explanatory power. However, the probability of the F-statistic indicated that this model is statistically significant. Hence, peace Accounting has a statistical significant impact on human development measured by human development index (HDI).

4.1. Discussion of Findings

The objective was set out to investigate the effect of peace accounting measured by cost of defense (COD), Foreign aids on agriculture (FAA), food production Index (FPI) on human development measured by human development index (HDI). From the result of the regression analysis carried out in model two, it was discovered that peace accounting has a positive significant effect on the human development of Sub-Saharan African countries. The finding aligned with the report Santhirasegaram (2008); Hoeffler and Fearson (2015); Honig (2017); Santhirasegaram (2008), opined that the economies which have peace environment accumulate more physical and human capital accumulation and enhance to economic growth rapidly. Peace contributes to economic performance by the ways of increasing of productivity in capital and labor, good governance, tourist arrival and efficient of institutions. This aligns with the findings that signify a positive relationship that when peace accounting increases, human development improves. In a similar vein, Hoeffler and Fearson (2015) considered the benefits and costs of the conflict and violence for the post-2015 development agenda. The study discovered the types of violence that are mostly costly to society are ones that attract less attention, in both government spending and public imagination. Honig (2017) in line with other research found that peace through the amnesty policy generated an increase in education by 0.53 years of schooling, a 67% increase in self-employment income.

The study however negates the findings of Gobat and Kostial (2016); Balami, Ahmed and Yusuf (2016); Onime (2018); Obasi, Asogwa and Nwafee (2018). Gobat and Kostial (2016) stated that civil war and conflicts within countries bring set back in terms of economic, social and human development and while reconstructing damaged physical infrastructure will be a monumental task, rebuilding the human and social capital will be an even greater and lasting challenge. Balami, Ahmed and Yusuf (2016), are of the opinion that despite several past reforms and policies dictated by the IMF and World Bank, African countries are still experiencing economic instability and this can be traced to insecurity. Absence of security and exclusive growth process are some of the underlying obstacles of physical and human capital accretion in developing economies. Obasi, Asogwa and Nwafee (2018), is of the opinion that the expenditure on military in recent time has been argued to displace expenditure on human development indicators. Although there is no firm backing from any economic theory as to the exact relationship between military expenditure and human capital development expenditure, most empirical studies however claim the possibility of negative relationship between the two. Onime (2018) is of the opinion insecurity brings losses in terms of human lives and properties, in term of food insecurity also, insecurity of food affects human development, insecurity of food tends to lead to unnecessary uproar among human which might lead to outbreak of crimes and lawlessness.

Although the adjusted r square indicates that the measures of peace accounting are not strong enough to explain the variations in human development, this might be due to the fact that there are other factors and determinants of economic performance not captured by the model besides insecurity, conflicts or violence. Some of these include unemployment, corruption, economic policies, however, the probability of the F statistics has shown that despite the fact that peace accounting might not be sufficient enough to explain the variations in human development; peace accounting exacts a significant effect on human development. This implies that Peace accounting is an important determinant of economic performance. From the findings, the increase in the measure of peace accounting should lead to improvement in human development. The human development index basically has the good standard of living, education, and health components. Human Development Index (HDI) is the concise measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. This is achievable only in a peaceful environment. Erin and Tony (2011) are of the opinion that the role of political economy in conflicts and the methods and tools needed to bring about peace that is more about the absence of violence. The drive for peace in Africa should not marginalize the vital priority of human development or vice versa. As much as there is the need for security of lives in a society to ensure improved level of human development, the reality of the issue is that the amount of money spent in ensuring security of lives has left a big vacuum in the aspect of human development. Despite the increasing amount there seem to be no improvement in human development in most sub-Saharan African countries. This assumption seems to negate the findings of the study. Also, Balami, Ahmed and Yusuf (2016) noted that even though there are aids from World Bank and IMF, there seem to still be absence of physical and human capital development in developing economies. The major argument as per the relationship between cost of defense which is military spending and human development has been the distribution of resources.

