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   Oil And Gas Disclosure And Tax Aggressiveness in Nigeria: A Research Agenda

Determinants of Abnormal Audit Fees in Nigerian: The Economic Bonding Perspective.

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Abstract

The broad objective of the study is to investigate the determinants of abnormal audit fee in Nigeria from the economic bonding perspective. Archival data were sourced from the annual report and account of the listed financial institution for the period under review (2009-2018). The data were analysed using descriptive statistics, correlation and panel regression analysis.

The result of the analysis shows that the explanatory variable of non-audit fees impacts negatively on abnormal audit fees having reported a negative relationship with abnormal audit fee. The independent variable of audit tenure showed no significant influence on abnormal audit fees. The variable of earnings management behaviour shows that there is no significant relationship with abnormal audit fees, while Clients bargaining power showed a significant negative relationship with abnormal audit fees. We concluded based on the outcome of this study that the determinant of abnormal audit fees does not reflect more of economic bonding. Finally, we recommend that professional bodies in Nigeria (like ICAN and ANAN) should try to review, harmonize and enforce minimum audit fee-benchmarks to be charged in audit engagement.

***Keywords**: Abnormal Audit fee, Earning management, Client Bargaining power, low-balling economic bonding*.

Introduction

The professional accountant in the last decades have surfer serious crisis of credibility as a result of the corporate collapse and accounting scandals that have rocked the world in the early 2000. During this period the accounting profession have been greatly criticised (Ibrahim & Ali, 2018).

This period also saw the collapse of high profile commercial banks in Nigeria (Intercontinental bank, Afri bank and Oceanic bank) due to financial scandals, falsified financial reporting, among others which also humbled the auditors (Onulaka, Shubita & Combs, 2019). Considering the implication of this corporate collapse and accounting scandal different regulatory changes have been introduce in various countries, in US Sarbanes Oxley Act 2002 and, while in Nigeria 2003 SEC code of corporate governance recently updated in 2018. All this are effort to brace auditor's client relationship. Annual accounts of publicly listed companies are to be audited by an external auditor to provide opinion on the truthfulness, fairness and also provide assurance to stakeholder on the reliability of such

information. This services provide for the remuneration of the auditor (Fees) which no specific amount have been stated, more so, the auditor is expected to charge whatever he/she deem fit as audit fees, which also depend on whether the fees is normal or abnormal to the client (Oladipupo & Monye-Emina, 2016).

Abnormal audit fees could either be high or low, and is usually linked to specific economic bonding between the auditor and the client (Choi, Kim, & Zang, 2010; Gellings, 2017). Thus, abnormal audit fees, also called unexplained audit fees (Ryabova, Chen, Taylor &Vedd, 2018), can be described as the excess (or deficit) amount paid by clients over the normal audit fees. Prior studies reveal that there are two contrasting viewpoints on abnormal audit fees – the economic bonding view and the audit effort view, but for the sake of this study our emphasis is on economic bonding view. In the economic bonding view, scholars (Bruno, Cornaggia & Krishnan, 2016; Choi et al, 2010; Choi, Kim & Zang, 2006; Hapsoro & Santoso, 2018; Kraub, Pronobis & Zulch, 2014) argue that abnormally high audit fees reflect auditor impairment, inordinate auditor-client relationship and an incentive to impair auditor independence or objectivity. Which point to the case of Arthur Andersen in respect to the Enron saga is a typical example. Furthermore, abnormally low audit fees was also argued to reflect clients strong bargaining power (Kraub, Pronobis, & Zulch, 2014). Either way (whether abnormally high or low), studies suggest that both may have effect on audit quality (Asthana & Boone, 2012; Choi et al, 2010; Eshleman & Guo, 2014; Ryabova, Chen, Taylor, & Vedd, 2018).

Different scholars such as Bruno, Cornaggia and Krishnan (2016) and Onulaka and Shubita (2019) suggest that the provision of non-audit services increases the economic bonding between the auditor and the client. Hence, an auditor may charge abnormally low audit fees in order to obtain or retain clients that pay higher non-audit fees (Gellings, 2017). Similarly, researchers like Asthana and Boone (2012) and Choi et al. (2010) opined that an auditor who receives abnormally high audit fees will most likely lose her independence and allow managers to engage in questionable accounting practices. Hence, clients with strong incentives to aggressively manage earnings may succumb to abnormally high audit fees in order to compromise the auditor. Asthana and Bonne (2012) and Zhang (2017) also project that abnormal audit fee is a function of the clients bargaining power, while Fitriany and Anggraita (2016) argue that auditor switching increases the auditor pricing games 'low-balling' by setting the initial audit fees abnormally low in order to attract new clients or to ward-off competing auditing firms. This study considers it imperative; therefore, to empirically examine the determinants of abnormal audit fees in Nigeria from the economic bonding schools of thought as Ilaboya, Izevbekhai, and Ohiokha, (2017) are the only study in Nigeria to have examined the determinant of abnormal audit fees from the audit effort perspective. Researchers like Liu, Kong, San, and Tsang (2018) sampled thirty (30) different countries and found empirical evidence which supports the view that abnormal audit fees can be affected by reasons other than audit effort. However, the truism of such outcome lacks empirical justification in the Nigerian context with different audit market complexity, hence the need for this study.

LITERATURE REVIEW

Concept of Abnormal Audit Fees

The fees charged by the auditor have a way of reflecting this private information that is unavailable to stakeholder. The fees can be higher or lower depending on the nature of the

client business and the level of the information that was initially accessible publicly (Picconi & Reynold, 2013). Abnormal audit fee has been defined by prior studies. Choi, Kim and Zang (2006), Hope, Kang, Thomas and Yoo (2009) defined abnormal audit fees as the difference amid actual audit fees and the estimated level of audit fee. They are of the view that abnormal fees can be separated into positive and negative abnormal audit fees. Abnormal audit fees are measures of over payment or underpayment for the service provided by the auditor. Abnormal audit profitability is related to both bargaining power and economic bonding. This is consistent with the study of Casterella, Francis, Lewis and Walker, (2004), who found a negative relationship between audit fees earned by industry specialists clients and bargaining power. They suggested that below normal audit fees there may be belling discount granted by the auditor owing to clients bargaining power. In the study of Kinney and Libby (2002), they opined that unexpected fees can better capture the profitability of the service provided… more insidious effects on auditor client economic bonding that might result from the unexpected non-audit and audit fees that are linked to attempted bribes.

Non-audit Services and Abnormal Audit Fee

Non- audit services in recent times have received both regulatory and scholarly attention, due to the drastic growth in the number of accounting and corporate failure witnessed in the last decade (Levitt 2000; Defond et al. 2002; Li 2009; Lin & Hwang 2010; Quick 2012). Non-audit services are professional services rendered by a qualified public accountant during the period of an audit engagement that are not related to the auditing of the companies' financial statements. Over the years, regulators have argued that the auditors independence can be compromised when the auditor depends on the amount realized from non-audit fees paid by the client. More so, the provision of non-audit service increases the economic bonding between the auditor and the client. There are also widespread beliefs that auditors might sacrifice independence to retain a client who pays a higher amount for non-audit service (DeFond, Raghunandan, & Subramanyam, 2002). The Arthur Anderson–Enron case provides a good example of the Economic Bonding hypothesis - where auditors could trade-off their independence in exchange for retaining clients that pay lucratively for consulting and other non-audit fees. It was specifically reported that prior to their demise in 2001, the actual audit fees paid by Enron was 250% higher than the estimated normal audit fees it would have paid to the auditor (Kinney & Libby, 2002). There are different measures of non-audit fee that have been adopted by prior studies. One of the most common measure is the proportion of non-audit fees to total fees to the incumbent auditor (Defond et al. 2002; Ashbaugh, LaFond & Brian 2003).

Length of Auditor Client Relationship and Abnormal Audit Fee

In recent times the call for mandatory audit rotation has been one of the incentives that have prompted research in the field of length of auditor client relationship. The proponents of the mandatory rotation are of the view that the length of the auditor-client relationship can compromise the independence of the auditor and also leading to economic bonding with the client. However, the more the auditor-client relationship lengthens the more the auditor is confined to the client. According to Wahid, Nazri and Hudaib (2006), one aspect of the auditor-client relationship is 'auditor switching behavior'. They argued that since a lengthy audit tenure may cause the auditors to develop "over-cozy relationships" as well as strong loyalty or emotional relationships with their clients, (which on a long run could impair the auditor independence), some countries' professional bodies have devised measures to proscribe auditors from having personal relationship and getting "over familiar" with

clients. One of such measures is ‘mandatory auditor rotation’. The measurement of the variable of auditor switching usually takes a dichotomous form of 1 if the client switched audit firm and 0 if otherwise. Irrespective of a mandatory auditor switching regime, majority of the listed companies periodically switch auditors – majorly for strategic reasons.

Clients' Earnings Management Behaviour and Abnormal Audit Fee

In-line with the taxonomy proposed by Eilifen and Willekens (2008), earning quality has been used as a surrogate for earning management. This reflect the hypothesis that higher quality earnings are estimated to compel opportunistic earning management (Lin & Hwang 2010). Schipper (1989), defined client earning management as a determined mediation in the external financial reporting process, with the intent of obtaining private gain. We can also say that earning management transpire when directors use ruling in financial reporting and also structure transactions in order to alter the financial reporting that will either mislead stakeholders with regards to the performance of a particular company. When clients pay an auditor an unusually high fees (abnormal audit fees), the auditor can allow such a client to engage in opportunistic earning management. And there are different measure of earning management which includes discretionary accruals, the Jones model, modified Jones model, Forward-looking Jones-Model, Performance Adjusted Jones Model, Dechow/Dichev-model, Dechow/Dichev/Mcnichols-Model, Restatement all have been used as a measure of earning management, even audit fees have all been used as a measure of earning management.