Obasi, Asogwa and Nwafee (2018) stated that the resources used for military equipment can be used alternatively for building hospitals, schools or for providing civilian goods, showing the extent to which the economy foregoes the opportunity cost to commit these resources for alternative peaceful uses. However as much as the human development should be prioritized, the cost of peacekeeping in a society cannot be neglected. Increase in peace accounting practice can bring about improvement in human development if there is proper security of lives and properties also if food security is ensured. The process of ensuring security might bring about some cost. A deteriorating environment cannot be neglected. Hence it can lead to further destruction of lives and food. Therefore, governments of each country are saddled with the responsibility of ensuring a more security environment. However, care must be taken to ensure that the funds committed to security are judiciously used so the security can be achieved. In the long run, the cost and benefits often offsets each other. The finding of the study is supported by the signaling theory which, since the findings suggests that any improvement in peace accounting will signal improvement in human capital development, The government of the sub-Saharan African countries must avoid policies and activities of the government of country can lead to conflicts which might disrupt economic activities there by affecting performance, so that more funds can be committed to human development. Hoeffler and Fearson (2015) noted that where violence is deteriorating and there is fall off in violence which guarantees national security is connected with countries with high incomes, signifying that countries with low and middle income may

experience huge cost of peace accounting as well as violence that can threaten the national security. There is the need for these countries to set their priorities right in order to achieve human development.

5. Conclusion and Recommendation

The study measured peace accounting using the cost of defense (COD), foreign aids on agriculture (FAA) and food production index (FPI). And human capital development measured by human development index. Peace accounting offers a quantitative basis for recording and analyzing and providing information on the activities of peace keeping and the financial implication of peacekeeping and peace building in a country and how it relates to the human development in the country. The study emphasized the importance of ensuring security in terms of lives and food, as these contribute positively to the performance of the economy in terms of the level of human capital development. Since the findings showed that improvement in peace accounting will lead to improvement in human development, based on the assumption of signaling theory, it is recommended that there is the need for the government of the sub-Saharan African countries to avoid policies and activities of the government of country can lead to conflicts which might disrupt economic activities there by affecting performance, so that more funds can be committed to human capital development.

6. References

- i. Adebajoko, A., & Okorie, N. (2014). Corruption and challenges of insecurity in Nigeria: Political economic implication. *Globa Journal of Human Social Science*, 14(5), 10-16.
- ii. Ajodo-Adebajoko, A., & Okorie, N. (2014). Corruption and the challenges of insecurity in Nigeria: Political economy implications. *Global Journal of Human Social Science*, v(1), 10-16.
- iii. Balami, D. H., Ahmed, F. F., & B., Y. A. (2016). The imperative of peace and security for the attainment of inclusive growth in Nigeria. *European Journal of Research in Social Sciences*, 4(2), 82-93.
- iv. Bremmer, I. (2019, September 6). What the Xenophobic Violence Gripping South Africa Means for Future of Country. Retrieved November 17, 2019, from time website: <https://time.com/5671003/what-the-xenophobic-violence-gripping-south-africa-means-for-future-of-country>
- v. Chuku, C., Dominic, A., & Ima-Abasi, I. (2017). Growth and fiscal consequences of terrorism in Nigeria. *African Development Bank Group Working Paper Series*, 284(1), 1-31. Retrieved November 20, 2019, from https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/WPS_No_284_Growth_and_Fiscal_Consequences_of_Terrorism_in_Nigeria_A.pdf
- vi. Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2010). Signaling theory: A review and assessment. *Journal of Management*, 37(1), 38-67.
- vii. Development, U. N. (2016). *Economic development in Africa Report 2016*. Geneva: United Nations.
- viii. Dialoke, I., & Edeja, M. S. (2017). Effect of Niger Delta militancy on the economic development of Nigerian (2006-2016). *International Journal of Social Sciences and Management Research*, 3(3), 25-36.
- ix. Diaonu, P. (2017). From the Accounting of War to the Accounting of Peace: Putting Bricks for a New Environmental Accounting: A Critical Analysis. *Accounting and Management Information Systems*, 16(1), 107-131.
- x. Ejimudo, K. B. O., (2014). The Democracy/environmental justice challenge in Nigeria's Niger Delta and the developmental leadership and governance culture imperative. *Journal of Economics and Sustainable Development*, 5(15), 2222-1700
- xi. Ellawule, A. (2018). Effect of Tax evasion on economic development of Yobe State, Nigeria. *Journal of Accounting and Marketing*, 7(2), 262- 275.
- xii. Erin, M. & Tony, K. (2011). *Peace, conflict, and development in Africa. A reader* (pp. 15-57). Switzerland: University of Peace.
- xiii. Fearon, J., & Hoeffler, A. (2014). *Benefits and Costs of the Conflict and Violence Targets for the Post-2015 Development Agenda*. Tewksbury MA: Copenhagen Consensus Center.
- xiv. Foster, V. & Briceno- Garmendia, C. (2010). *Africa's Infrastructure: A time for transformation* (eds ed.). Washington, DC, USA: World Bank.
- xv. Francis, J. D. (2006). *Peace and Conflict Studies: An African Overview of Basic Concepts'*. In Best S.G. (Ed), *Introduction to Peace and Conflict Studies in West Africa: A Reader* (pp. 10-24). Ibadan: Spectrum Books Ltd.
- xvi. Grace, N., David, O., & Oliver, O. (2016). Empirical analysis of effects of tax revenue on economic development of Nigeria. *Asian International Journal of social Science*, 6(10), 610-613.
- xvii. Gobat, J., & Kostial, K. (2016). *Syria's Conflict Economy* . IMF Working Papers (pp. 16-123). International Monetary Fund.
- xviii. Goldin, C. (2014). *Human Capital*. (Claude Diebolt, C. and Michael Hauptert, Ed.) Cambridge, Massachusetts: Springer-Verlag, forthcoming.
- xix. Hoeffler, A., Fearson, J. (2015). *Benefits and costs of the conflict and violence targets for the post-2015 development, agenda*. Copenhagen Consensus Center, Working Paper August 22, 1-65
- xx. Honig, T. (2017). *The impact of peace: Evidence from Nigeria*. Munich Personal RePEc Archive (pp. 1-38). London: London School of Economics.
- xxi. Ibeanu, O. (2005). *Conceptualizing peace*. In G. B. Shedrack, *Introduction to peace and conflict studies in West Africa*, Ibadan: Spectrum Books Ltd.
- xxii. IEP. (2016). *Economic value of peace* . Sydney: Institute of Economics and Peace.