Clients Bargaining Power and Abnormal Audit Fee

An auditor possible explanation is that the auditor’s employment and the fee depend on the company. The auditor needs to at the point of engagement determine the fee to be paid by the client. The extent to which the auditor and client agree also depend on the clients bargaining power. Studies (Levitt 2000; Defond et al. 2002; Li 2009) have shown that most auditors reduces their audit fees so as to attract the non-audit service from the client and can at the same time reduces the audit fee (abnormally low fee) to gain new clients. Clients with weaker a bargaining power is an indication of positive abnormal audit fee. Positive audit fees reflect a weaker bargaining power of the client, while Negative audit fee reflects a stronger bargaining power of the client, while lower audit fees may impair auditors to reduce his/her audit effort and control audit cost to achieve a certain profit target. They suggested that, below normal audit fees (abnormally low or negative audit fees) may reflect billing concessions granted by the auditor due to clients bargaining power and measured the clients bargaining power using the percentile rank of bargaining power, defined as the natural log of the firm’s sales (revenue) divided by the sum of the natural log of sales (revenue) for all firms audited by the company’s auditor for each industry (Eshleman & Guo, 2014).

Review of Empirical Studies

Hapsoro and Santoso (2018), examined the moderating effect of the auditor’s tenure, abnormal audit fee and reputation of the auditor on going concern opinion in the Indonesia Stock Exchange for the period between 2012 to 2015. The result of the study shows that the auditors tenure, and auditor reputation have a positive and significant effect on audit quality, while abnormal audit fees has a negative effect to audit quality, and finally audit quality is said to have a negative effect on a giving going concern opinion. This shows that the condition of any company does not moderate the effect of audit quality on a giving going concern opinion but the extent of the clients bargaining power can influence the auditor's opinion.

Ilaboya, Izevbekhai, and Ohiokha (2017), investigated the determinants of abnormal audit fee in Nigerian quoted companies, with emphasis on manufacturing firms as at December 2014, using a sample of 56 quoted companies. The result shows that some variables are positively significant, while others are negatively significant and others are positive but not significant. We also observed in the study that the firms who patronize the service of the Big 4 audit firm seem to pay an abnormally high audit fee.

Krauß, Pronobis and Zulch (2014), in their study investigates the economic auditor-client reliance issue by examining the association between abnormal audit fee pricing and audit quality, using a sample of 2,334 companies with the observations for the period 2005 to 2010. The result shows that positive abnormal audit fees are negatively related to audit quality and this implies that the audit fee premium is a major indicator of compromised auditor independence due to economic auditor-client bonding. Audit fee discounts generally do not lead to a reduced audit effort, or respectively, audit quality is not impaired when client bargaining power is strong.

Buuren, Majoor, Paape and Wright (2014), examined the impact of economic bonding on audit quality in Netherland, using a sample of 2,209 firms for the period 2006 to 2011. The study shows that the negative effects of financial dependency are part of audit practice itself, i.e. economic bonding threats are a result of the auditors' business relationship with a given client and how the auditor responds to competitive markets.

Asthana and Boone, (2012), also explored the relationship between abnormal audit fee and audit quality, for the period between 2000 to 2009 in the United State. And we observed that audit quality, proxy by complete discretionary accruals and meeting or beating analysts' earnings forecasts, decline as negative abnormal audit fees enhance in size, with the effect augmented as proxies for client bargaining power increase. And concluded that this effect is dampened in years before the Sarbanes-Oxley Act (SOX), which suggest that SOX was helpful in enhancing auditor independence. Which finally shows that before this act the economic bonding theory was not as strong as it is now after the act.

Review of Theories

Contracting Theory

The external auditor is expected to provide an opinion on the financial statement of a company. For the auditor to be independent, the regulatory bodies need to enact a law to regulate such. For the client, there is need for auditor switching due to high profile corporate failure and accounting scandals witnessed in the last decade. Be that as it may, it can be said that in order to reduce agency cost between the client and the auditor, a contract is required to monitor activities between auditor and client. Contracting theory explain the relationship between monitoring and explanation in the auditing practice. The relationship between the auditor and the client can be viewed as a relationship under contract, which brings us to the Contracting Theory (developed and popularized by Hart & Holmstrom, 1986). The Contracting Theory studies how people and organization construct and develop legal agreements. The theory shows how individual with conflicting interest build formal and informal contracts. Contracting theory has been widely used in the field of auditing research. This theory was drawn on the principle of financial and economic behaviour as both have different incentives that can make them to act or not to act

Agency Theory

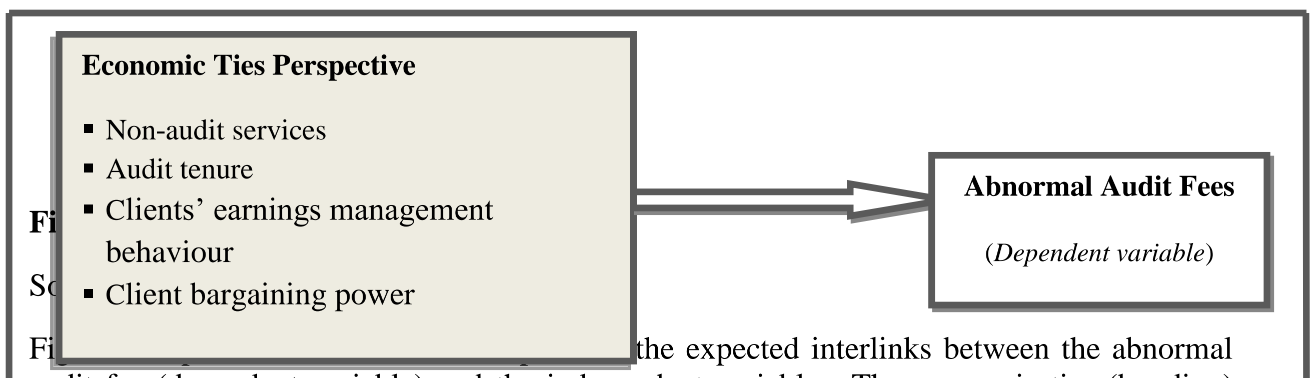
Agency theory over the years has tried to analyse the relationship between two parties (investors and managers), as the latter tries to undertake some responsibility for the investors and it is the responsibility of the investors to reward the manager (Jensen & Meckling, 1976). The function of an auditor is to supervise the relationship between the owners and managers, the gap expectation occurs when the level of spread of duty is not well defined. But the regulation defined the part of responsibility, where the owners and managers need to realize that the auditor do not have the obligation of accounting but ensure that the auditing process is carried out appropriately. However, the fact that owners will definitely be interested in the outcome generated by the managers, Agency theory established that auditing and accounting have a vital duty to providing information and this task is related to stewardship, where the manager report to the owner on the performance of the firms. Agency theory has been seen as the theory of positive accounting theory, It states that an organisation is a nexus of contract between the principal (Resource Owner) and the manager (agent) who have the sole responsibility of using and controlling the resources (Jensen & Meckling, 1976). As regards to agency theory, in most public enterprises, the manager or management does not always act in the interest of the shareholders, therefore this becomes a major problem with regards to the shareholders interest.

Methodology

The design of the study is longitudinal and panel-based. The population of the study comprises of 21 banks (deposit money banks, mortgage and micro-finance banks). The study employed the use of secondary data that was sourced from various annual reports of listed banks for the period of ten (10) financial years (2009-2018).

Theoretical Framework and Model Specification

The economic ties schools of thought formed the basis of the conceptual framework of the study. This sub-section presents the framework and model specifications of the study as built from the Contracting Theory



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Fi[illegible] the expected interlinks between the abnormal audit fee (dependent variable) and the independent variables. The economic ties (bonding) view can be linked to the Contracting Theory. Coase (1937) suggests that firm auditor-auditee relationship can be viewed as a nexus of contracts. The auditors are contracted to act as third parties in the agency relationship for which they are entitled to quasi-rents. The contracting theory analyses the optimal designs of incentive schemes that induce parties in a contract to behave more efficiently or opportunistically in order to maximize its own pay-off in the contract (Schmidt, 2017). Based on the theory of contract, asides regulatory provisions, the length of the client-auditor relationship can be determined by the economic benefits attributable to both parties (Ali, 2015).

The four economic bonding variables (length of auditor-client relationship, level of non-audit services, firms' earnings management behaviour and clients bargaining power) can thus be linked to the nature of the contract between the auditor and auditee. Firstly, auditors may give in to clients with strong *bargaining power* by allowing initial first-year discounts (abnormally low audit fee) "low-balling" in order to ward-off market competitors and build-up their clientele by initiating a contracting relationship (Christensen, Omer, Sharp & Wong, 2013). Audit fee cutting may trigger audit fee residuals as the auditor would try to recoup the deficits from the initial fee-cutting in the subsequent years by the sale of *non-audit services* (Butterwort & Houghton, 1995). The auditor then allowed aggressive earnings manipulation because of economic ties (Kinney & Libby, 2002). Going by the above, it is practically contestable to project that abnormal audit fee can be a function (either increasing or decreasing function) of non-audit fees as well as client earnings management behaviour. On one hand, due to economic ties, auditor may be less thorough on clients paying abnormally low audit fees thereby allowing greater restatements (Gupta, Krishnan & Yu, 2009). Against the above backdrop, the study predicts a functional relationship between the four variables linked to the auditor-auditee economic ties and abnormal audit fees. Therefore:

Abnormal audit fees = *f* (auditor tenure, non-audit services, clients bargaining power, earnings management behaviour)…………………………………………………………(1)

Expressing equation (1) in econometric form, we have

$ABFEE_{it} = \beta_O + \beta_1 ATEN_{i\,t} + \beta_2 NAD_{it} + \beta_3 CBP_{it} + \beta_4 EMB_{it} + \mu$.. (2)

Where:
$\beta_{0,}$ = Constants
β_1 to… β_4 = Unknown coefficients
$_{it}$ = " i" represents number of companies (1,…20); and "t" period to be covered (1,…10yrs)
ABFEE = Abnormal audit fees
ATEN = Auditor tenure
NAD = Non-audit services
CBP = Clients bargaining power
EMB = Clients earnings management behaviour
μ = Stochastic error term

Operationalisation of Variables

Variables	**Notation**	**Measurements**	**Source(s)**	**a priori expectations**
Dependent variable:				
Abnormal audit fees	ABFEE	Residual from regressing audit fee on itself	Gros and Worret, (2014)	-nil-
Independent variables:				
Auditor tenure	ATEN	Length of auditor-client relationship in years	Hapsoro & Santoso (2018)	+
Non-audit services	NAD	Value of non-audit fees	Antle, Gordon, Narayanamoorthy	+

			& Zhou (2006)	
Clients earnings management behaviour	EMB	Modified Jones model of Dechow et al. (1995)	Gupta et al (2009)	+
Client bargaining power	CBP	The percentile rank of bargaining power, defined as percentile rank of proportion of natural log of audit fee paid to natural log of firm sales or revenue	Eshleman and Guo (2014).	–

Source: Researcher's Compilation (2019)

Method of Data Analysis

The data were analysed using descriptive statistics, correlation and panel regression analysis

Data Presentation and Analyses of Results

Descriptive Statistics

	ABFEE	ATEN	NAD	CBP	EMB	AFEE
Mean	-0.15	4.95500	25285.9	0.491	-2.59E-16	173285.5
Median	0.000	5.00000	15777.5	0.493	-0.154	112950.0
Maximum	0.522	14.0000	214769	1.000	8.165	910000.0
Minimum	-4.21	1.00000	0.00000	0.005	-2.814	1000.000
Std. Dev.	0.988	2.86075	28401.9	0.282	1.000	197192.8
Skewness	-2.41	0.50112	2.613	0.016	2.819	1.593598
Kurtosis	8.767	2.59881	14.712	1.836	24.117	5.288390
Jarque-Bera	471.4	9.71200	1370.5	11.29	3980.9	128.2912
Probability	0.000	0.00778	0.00000	0.004	0.0000	0.000000
Sum	-30.10	991.000	5057178	98.24	-5.75E-14	34657105
Sum Sq. Dev.	194.2	1628.59	1.61E+11	15.78	199.00	7.74E+12
Observations	200	200	200	200	200	200

Source: Researcher's Compilation from Eviews 10 (2020)

The descriptive statistics in Table 4.1 shows the characteristics of the variables used in the study. As shown, the variable of ABFEE (abnormal audit fees) has minimum and maximum values of -4.21 and 0.522 respectively which implies that the sampled firms engaged in payment of both abnormally high (positive abnormal audit fees) and abnormally low (negative abnormal audit fees) audit fees within the 10-year period covered by the study. Also, the mean value of ABFEE (audit fee residual) has a negative value of -0.15 which

signifies that, on the average, the actual audit fees paid by all the sampled firms were jointly lower than the predicted industry average in value.

ATEN represents the length of auditor-client relationship in years (i.e. auditor tenure). The mean value of 4.955 signifies that the average tenure of the external auditors among the sample is 5 years. The variable of ATEN also has minimum and maximum values of 1.0 and 14.0 respectively which implies that some audit firms among the sample was engaged for only a single year while the services of some audit firms were retained for up to 14 years in a row. The 14-year tenure, however, violates the 10-year maximum period stipulated by the regulatory body.

Furthermore, the variable of NAD (non-audit services) stands for the amount paid by the companies to their auditors as non-audit (consultancy) fees. The mean value of 25285.9 means that, on the average, the sampled firms paid up to ₦25,285,900 as non-audit fees to their auditors. When compared to the mean value of the actual audit fees paid by the firms within the same period (i.e. ₦173,285,500 as shown in the last column of the Table), it then means that the sampled companies paid about 15% (on average) of audit fees as non-audit fees. Similarly, the highest amount paid as non-audit fee, as shown by the maximum value of NAD, was ₦214,769,000 which is about 24% of the highest amount paid as audit fees (i.e. ₦910,000,000) within the same period. NAD also showed a minimum of zero (0.000) meaning that not all the firms in the sample paid or disclosed non-audit fees. It is worthy of note that the variable of AFEE (audit fees) is not among the explanatory variables in this study per se, it was only included to help buttress the analysis of the variable of NAD (non-audit services/fees).

The variable of CBP (Client Bargaining Power) has a mean value of 0.491 which represents the proportion of the sampled firms that paid above industry average audit fees. In this case, it then implies that about 49% of the sampled firms have strong purchasing power and therefore paid audit fees that are lower than their industry average. It is worthy of note that the lowest audit fee paid within the period covered by this study is ₦1,000,000 (i.e. minimum value of AFEE in last column of the Table). The standard deviation value of 0.282 was fairly clustered around the mean value of 0.491 – which implies that majority of the sampled firms have equally had strong bargaining power.

On the Jarque–Bera statistics test of goodness-of-fit, the outcome suggests that all the variables showed significant departure from normality owing to their low (respective) probability values which are all less than 0.05 (<0.05). Although the violation of the normality assumption poses no major problem in panel data with large sample observations of ≥200 in line with the Central Limit Theorem, as cited in Ghasem and Zahediasl (2012), the normality status could be attributed to two reasons: Firstly, majority of the variables were used in their original values solely for the purpose of the descriptive statistics in order to ensure unambiguous interpretations. In order to convert the data to a normal distribution, the variables were transformed into log.

Table 4.2

Correlation Matrix

Covariance Analysis: Ordinary
Date: 01/05/20 Time: 23:52
Sample: 2009 2018

Included observations: 200

Correlation					
Probability	ABFEE	ATEN	NAD	CBP	EMB
ABFEE	1.000000				

ATEN	-0.130073	1.000000			
	0.0664*	-----			
NAD	-0.272398	0.113295	1.000000		
	0.0001***	0.1102	-----		
CBP	-0.297838	-0.163563	-0.393237	1.000000	
	0.0000***	0.0207**	0.0000***	-----	
EMB	0.092915	0.064910	0.034188	-0.029839	1.000000
	0.1907	0.3611	0.6308	0.6749	-----

Source: Eviews 10 (2020) ***, **, * Correlation is significant at the 1%, 5% and 10% levels respectively.

Table 4.2 presents the Pearson correlation matrix for all the variables used in the study. As observed, the measure of audit tenure (ATEN) is negatively correlated with abnormal audit fees (ABFEE), which suggest a possible inverse relationship at the 10 per cent level since the p-value is greater than 5% but less that 0.1. Similarly, the variables of non-audit services (NAD), client bargaining power (CBP) are all negatively correlated with our variable of interest (i.e. ABFEE) – and all are statistically significant at different levels as indicated by the asterisk (*) signs. This implies all things being equal, the variables of NAD and CBP move in opposite direction with ABFEE, as one goes up the other goes down.

On the other hand, EMB is positively correlated with ABFEE owing to its positive correlation coefficients of 0.093 and EMB (Earnings Management Behaviour) was statistically non-significant due to a high p-value of 0.19 (>0.05 and 0.1). On the strength and direction of associations among the explanatory variables, ATEN has significant negative association with CBP (r = -2.3329, p-value=0.0207), meaning that the longer the auditor stays engaged, the lower the clients bargaining power. Also, CBP and NAD are significantly negatively correlated (r = -6.018178, p-value=0.0000), meaning that firms with strong bargaining power are associated with lower non-audit fees. Overall, the result showed largely low correlation values, meaning that none of the variables are perfectly correlated.

Panel Regression Results

(***Economic Bonding***)	Dependent Variable: ABFEE Sample (2009 - 2018); Periods included: 10 Total observations: 200 (20 cross-sections)

Variable	Coefficient	t-Statistic	Prob.
C	0.611353	1.274705	0.2039
ATEN	-0.028066	-1.199900	0.2316
NAD	-0.106807	-2.506893	0.0130**
CBP	0.758889	2.960357	0.0035***
EMB	0.109518	1.660226	0.0985*
R-squared			0.134854
Adjusted R-squared			0.117107
F-statistic			7.598857
Prob(F-statistic)			0.000010

Source: Researcher's Compilation (2020) *, **, *.Significant at the 1%, 5% and 10% levels respectively**

As observed from Table 4.4, the joint statistical significance of the model cannot be rejected at 5% levels owing to the f-statistics values of 7.598857 (p-value=0.000). This is an indication that, in the models, a joint linear relationship exists between the dependent variable (ABFEE) and the explanatory variables taken together - at the 1% level of significance. On the proportion of variations in the dependent variable that was accounted for by the explanatory variables, the result showed a total of about 13.49%. However, the adjusted R-squared which controls for the effect of the inclusion of successive explanatory variables on the degrees of freedom stood at 11.7%. This implies that the remaining proportions of about 88.3% were not captured by the individual models and have been taken care of by the error term. On the performance of the individual variables in terms of their levels of significance, it could be observed that the four economic bonding proxies included as independent variables, NAD, CBP and EMB were statistically significant at the 5%, 1% and 10% levels respectively, while ATEN was not significant due to a high probability value of 0.2316 (>0.05). Among the three significant variables, while NAD has negative coefficient sign of -0.106807, CBP and EMB both have positive coefficient signs of 0.758889 and 0.109518 respectively. What this implies is that, higher non-audit services (fees) lead to lower abnormal audit fees, while high bargaining firms and those with high level of earnings management are strongly associated with high abnormal audit fees.

5.0 Conclusion and Recommendation

The broad objective of the study is to examine the determinants of abnormal audit fees from the economic bonding view. The study was undertaken against the backdrop of the growing concern that not much is known about the determinants of abnormal audit fees in Nigeria. There were also concerns on the debates on whether the determinants of abnormal audit fees were the same with those of normal audit fees. Relatedly, there were also debates concerning the economic ties view and that abnormal audit fees are reflections of compromised auditor independence triggered by audit-client relationship.

In order to make meaningful contribution to the above contending school of thought, the study sampled the Nigerian banking sector basically due to the wholesomeness of their annual reports compared to other sectors, especially as the study made use of variables like non-audit fees which, before now, are not commonly disclosed by companies.