- xxiii. Igbuzor, O. (2011). Peace and Security Education: A Critical Factor for Sustainable Peace and National Development. *International Journal of Peace and Development Studies*, 2(1), 1-7.
- xxiv. Ighodalo, A. (2013). Oil Environmental Degradation and Human Security in the Niger-Delta Region of Nigeria: Challenges and Possibilities. *European Scientific Journal*, 8(1), 1857- 7881.
- xxv. Igweonyia, O. V. (2016). Impact of environmental accounting and reporting on sustainability development in Nigeria economy. *IMT International Journal of the Arts and Sciences*, 1(1), 147-155.
- xxvii. Ijeoma, N. (2014). Impact of Cost of Conflict on Economic Development in Nigeria. *International Journal of Open Scientific Research*, 2(1), 13-31.
- xxviii. Infrastructure Consortium for Africa (ICA). (2016). Infrastructure Financing Trends in Africa. Abidjan: Infrastructure Consortium for Africa. Retrieved November 5, 2019, from https://www.icafrica.org/fileadmin/documents/IFT_2016/Infrastructure_Financing_Trends_2016.pdf
- xxix. Justino, P. (2012). Shared societies and armed conflict: Costs, inequality and the benefits of peace. Institute of Development Studies, University of Sussex, Falmer Brighton, HiCN Working Paper 125. Retrieved from: www.hicn.org.
- xxx. Justino, P., & Verwimp, P. (2013). Poverty Dynamics, Violent Conflict, and Convergence in Rwanda. *Review of Income and Wealth*, 1, 66-90.
- xxxi. Mbaku, J. M. (2013). Building opportunities: Addressing Africa's lack of infrastructure. Washington, DC.: Africa Growth Initiative.
- xxxii. Mobolaji, O., & Wale, A. (2012). sion 20:2020 and the Challenges of Infrastructural. *Journal of Sustainable Development*, 5(2), 63-74.
- xxxiii. Obasi, C. N., Asogwa, F. O., & Nwafee, F. I. (2018). Military expenditure and human capital development in Nigeria. *American Journal of Economics*, 8(5), 221-229.
- xxxiv. Odularu, G. O., (2008). Crude Oil and The Nigerian Economic Performance. *Ó Oil and Gas Business*. Retrieved from <http://www.ogbus.ru/eng/>
- xxxv. OECD. (2008). The Value of People. OECD.
- xxxvi. Oghoghomeh, T. R. & Ironkwe, U. I. (2012). Accounting for peace and economic development in Nigeria, the Niger-Delta Case. *International Journal of Arts and Humanities*, 1(2), 173-180.
- xxxviii. Okoro, E. & Amaechi, E. (2016). Cost of accounting and national security in Nigeria: Does it really matter? *Trends, Economics and Management*, 27(3), 49-56.
- xxxix. Olanrewaju, I. (2013). The Conceptual Analysis of Peace and Conflict. In K. Soremekun (Ed.), *Readings in Peace Studies and Conflict Resolution* (pp. 6-14). Ota: Department of Political Science and International Relations, Covenant University.
- xl. Olukoju, A. (2003). Infrastructure development and urban facilities in Lagos 1861-2000. Lagos, Nigeria: Institut français de recherche en Afrique.
- xli. Onime, B. E. (2018). Insecurity and economic growth in Nigeria: A diagnostic review. *European Scientific Journal*, 4(4), 377-391.
- xlii. Pettinger, T. (2019, september 22). Human Capital definition and importance. Retrieved March 16, 2020, from www.economicshelp.org/blog/26076/economics/human-capital-definition-and-importance.
- xliii. Recruiter. (2019). Human Capital Development. Retrieved March 15, 2020, from <https://www.recruiter.com/human-capital-development.html>
- xliv. Saghir, J. (2007). Sustainable infrastructure development in sub-Saharan Africa. Washington DC: Center for Strategic International Studies.
- xlv. Sandler, T., & Enders, W. (2010). Economic consequences of terrorism in developed and developing countries: an overview. Retrieved November 20, 2019, from [personal.utdallas.edu: https://personal.utdallas.edu/~tms063000/website/Econ_Consequences_ms.pdf](https://personal.utdallas.edu/~tms063000/website/Econ_Consequences_ms.pdf)
- xlvi. Selvarathinam, S. (2008). Peace and economic growth in developing countries: pooled data cross-country empirical study. *International Conference on Applied Economics*, 1(1), 807-814.
- xlvii. Spence, M. (1973). Job market signaling. *Quarterly Journal of Economics*, 87(3), 355-374.
- xlviii. Spence, M. (2002). Signaling in retrospect and the informational structure of markets. *American Economic Review*, 92(3), 434-459.
- xliv. Stiglitz, J. E., & Bilmes, L. J. (2012). *Estimating the Costs of War: Methodological Issues, with Applications to Iraq and Afghanistan*. New York: WW Norton. .
- l. United Nations Development Programme (UNDP) (2018). Human development indices and indicators: 2018 statistical update.
- li. UNDP(2018). Human development Report. New York: United Nations Development Programme.
- lii. Widianingsih, L. P. (2018). Accounting for peace: Green movement in industry 4.0 (necessity of deconstruction?). *International Journal of Advenace Research*, 6(5), 36-47.
- liii. World Bank. (1994). World Development Report 1994: infrasturcture for development-executive summary. Washington, DC: World Bank Group. Retrieved November 22, 2019, from <http://documents.worldbank.org/curated/en/687361468340136928/World-Development-Report-1994-infrastructure-for-development-executive-summary>.
- liv. World Bank (2018). Africa's Pulse. Volume 17, April 2018.