From our estimation it was discovered from the economic bonding school of thought comprises of variables of non-audit services (fees), client bargaining power and client earnings management behaviour were the major influencers of abnormal audit fees at 5%, 1% and 10% levels of confidence. Based on the above outcomes, it we concluded within the context of this study that abnormal audit fees does not reflect more on auditor-client economic bonding. In view of the findings the study recommend that professional accounting bodies should ensure effective oversight function concerning auditors' engagement in non-audit consultancy services, and also the new 10-years maximum tenure-ship for external auditors should be sustained

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IFRS Adoption and Timeliness of Financial Reporting: A Comparative Analysis

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ABSTRACT

The adoption of International Financial Reporting Standards (IFRSs) came with expectations of improvement in financial reporting quality. The timeliness of financial reporting is considered as one of the germane constructs and qualitative attributes of financial reporting quality. While it is expected that the introduction of IFRS would enhance all the constructs of financial reporting quality, contending views argue that IFRS elongate timeliness since it expanded the scope of the audit work. This study therefore examines the changes in the timeliness of financial reporting before and after the adoption of IFRS in Nigerian. The data were hand-extracted from the annual reports of 119 randomly selected companies listed on the Nigeria Stock Exchange for the periods of 2007 to 2017. The data was split into two (5yrs pre and 5yrs post-IFRS periods) and analysed using descriptive statistics, paired sample t-test and Mann-Whitney U comparative tests. The result showed a significant difference in the timeliness of financial reporting between the pre and post-IFRS adoption periods. It specifically showed that the release of financial statements were timelier in the post IFRS periods. The study recommends the sustenance and strictly observance of the current regulatory requirements on timelines of financial reporting while accelerated financial reporting should be discouraged in order not to raise another concern about the quality and accuracy of the reports

Keywords: **Timeliness of financial reporting, financial reporting lag, IFRS adoption, financial reporting quality, Agency theory**

1. INTRODUCTION

This widespread acceptance and adoption of IFRS by most developed and developing economies have proliferated the discussions and research interests on its impact on several organisational outcomes as well as financial reporting quality dimensions. On the latter, one of the issues that has remained unresolved is that of the ‘timeliness’ of financial reporting (henceforth used interchangeably with financial reporting lag). Since the primary objective of

the IFRS-based financial report is to provide high quality financial information concerning economic entities that will be useful for economic decision making, the derivation of such benefit may not be completely actualized if the financial reporting lag does not significantly reduce in the post-IFRS era, compared to the pre-adoption periods (Adewale & Ibukun-Falayi, 2018). This projection appears likely since IFRS is considered more complex and requires more detailed disclosures compared to most national GAAPs. Thus, auditors would need more time to explore the audit evidence thereby prolonging the issuance of audit report, which implicationally increases the financial reporting lag (Amirul & Md Salleh, 2014). In essence, the expected enhancement of financial reporting quality, as a result of IFRS adoption, may not be adjudged to have been fully achieved if the timeliness of such financial information is not prompt enough compared to the pre-IFRS adoption periods.

Thus, the recent influx of investigations towards the IFRS adoption's effect on timeliness of financial reporting in academic literature is not unexpected, as timeliness remains one salient qualitative characteristics of financial report that determines the relevance and decision-usefulness of financial information which IFRS adoption is expected to enhance (Nulla, 2014). As noted by Ha, Hung and Phuong (2018), for financial report to be considered to be of high quality, it has to be useful to its intended users; and for it to be useful, "it must be relevant, reliable, accurate, comparable and timely" (Sanyaolu, Lawal, & Job-Olatunji, 2017, p.2). It is therefore expected that IFRS application would result in improved quality of accounting information, including timeliness, but that may not necessarily be the case in most developing countries. Studies like Nijam and Jahfer (2016) have shown that the adoption experience differs across different countries due to diversifications in underlying economic characteristic, level of enforcement, etc. Most academic pundits, such as Pena and Franco (2017, p.851) conclude that "the adoption of IFRS, by itself, is not enough to improve the quality of financial information". The study by Adewale and Ibukun-Falayi (2018) also claimed that most Nigerian companies are still lacking in some financial reporting quality dimensions even though they have adopted IFRS. One observable point of note from these submissions is that how IFRS affects some financial reporting quality constructs (such as timeliness), in different jurisdictions, remains a lingering question yet to be furnished with sufficient answers.

A review of prior studies showed that only few authors have considered the effect of IFRS adoption on financial reporting lag in Nigeria (for example Fodio, Oba, Olukoju, & Zik-rullahi, 2015; Musa, 2015; Oshodi & Ikhatua, 2018; Sanyaolu et al., 2017). In respect to their findings, while Fodio et al (2015) found evidence that IFRS adoption elongated the timeliness of financial reports, Oshodi and Ikhatua (2018) found an insignificant decrease on reporting lag as a result of IFRS. Only Sanyaolu, Lawal and Job-Olatunji (2017); and Musa (2015) found evidences of improvement on timeliness of financial reporting due to IFRS adoption. The deduction from these conflicting evidences is that, apriori, there is largely no consensus as to whether or not IFRS adoption have significantly elongated or shortened the financial reporting lag of Nigerian quoted companies. Also, the aforementioned prior studies relied only on mean differences and did not apply the appropriate parametric or non-parametric analytical technique (such as paired t-test or Mann-Whitney tests) in determining if the discovered differences were actually statistically significant. In closing this gap, the paper investigates the differences in timeliness of financial reporting of Nigerian listed companies before and after the adoption of IFRS.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Concept of Financial Reporting Lag

The general purpose of financial statement disclosure is to keep interested parties abreast with the financial position of the company which will in turn act as a guide towards making informed business decisions. Information reportage is considered highly relevant in the owners (principals) versus management (agents) relationship where the former is less involved in the day-to-day running of the organisation, having ceded the function to the latter in line with agency theory. Financial reporting thus becomes the only means through which information asymmetry is diminished. However, it has to be timely for it to satisfy its purpose. Financial reporting lag, therefore, refers to the interval of days between the company's fiscal year-end and the release date of annual financial statement (Arif, Marshall, Schroeder, & Yohn, 2016). Similarly, Al-Daoud, Ismail, and Lode (2014, p.191) defined financial reporting lag as "the period between the end of the financial reporting period and the date the financial reports are issued, or the date of the submission of the reports to the regulatory bodies". In literature, the concepts of financial reporting lag, timeliness of financial reporting, and audit report lag are largely interwoven. One common ideology in all is getting fresh financial information available to decision makers as timely as possible in order not to derail its ability of influencing investment decisions. The longer the information delays, the less useful is becomes to its users. As Efobi and Okougbo (2014, p.2) put it "timeliness of the release of corporate reports is one of the characteristics of a good financial reporting system". As a result, most previous researchers often use 'timeliness' as proxy for financial reporting quality (Adebayo & Adebiyi, 2016; Aliyu & Ishaq, 2015; Dabor & Ibadin, 2015). This paper defines financial reporting lag as the period it takes a company to publish its audited annual financial reports, in keeping to their stewardship role of satisfying for the information need of its shareholders and in accordance with regulatory provisions.

The financial reporting literature provides quantum of evidences that timeliness is a vital element for the quality of financial reporting, linking it to a requirement for the relevance and decision-usefulness of the financial information disclosure. Adeyemo et al (2011) notes that timeliness goes hand-in-hand with relevance because when the financial information is not readily obtainable when it is required or for any reason been presented so long after the company's fiscal year-end, there is likelihood that the said information may lose its relevance and will be of little or no use to its intended users. On the other hand, Mukhtaruddin, Oktarina, and Abukosim (2015) argue that timeliness alone does not make information relevant, but a lack of timeliness can rip relevance off the information. Also, timeliness does not make irrelevant information relevant but lack of it could convert relevant information to be irrelevant (Mukhtaruddin et al, 2015). Therefore, what is needed is a fine balance between accuracy and timeliness as both enhances reliability and relevance respectively. According to Al-Daoud et al (2014), financial reporting lag is among the two aspects of timeliness in financial reporting, the first been the 'frequency of the reports' and the 'financial reporting lag' as the second. The first form of timeliness (i.e. frequency of financial reports) is described as how often the firm issues its financial information in terms of monthly, quarterly or half-yearly (Ku Ismail & Chandler, 2007), while the second form is the focus of this paper.

2.2. IFRS Adoption in Nigeria

Before the introduction of IFRS, most countries had their own NGAAPs and local bodies responsible for its development and issuance. In Nigeria, the then Nigerian Accounting Standards Board (NASB) was responsible for developing and issuing standards known as Statements of Accounting Standards (SAS). As a private sector initiative, the NASB was

established in 1982. The NASB later became a government agency in 1992 and was reporting directly to the Federal minister of Commerce. On 18 May, 2011, the Senate passed the FRCN Bill, which repealed the NASB Act and replaced it with a new set of rules in accordance with Section 335(1) of the Companies and Matters Act of 1990.

In the wake of financial crises in late 1990s, the international community emphasized the major role of observing the international standards and codes of best practices in order to strengthen global financial systems. Although the Nigerian SAS, as promulgated by NASB, were similar to IFRS in certain respects, they were largely based on past IAS promulgated by the IASC. Due to the increasing complexity of financial reporting requirements, some of the original IASs were reviewed resulting in their amendment or withdrawal. The SASs were not reviewed or updated with the IASs/IFRSs. The disparities between the Nigerian SAS and IFRS resulted in the former being regarded as out-dated and incomplete as an authoritative and internationally accepted guide to the preparation of financial statements. This diminished the degree of confidence on Nigerian Standards especially by international users of financial statements produced in Nigeria (Ibanichuka & Asukwo, 2018).

As a result of globalization and increased competition in modern corporations, it becomes imperative that countries and companies alike address issues that will make them more attractive of investors' capital (Essien-Akpan, 2011). According to Oshodi and Ikhatua (2018), the need to globalise the capital markets is the brainchild behind the quest for the adoption of a single set accounting standard. It was believed that the adoption will confer more dignity on the financial statements prepared by companies. Based on the premise of NASB to promote general acceptable published financial reports and high quality accounting standards that are consistent with international practices, it inaugurated a Stakeholders' Committee on the Roadmap to the Adoption of IFRS in Nigeria on October 22, 2009. On 28 July 2010, the Nigerian Federal Executive Council accepted the recommendation of the Committee that it would be in the interest of the Nigerian by fully adopting the IFRS in a Phased Transition (FIRS, 2013).

In December 2010, following the approval of the Federal Executive Council, the NASB (now designated as the FRCN) issued an implementation roadmap for Nigerian's adoption of IFRS which set at January 2012 date for compliance for publicly quoted companies and banks in Nigeria. According to FIRS (2013), the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) also adopted this date for compliance and has issued guidance compliance circulars to ensure full implementation of IFRS in Nigeria. Sections 8, 52 and 53 of the FRCN Act, 2011 gave effect to the adoption of IFRS. As part of plans to effect the conversion, the Federal Government disclosed that new accounting system, the IFRS should take off in Nigeria on 1st January, 2012.

According to Madawaki (2016), the adoption of IFRS in Nigeria was planned into three phases: the first was for publicly listed entities and significant public interest entities to prepare their financial statements using applicable IFRS by January 1st 2012. The entities were required to convert their closing balances at December 2010 to IFRS-based figures which would serve as the opening balance sheet figure for January 2011. Thus the full IFRS compliant financial statements were to take off starting December 31, 2012 with 2011 as comparative year. The phase requires public interest entities to mandatorily adopt IFRS for statutory purposes by January 1, 2013. This implies that all other public interest entities in Nigeria were statutorily required to issue IFRS based financial statements for the year ended December 31, 2013. The third phase was for the mandatory adoption of IFRS for Small and

Medium Enterprises (SMEs) as at January 1, 2014. This means that all Small and Medium-sized Entities in Nigeria have been statutorily required to issue IFRS based financial statements for the year ended December 31, 2014. The entities that do not meet the IFRS for SMEs criteria were to report using the Small and Medium-sized Entities Guidelines on Accounting (SMEGA) (Nnadi & Nwobu, 2016).

2.3. IFRS adoption and financial reporting lag

This section looks at some relevant theoretical and empirical literature in connection with how IFRS adoption affects financial reporting lag. Firstly from a theoretical perspective, Cameran and Perotti (2014) argued in auditing literature that the adoption of IFRS increases auditor effort. Fodio et al (2015) also towed same line of thought by claiming that the adoptions of new regulations (such as the Sarbanes-orley Act and IFRS) have further extended financial reporting delays due to the implicational greater audit works required. They showed concern that any attempt to enforce accelerated financial reporting filing deadline in the IFRS regime may raise another concern about the quality and accuracy of the reports since auditors will have less time to audit financial statements (Fodio et al, 2015). If these positions hold, it then means that the impact of IFRS on financial reporting lag would be positive.

On the other hand, researchers like Khlif and Achek (2016) argued from a practical perspective that auditors are likely to increase audit effort in order to reduce the risks associated with the auditing of financial statements established in accordance with IFRS. The increased audit effort would thereby trigger the increase of other variables aside financial reporting lag, such as audit fees. Going by this school of thought, IFRS may pose a negative effect on financial reporting lag. From management perspective, the recent study of Mohammed & Che-Ahmad (2018) supports the arguments of Cameran and Perotti (2014) and Fodio et al (2015) that IFRS adoption may cause an increase in delays by management in presenting financial statements to auditors because it yields certain modifications to the firms' financial reporting models that requires adaptation process by management in respect of financial information as well as the practical application of IFRS accounting standards. This implicationally results to longer audit report lags when examining the information for correctness and increased delay by management when preparing financial statements (Khlif & Achek, 2016).

Empirically, the effect of IFRS adoption on financial reporting lag is still largely mixed and inconclusive. While studies like Khlif and Achek (2016) found that IFRS adoption increased audit report lag, which is a major contributor to financial reporting lag, the study of Yurisandi and Puspitasari (2015) showed that IFRS adoption only increased relevance, understandability and comparability of financial reporting, but not timeliness level – which had no changing in the period before and after IFRS adoption. Also, the findings of Pena & Franco (2017) in the U.K. did not support any improvement in the quality of the financial information after IFRS were put in place. The same with the study of Suadiye (2017) whose findings indicate that switching to IFRS does not improve financial reporting quality expect value relevance in Turkey. Walker and Hay (2013) equally showed that audit report lag significantly increased following the adoption of IFRS in New Zealand. Habib (2014) also document empirical evidence of significant increase in the audit report lag in China after the adoption of these new accounting standards. Habib's findings also support those by Malaysian researchers (Amirul & Md Salleh, 2014) whose study reveals that the ARL increased as new accounting standards are implemented.

Further, the study of Sanyaolu et al (2017) which relied on primary data targeted at auditors of private audit firms and chartered accountants in Lagos State found significant improvements of financial reporting lag due to IFRS adoption. Similarly, Musa (2015) sampled 77 listed companies in Nigeria and found timelier financial disclosure after the adoption of IFRS. The study by Oshodin and Ikhatua (2018) focusing on reporting timing of 30 listed companies in Nigeria over the periods of 2009 through 2016 showed that, although the adoption of IFRS poses a negative influence on timeliness of financial reporting, such relationship is not significant. Despite the insignificant result observed by Oshodin and Ikhatua (2018), the earlier study of Fodio et al. (2015) suggests that timeliness of financial reporting may have worsened in the post IFRS adoption era. In line with these inconsistencies in prior studies, this paper expects that the financial reporting lag in pre and post IFRS periods may likely not differ. The hypothesis is given thus:

Ho: There is no significant difference in the changes of financial reporting lag between before (pre) and after (post) IFRS adoption among listed companies in Nigeria.

2.4. Theoretical Framework

Agency theory, as popularised by Jensen and Meckling (1976), suggests that full IFRS convergence acts as a bonding mechanism to restrict the listed companies from engaging in the manipulation of financial information. This restriction is expected to reduce information asymmetry between the managements and the users of financial statements, especially the shareholders and investors. Agency theory is used here to explain how the full convergence with IFRS prevents the management of listed companies from manipulating or delaying financial figures disclosure. Since, agency theory assumes that both the management and the shareholders are rational wealth maximisers. Thus, the separation of ownership and control within a firm enables the management group to act opportunistically when a conflict of interests arises. The opportunistic behaviour of the management team can be reduced by implementing a monitoring or bonding device. Agency theory predicts that IFRS adoption and good corporate governance can act as both bonding and monitoring device to prevent the management of companies from behaving opportunistically either by manipulating or delaying the disclosure of financial information.

3. METHODOLOGY

The paper took a comparative approach. The population consisted of the 170 companies listed on the Nigerian Stock Exchange (NSE) as at 31st December, 2017. A sample of 119 was randomly selected using Yamane (1967) formula at 5% error margin. The data were hand-extracted from the annual reports of the sampled companies for the periods 2007 to 2017 (11 years). In line with Ibanichuka and Asukwo (2018), the year of adoption (2012) was excluded for the comparative test in order to achieve an equal number of financial years (that is, 5yrs pre and post-IFRS) for the purpose of the comparative analysis.

Having ascertained the normality status of the data, both the paired sample T-test and Mann-Whitney tests were conducted for the comparative analyses using SPSS 24.

The test statistic is calculated as:

$$t = \frac{\bar{d}}{\sqrt{s^2/n}}$$

Where: *d* = mean difference; s² = sample variance; n = sample size and t = student t quantile with n-1 degrees of freedom.

4. DATA ANALYSIS AND DISCUSSION

The descriptive statistics of the data on financial reporting lag is given in Table 1. The data was split into two to represent pre and post-IFRS periods:

Table 1. ***Descriptive Statistics***

Pre IFRS	Mean	Median	Maximum	Minimum	Std. Dev.	Jarque-Bera	Probability	Obs.
FRL	149.21	118.0	456.0	40.00	89.86	205.8	0.000	595
Post IFRS	**Mean**	**Median**	**Maximum**	**Minimum**	**Std. Dev.**	**Jarque-Bera**	**Probability**	**Obs.**
FRL	113.979	88.000	399.00	28.000	74.95	1206.2	0.0000	595

Source: Researcher's computation (2019)

As shown in Table 1, the average FRL (financial reporting lag) in the pre IFRS periods (2007 – 2011) was 149 days while that of the post IFRS period was approximately 114 days. This shows that the lag in financial reporting is shorter in the IFRS regime since 114 days is within the acceptable disclosure period of 120 days stipulated by the Companies and Allied Matters Acts (CAMA) 2004 in Nigeria. However, the minimum and maximum values of 40 and 456 days (for pre-IFRS) and 28 and 399 days respectively (for post-IFRS) shows that some companies released their financial statements within one month in the post-IFRS period, while it took some companies up to a year and three months to release their report in the pre-IFRS period. Generally, however, both mean values are suggestive that financial reporting lag of pre and post IFRS adoption periods are not the same. The study conducted further tests to determine whether the differences between the two periods vary or differ significantly.

Table 2. ***Paired Samples and Mann-Whitney Tests of Pre and Post IFRS Lags***

Paired Samples Test:	Mean	Std. Deviation	Std. Error Mean	F	df	Sig. (2-tailed)
Pre_IFRS_FRL Post_IFRS_FRL	35.229	87.505	3.587	9.82	594	0.000***
Mann-Whitney Test:	**N**	**Mean Rank**	**Sum of Ranks**	**Wilcoxon W**	**Z**	**Asymp. Sig. (2-tailed)**
Pre IFRS FRL	595	689.42	410207.0	121128.0	-9.43	0.000***
Post IFRS FRL	595	501.58	298438.0			

Source: SPSS 24 Output (2019) ***significant at 1% level of confidence.

From Table 2, the computed average FRL of both periods were subjected to two different comparative test techniques. The results showed that both the paired sample t-test (parametric) and the Mann-Whitney U (non-parametric) test appeared same in terms of level of significance (both p-values < 0.05). From the Mann-Whitney output, the pre-IFRS reporting lag (N= 595) has a larger mean rank (689.42) than post-IFRS category (N= 595) with mean rank of 501.58 and thus tends to take larger values of reporting lag. The Wilcoxon (W) statistic value of 121128.0 which shows the magnitude of the differences in the sum of ranks and the absolute 'Z' value of 9.43 are indications of a significant difference. Thus, in agreement with the paired t-test result in the top row, there is enough evidence to conclude that there is a strong difference in the FRL of both periods since both probability values are less than 5%. This means that, other things being equal, a significant difference exists between the financial reporting lag of the sampled Nigerian companies pre-IFRS adoption and post-IFRS adoption periods. In other words, the adoption of IFRS by Nigerian listed companies has encouraged quicker presentation of financial reports to the shareholders.

Empirically, this result is in tandem with the outcome of Osasere and Ilaboya (2018) which used similar approach in comparing the financial reporting lag of Nigerian listed banks (for GAAP and IFRS regimes) and found that there is a statistically significant difference in the FRL between the two reporting regimes at 5% level of significance. The result also agrees with that of Oshodi and Ikhatua (2018) who also found improvement in financial reporting lag of Nigerian firms during the post IFRS periods, although they did not test whether or not it was statistically significant. The results of Fodio et al (2015), Sanyaolu et al (2017) and Musa (2015) which showed that the financial reporting of Nigerian listed companies is timelier after the adoption of IFRS, also supports our result. However, the outcome of most studies from other climes such as Yurisandi and Puspitasari (2015) [Indonesia] and Habib (2014) [China] did not entirely support our result which could be attributed to peculiarities in the reporting environments.

5. CONCLUSION AND RECOMMENDATIONS

The study examined the changes that occurred in the timeliness of financial reporting between the pre and post IFRS adoption periods. The paper argued that the financial reporting lag of Nigerian listed companies before and after IFRS adoption would likely differ significantly since introduction of IFRS increased the work load of auditors. In order to validate the above conjecturing, the paper conducted a comparative analysis using data on financial reporting lag of selected Nigerian companies between 2007 and 2017. The preliminary analysis using descriptive statistics indicated a downwards decrease on the average financial reporting lag in the post IFRS periods. The results of both the paired sample t-test and Mann-Whitney u tests confirmed that there is significant difference in the financial reporting lag between the pre and post-IFRS adoption periods. It can be concluded that the release of financial reports by Nigerian companies is timelier in the post-IFRS periods, than in the periods of NGAAP. The outcome has implications for other developing countries still on the road map of IFRS adoption. The paper recommends that the current regulatory requirements on financial reporting lag be sustained and strictly enforced while accelerated financial reporting should be discouraged in order not to raise another concern about the quality and accuracy of the reports.

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TAXATION AND PERSONAL INCOME TAX FOR ECONOMIC GROWTH AND DEVELOPMENT

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ABSTRACT

This paper discussed taxation and personal income tax for economic growth and development. The study noted that the objective of every government is to drive revenue that will sustain the growth of the economy and to carry out governmental basic responsibility to citizens. Thus, taxation is a compulsory levy imposed by government on the income, wealth, vocation, business, trade of the citizens. The study used the descriptive survey method and the population for the study is 90 which comprise of civil servants, organized private sector and small and medium scale enterprise, the population was distributed equally (30) amongst the three respondents. The t-test was used to analyse the data collected from the questionnaire. The study concluded that civil servants and organized private sectors are responding more positively to tax payment while the small and medium scale enterprises are not paying tax as required. The study recommends that government should take the payment of tax more effective and should provide social amenities and basic infrastructure for the citizens to motivate them in the payment of tax.

Keywords: **Taxation, Personal Income Tax, Economic Growth, Civil Servant, Organized Private Sector, SME**

Introduction

Every nation is sustained by the inflow of financial for economic growth. In this present day economy of Nigeria, revenue inflow is necessary to take care of enamors expenditure of the government to sustain the economy. As stated by Anyaduba and Modugu (2013) the objective of every government is to drive revenue that will sustain the growth of the economy and to carry out governmental basic responsibility to citizens. This is to enable the government to meet up with it responsibility of social services, provision of basic

amenities which eventually requires a significant inflow of revenue (Eiya, Ilaboya & Okoye, 2016). Revenue is an important aspect of governance such that any nation that needs economic growth and development will have to create sustainable revenue which will be accurately used for the well-being of the citizens through the provision of basic infrastructure and social amenities (Appah & Ese, 2013). To attain sustainable revenue has been a hick up for developing nations such as Nigeria. Consequently, revenue and expenditure gap in Nigeria is a very critical problem affecting the three tiers of government (Ilaboya, 2012; Appah & Ese, 2013; Eiya & Soyinka, 2018).

The government has been relying more on the proceeds from the oil and gas industries without concentrating more on taxation. However, with the current drift of oil prices in the international market, occasioned by the recent economic downturn, it is expedient for the government to take taxation more serious in other to rake in more revenue for governmental use. Thus, every working class citizens are expected to pay take as required ranging from the civil servants, organized private sectors, and small and medium enterprise in other to give the government the necessary funds to carry out its social and developmental strides to the society. According to Ojijo and Olushola (2018) Taxation is an important fiscal policy instrument at the disposal of governments to mobilise revenue and promote economic growth and development. Ojijo implies that taxation is machinery in which the government uses in the collection of tax.

Taxation in this context will be discussed from the perspective of the civil servants, organized private sectors and small and medium scale enterprises and their response to the payment of tax. As we all are aware, civil servants are those workers who are employed by the government while the organized private sectors are usually the limited and unlimited companies own and managed by individuals or group of persons, e.g financial institutions, commercial banks e.t.c. on the other hand, small and medium scale enterprise are small business usually owned by a sole proprietor who may engage small number of staff and manage the activities of the business. it is there necessary to carry out this study to know the group of persons amongst these categories of employees who adheres to the payment of tax.

Concept of Taxation

Taxation being the machinery used in the collection of tax by the government through its law and policy legislation is an essential part of government generation of revenue. Various authors as defined taxation in different was as Gabay, Remotin, Uy (2018) sees taxation from three different angle as a process by which the sovereign, through its law making body, raises revenue use to defray expenses of government. Gabay, Remotin, Uy also opined that taxation is a means by which government increase its revenue under the authority of law, purposely used to promote welfare and protection for its citizens, they went further to say it's the collection of individual and organization share of income by government under the authority of law.

It was established that taxation is backed by the law of a nation. Governments use tax revenue to carry out their traditional functions such as the provision of public goods and services; maintenance of law and order; defence against external aggression; and regulation of trade and business to ensure social and economic maintenance (Ojijo & Olushola, 2018). Effective tax revenue mobilisation reduces an economy's dependence on external flows which have been found to be highly volatile. Taxation also allows governments' greater flexibility in designing and controlling their development agenda; conditions states to improve their domestic economic policy environment, thus creating conducive environment for the much needed foreign direct investments; and strengthen the bonds of accountability between governments and the citizens (Ojijo & Olushola, 2018). The 2008/2009 global

financial and economic crisis provided useful lessons for countries on the need to direct more attention to domestic resources mobilisation efforts, including through increasing tax revenues, and shift away from over-dependence on external financial flows and export revenues (Ojijo & Olushola, 2018).

Research Questions

The effectively undertake this study, the following research question were formulated to guide the research:

1. To what extent does civil servant pay tax?
2. To what extent do organized private sectors employees pay tax?
3. To what extent do small and medium scale employees pay tax?

Objective of the study

The main objective of the study is to explore taxation and personal income tax for economic growth and development. In other to achieve the main purpose of the study, the researcher is set out to:

1. Ascertain to what extent civil servant pay tax.
2. Ascertain to what extent organized private sectors employees pay tax.
3. Ascertain to what extent small and medium scale employees pay tax

Statement of the research problem

In as much taxation is a way of government generating revenue to carter for social and economic development. Most persons in the society are willing and well matured in mind to pay their taxes without any pressure while some others sees it as a way of extorting the citizens and are not willing to make any payment to the government. In another vain, some persons sees it as a way of enriching the politicians and empowering them with more wealth to carter away. There are many problems associated to tax pay in Nigeria, most person feels that the government is collecting some much and doing little with the tax revenue and so they are not will to pay taxes. It is necessary to reorient the citizens and show them the proceeds and generation figure from tax and how well these funds generated as been used for the benefit of the general public and the society at large. With strong confidence in the use of tax proceeds, it is believed that the tax payers will willingly want to make payment of tax with little or no pressure to pay tax.

Research Hypotheses

In order to answer the research questions, the following hypothesis is hereby stated in the null form:

Ho_1: There is no significant difference between civil servant, organized private sector and small and medium scale enterprise payment of taxes to the government.

Population of Study

The population of this study consists of all civil servant, organized private sector and small and medium scale enterprises. The choice of civil servant, organized private sector and small and medium scale enterprises arises because of interest of the researcher base on the payment of taxes by employees.

Sampling Size and Sampling Technique

The study used the descriptive survey method and the population for the study is 90 which comprise of civil servants, organized private sector and small and medium scale enterprise, the population was distributed equally (30) amongst the three respondents. The t-test was used to analyse the data collected from the questionnaire.

Taxation and Economic Growth

Although taxation system varies considerably across countries, the primary objective of any tax system is to attain maximum revenue and economic growth with minimum distortions. Different countries have different philosophies about taxation and different methods of tax collection. In the same manner, countries have different uses for their revenue which affect growth differently and development of the society. Agell, Thomas, and Henry (1999), have argued that the different uses of total government expenditure affect growth differently and a similar applies to way tax revenue is raised. According to Bose, Emranul, and Denise, (2007), state factors such as 'spill-over effect and learning by doing' by which firms' specific decisions to invest in capital and research and development, or investment in human capital, can yield positive external effects that benefit the rest of the economy.

To Folster and Magnus (2001) they examined how taxation affects growth. They argued that effective tax system increases government revenue generation across countries, while the primary objective of any tax system is to attain maximum revenue and economic growth with minimum distortions. Different countries have different philosophies about taxation and different methods of tax collection. In the same manner, countries have different uses for their revenue which affect growth differently and the society in general. Agell, Thomas, and Henry, (1999), have argued that the different uses of total government expenditure affect growth differently and a similar applies to way tax revenue is raised. Bose, Emranul, and Denise, (2007), emphasizes factors such as 'spill-over effect and learning by doing' by which firms' specific decisions to invest in capital and research and development, or investment in human capital, can yield positive external effects that benefit the rest of the economy (Folster & Magnus, 2001). This implies that, when proceeds from tax are properly channeled will improve societal development and economic growth.

Empirical Review of Taxation and Economic Growth

The relationship between taxation and economic growth has been widely studied. Some of these studies suggest that tax policies have positive and significant impact on the rate of growth of output, while others have observed that there is an inverse relationship between the two variables, that is, tax policies have a negative and significant impact on growth.

Haq-Padda and Akram (2009), in their study examined the impact of tax policies on economic growth using data from Asian economies. They established that there is no empirical evidence that tax policies adopted by developing countries in Asia have a permanent effect on the rate of economic growth, a finding that is inconsistent with the endogenous class of growth models. The results of their study suggest that the relationship between aggregate output and the tax rate is best described by the neo-classical growth models because a higher tax rate permanently reduces the level of output but has no permanent effect on the output growth rate. Consequently, they recommended an optimal tax rate to finance the budgets, with debt instrument used in financing transitory expenditure while permanent expenditures are to be financed through taxes.

In a cross-country analysis, Ramot and Ichihashi (2012) used panel data from 65 countries covering the period 1970–2006 to examine the effects of tax structure on economic growth and income inequality and established that company income tax (CIT) rates have a negative impact both on economic growth and income inequality. They also established that personal income tax rate does not significantly affect economic growth and income inequality. The authors therefore, recommended that there is a need to develop a modest design into the tax system since countries which are able to mobilise tax resources through broad-based tax structures, coupled with efficient administration and enforcement of the tax system' are likely to enjoy faster growth rates than countries with narrow tax base and lower efficiency in tax administration. Also, governments should reduce tax evasion, which, they averred, occurs among the highest income group and has potential to distort horizontal and vertical equity in income redistribution. Finally, they recommended that very high earners or the highest income group should be subjected to high and rising marginal tax rates.

Ariyo (1997) evaluated the productivity of the Nigerian tax system given the negative impact of persistent unsustainable fiscal deficits on the Nigerian economy for the period 1970–1990 to devise a reasonably accurate estimation of Nigeria's sustainable revenue profile. The results of the study showed a satisfactory level of productivity of the Nigerian tax system. The author therefore, recommended for an improvement of the tax information system to enhance the evaluation of the performance of the Nigerian tax system and facilitate adequate macroeconomic planning and implementation.

Poulson and Kaplan (2008) explored the impact of tax policy on economic growth within the framework of an endogenous growth model using data from 1964 to 2004. In this model, differences in tax policy can lead to different paths of long-run equilibrium growth. They used regression analysis to estimate the impact of taxes on economic growth. Their analysis revealed that higher marginal tax rates had a negative impact on economic growth.

Jibrin, Blessing, and Ifurueze (2012), used ordinary least squares (OLS) method to examine the impact of Petroleum Profit Tax on Economic Development in Nigeria for the period 2000–2010. Their findings revealed that Petroleum Profit Tax has a positive and significant impact on Gross Domestic Product. The authors therefore, recommended that government should improve on the effectiveness and efficiency of the administration and collection of taxes with a view to increasing government revenue. While Olusanya, Peter, and Oyebo (2012) in investigating taxation as a fiscal policy instrument for income redistribution among Lagos state civil servants using Spearman's Rank Correlation coefficient found a positive relationship between tax as a fiscal policy instrument and income redistribution.

Data Presentation

The data presented below as requested from the respondents of Civil Servent, Organized Private Sectors employees and Small and Medium Scale Enterprise Employees as show below:

Table 1: Respondents Distribution

Categories	Male	Female	Total
Civil Servants	**15**	**15**	**30**
Organized Private Sector	**17**	**13**	**30**
SMEs	**12**	**18**	**30**
Total			**90**

Table 2: Ascertain to what extent civil servant pay tax.

Male

		Frequency	Percent	Valid Percent	Cumulative Percent
Response	Strongly Agreed	15	50.0	100.0	100.0
Total		30	100.0		

Female

		Frequency	Percent	Valid Percent	Cumulative Percent
Response	Agreed	11	36.7	73.3	73.3
	Strongly Agreed	4	13.3	26.7	100.0
	Total	15	50.0	100.0	
Total		30	100.0		

In table 1 above the 15 male respondents of civil servants which represents 100 percent of respondents agreed that civil servants pays their taxes regularly to the government while 11 respondents of female civil servants agreed and 4 respondents strongly agreed that the fact that civil servants pays their taxes regularly the government. This response agrees with the study of Olusanya, Peter, and Oyebo (2012) in investigating taxation as a fiscal policy instrument for income redistribution among Lagos state civil servants using Spearman's Rank Correlation coefficient found a positive relationship between tax as a fiscal policy instrument and income redistribution. Thus, when income is redistributed it creates room for available of wealth which leads to economic growth and development with the society and the nation at large.

Table 3: Ascertain to what extent organized private sectors employees pay tax.

Male

		Frequency	Percent	Valid Percent	Cumulative Percent
Response	Strongly Disagreed	5	16.7	33.3	33.3
	Agreed	3	10.0	20.0	53.3
	Strongly Agreed	7	23.3	46.7	100.0
	Total	15	50.0	100.0	
Total		30	100.0		

Female

		Frequency	Percent	Valid Percent	Cumulative Percent
Response	Strongly Disagreed	6	20.0	40.0	40.0

	Agreed	2	6.7	13.3	53.3
	Strongly Agreed	7	23.3	46.7	100.0
	Total	15	50.0	100.0	
Total		30	100.0		

Table 3 shows the response rate of organized private sectors employees' tax payment. It was revealed in the table above that 5 male and 6 female respondents which represents 16.7 percent and 20 percent respectively strongly disagreed that private sector employees pay tax while 3 male and 2 male respondents which represents 10 percent and 6.7 percent agreed and 7 respondents for male and female which represents 23.3 percent each strongly agreed that organized private sectors employees pay tax to the government. This is in agreement with the study of Ariyo (1997) evaluated the productivity of the Nigerian tax system given the negative impact of persistent unsustainable fiscal deficits on the Nigerian economy for the period 1970-1990 to devise a reasonably accurate estimation of Nigeria's sustainable revenue profile. The results of the study showed a satisfactory level of productivity of the Nigerian tax system. The author therefore, recommended for an improvement of the tax information system to enhance the evaluation of the performance of the Nigerian tax system and facilitate adequate macroeconomic planning and implementation. This implies that, when organized private sectors employees pay their tax regularly, it will increase the revenue base of the government which in turn will enable the government to provide the needed social developmental infrastructure and economic growth required as a nation.

Table 4: Ascertain to what extent small and medium scale employees pay tax

Male

		Frequency	Percent	Valid Percent	Cumulative Percent
Response	Disagreed	8	26.7	53.3	53.3
	Strongly Disagreed	4	13.3	26.7	80.0
	Agreed	3	10.0	20.0	100.0
	Total	15	50.0	100.0	
Total		30	100.0		

Female

		Frequency	Percent	Valid Percent	Cumulative Percent
Response	Disagreed	5	16.7	33.3	33.3
	Strongly Disagreed	8	26.7	53.3	86.7
	Agreed	2	6.7	13.3	100.0
	Total	15	50.0	100.0	
Total		30	100.0		

Table 4 above shows the response rate of small and medium scale employees tax payment rate. The response rate of 15 male and 15 female respondents as show indicates that 4 male and 8 female strongly which represents 13.3 percent and 26.7 percents strongly

disagreed while 8 male respondents and 5 female respondents which represents 26.7 percent and 16.7 percent disagreed that small and medium scale enterprise employees pays tax. It was also shown that 3 male and 2 female which represents 10 percent and 6.7 percent respectively agreed that small and medium scale enterprise employee's pays tax to the government. This indicates that the small and medium scale enterprise do not pay taxes as they are suppose to pay, in this case, it will reduce government earnings and revenue to provide the basic necessary infrastructure which will bring about economic growth and development. This study is in consonants with that of Ramot and Ichihashi (2012), they used panel data from 65 countries covering the period 1970-2006 to examine the effects of tax structure on economic growth and income inequality and established that company income tax (CIT) rates have a negative impact both on economic growth and income inequality. They also established that personal income tax rate does not significantly affect economic growth and income inequality. The authors therefore, recommended that there is a need to develop a modest design into the tax system since countries which are able to mobilise tax resources through broad-based tax structures, coupled with efficient administration and enforcement of the tax system' are likely to enjoy faster growth rates than countries with narrow tax base and lower efficiency in tax administration. Also, governments should reduce tax evasion, which, they averred, occurs among the highest income group and has potential to distort horizontal and vertical equity in income redistribution. Finally, they recommended that very high earners or the highest income group should be subjected to high and rising marginal tax rates.

Conclusion

In conclusion, the paper is centered taxation and personal income tax for economic growth and development. It was discussed from the perspective of civil servants, organized private sectors and small and medium scale enterprises payment of tax to the government. The study show that taxation is a veritable tool to increasing government revenue and its necessary for every sector of the economy to pay their taxes promptly for government to have enough fund to carry out its development infrastructural responsibilities and provides economic growth for its citizens. It was shown in the study that civil servants and organized private sectors are responding more positively to tax payment while the small and medium scale enterprises are not paying tax as required.

Recommendations

The following recommendation were made to improve government tax generation

1. Government should dry a strict structure by which all sectors of the economy should pay their tax regularly and promptly.
2. Government should set up a set of supervisors to supervise the tax officers who in monetary consideration assist firms to invade tax.
3. Government should take the payment of tax more effective and should provide social amenities and basic infrastructure for the citizens to motivate them in the payment of tax.
4. Companies and firms including individuals should try to be sincere with the government in the payment of tax, while government should maintain and enforce the laws against any tax defaulter.

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THE CONCEPTUALISATION OF ELECTRONIC PAYMENT AND ITS RIGOR OF PROPER SERVICE TO CUSTOMERS IN NIGERIA

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ABSTRACT

The study focused on the conceptualisation of electronic payment and its rigor of proper service to customers in Nigeria. The use of electronic payment by financial institution is a welcome development in Nigeria. E-payment is any form of payment done through the use of electronic medium. The research employs a case study of three banks in Nigeria to find out the use of E-payment. The banks are; First Bank PLC, Zenith Bank PLC and Guaranty Trust Bank (GTB). The population of the study comprise the customers of the three banks, each with 60 ATM/POS users were sampled for study. This gives a total of 150 ATM/POS users. The research instrument used in this research is structured questionnaire. The questionnaire contains three sections; Section one cater for demographic information of the respondent, section two identifies the E-payment and section three E-payment issues. The questionnaire was a close ended questionnaire to elicit guided responses and for easy analysis. The questionnaire was tagged E-payment Questionnaire (EPQ). The study concluded that The usage of e-payment in carrying financial transaction as a positive impact in the development of the individuals as all most every individual agrees that they are enjoying the use of e-payment. ATM/POS is a well development as it has reduce the carrying of large some of money from place to place and in turn reduce the level of theft.

Keywords: E-payment, Customer, ATM, POS, Nigeria

Introduction

The use of electronic payment (e-payment) by financial institution is a welcome development in Nigeria. However, there are issues in the use of electronic payment that has to do with the reliability of dispensing cash to customers as at when due and in most cases as

rendered most customers frustrated at the point of withdrawer either at the Automated Teller Machine (ATM), Point on Sale (POS) machine or in the banking hall. Electronic payment otherwise known as E-payment is any form of payment done through the use of electronic medium. Some basic examples of E-payments are Automated Teller Machine (ATM), Point on Sale (POS), Money Gram, Mobile Banking, Western Union Money transfer and so on. In the advance economy, the financial institution are living up to expectation by keeping their own side of the contract of dispensing cash to customers via electronic medium without much addles, thereby making money available in their machines and banking halls at any point in time. The reverse is the case in Nigerian financial institutions.

The banks are dispensing cash in a lukewarm manner that usually makes the services less appreciated by the customers. the banks in most cases frustrates their customer during holidays to the extent that valued customers moves from between 2-5 different ATM machines of various in such for either network to withdraw or the bank's ATM are not loaded with cash, this as most times frustrated the customers from withdrawing money from their account for personal use. The central bank of Nigeria which is the apex financial regulatory agency in the country should as a matter of urgency address this of banks not providing sufficient cash i their ATM machine.

This paper seeks to address the in emptied attitude of banks not making cash available in their various ATM machines to serve their customers, their making some customers to be financial stranded even though they have money in their various accounts. The study will also suggest ways to curb this lukewarm attitude.

Statement of Problem

With the advent of e-payment in Nigeria, most banks do not entertain canter withdrawers by the account owners of cash value below N100, 000 (One Hundred Thousand Naira) thus, such transactions are expected to be carried out via the ATM machines. This machine has overtime giving customers the confidence of withdrawing within the weekends and on public holidays declared by the federal government or by state governments. Of a truth the idea is a welcome development, but the epileptic service is occasioned by the operators of the financial institution who are not giving the best services to their customers. This lukewarm attitude as course a lot of problems to customers who are in some case stranded in front of the ATM machines and thereby resulting to begging money for transportation back to their abode. It also courses the problems of not meeting with the customers financial needs at that particular time.

Purpose of the study

The study is design to ascertain the level at which customers are satisfy with the service delivery of e-banking via the ATM machine. The study will also make some useful suggestion to will serve as a guide to effective and efficient service of ATM machine to the financial institution.

Objectives of the Study

The study specifically identified the following objectives:

i. Assess the effectiveness of the implementation of e-payment to customers

ii. Identify the constraints facing e-payment delivery to customers

iii. Proffer solutions to the identified constraints facing e-payment delivery to customers

Research Problems

The research questions are as follows:

i. How effective is the implementation of e-payment to customers?

ii. What are the constraints facing the delivery of service to customers?

iii. What are the solutions to the constraints identified?

Concept of Electronic Payment

Electronic payment (E-payment) is a subset of an ecommerce transaction to include electronic payment for buying and selling goods or services offered through the Internet. There are many forms of e-payment ranging from cards, Internet, mobile payment, financial service kiosks, biometric payments, electronic payments networks etc and as technology develops, the range of devices and processes to transact electronically continues to increases while the percentage of cash and cheque transactions continue to decrease (Asaolu, Ayoola, and Akinkoye, 2011). This implies that that e-payment is used in every area of the economy which underscore e-payment as a base of producing a viable economy if properly put into use.

Dankwambo, (2009), sees e-payment as a subset of e-governance which is the application of electronic means in the interaction between Government and Citizens and Government and Businesses. It is a form of direct payments and banking without physical appearance at the MDA or Bank through the means of electronic, interactive communication channels and other technology infrastructure.

E-payment can also be described as the method of effecting payments from one end to another end through the medium of the computer without manual intervention beyond inputting the payment data (Dankwambo, 2009).

E-payment systems refer to the automated processes of exchanging monetary value among parties in business transactions and transmitting this value over the information and communication technology (ICT) networks. The common e-Payment channels include the payment cards (debit or credit), online web portals, point of sales (POS), terminals, automated teller machines (ATM), mobile phones, automated clearing house (ACH), direct debit/ deposit and real time gross settlement (RTGS) system (Nnaka, 2009; Ayo, and Ukpere, 2010).

According to Anderson cited in Sumanjeet, (2009); Ayo, and Ukpere, (2010), E-Payment system was classified into:

1. Online credit card payment system
2. Electronic cheque system
3. Electronic cash system, and
4. Smart card-based electronic payment system.

Considering the various concept of e-payment as described by the various researchers it is crystal clear that e-payment is a medium of payment that is associated with less risk. This is adjudged one of the best forms of payment. E-payment is a very fast mode of payment that does not require much addle and additional expenses. In time past when E-payment as not been introduced in Nigeria there were series of theft issues arising from carry large amount of cash from one location to the other. This does not mean that e-payment do not have its short coming, hence the reason for this study.

Generally defined, electronic payment is a form of a financial exchange that takes place between the buyer and seller facilitated by means of electronic communications. An e-commerce electronic payment is a financial exchange that takes place in an online environment, (Kalakota & Whinston, 1997; Abrazhevich, 2004).

However, an e-payment implication according to Dankwambo, (2009), is that:

1. There is a new payment regime;
2. The use of cheques or cash payments to beneficiaries has been discontinued;
3. No physical contact between accounts officials and beneficiaries in the MDAs; Implications of e-payment in the MDAs;
4. Effective use of Information Technology i.e. the use of Computer and Computer Software applications;
5. However, normal book-keeping will continue to be effected in all MDAs.

Electronic payment all over the world is one of the easiest way customers can withdraw money from their account at 24hours round the clock. This method of withdrawer is properly maintained will avail customers easy access availability of cash at any time. This suggests that e-payment is an adequate form of cash transaction that guarantees customers cash availability.

Challenges and benefits of Electronic Payment in Nigeria

Since the introduction of electronic payment in Nigeria financial system, customers of the financial institutions are been so pleased with the access to ATM and POS machine for their financial transactions. This has make withdrawer much easier especially during the weekends and in some cases where your bank (financial Institution) is not located in cities of withdrawer. However, as advantageous as the ATM machines to bank customers, most of the banks do not have sufficient cash in their machines, while in some instance, out of five machines only one or two will be put to use in dispensing cash to lots of bank customers which causes frustration at the ATM stands. Another challenge is that, the banks usually frustrate ATM users during festive period usually Xmas periods in Nigeria. According to Brunner, Decressin and Kudela (2004) cited in Adelowo and Mohammed (2007) opined that ATM challenge is not associated only to customers alone but also to banks in terms of cash released to them from Central Bank of Nigeria. These challenges in ATM are big threat and it requires a coordinated and cooperative action on the part of the bank, customers and the law enforcement machinery. The ATM pins theft, disrespect on cue, infighting among ATM users, not only cause disorderly and threat at the ATM stand but they also undermine customers' confidence in the use of ATMs. This would deter a greater use of ATM for monetary transactions. Giving the challenges of ATM, there is countless benefit of the use of ATM such as easy access to cash 24hours round the clock, flexibility of cash payment, reduction in carrying large amount of money etc. while Brain (2000) listed some benefits that can be derived from the use of ATM to include the following:

i. Flexible account access allows clients to access their accounts at their convenience

ii. MFI personnel are not required to be present for transactions and have more time to serve clients

iii. Increased hours of operation fit client schedules

iv. More clients can be reached beyond the branch network, such as in smaller population centers.

v. More low-cost funds are available because ATMs make it easier for clients to deposit savings

Methodology

The research employs a case study of three banks in Nigeria to find out the use of E-payment. The banks are; First Bank PLC, Zenith Bank PLC and Guaranty Trust Bank (GTB). The population of the study comprise the customers of the three banks, each with 60 ATM/POS users were sampled for study. This gives a total of 150 ATM/POS users.

The research instrument used in this research is structured questionnaire. The questionnaire contains three sections; Section one cater for demographic information of the respondent, section two identifies the E-payment and section three E-payment issues. The questionnaire was a close ended questionnaire to elicit guided responses and for easy analysis. The questionnaire was tagged E-payment Questionnaire (EPQ)

Data Analysis

A total of 95 males (52.78percent) and 85 females (47.22percent) from the three banks participated in the study. The age range is shown in the table below:

Table 1: Age Range

Age range	Frequency	Percentage %
16-20	35	19.44
21-25	68	37.78
26-30	52	28.89
30 and Above	25	13.89
Total	180	100

Table 1 above shows the range of respondents, 16-20 years has a percentage of 19.44 with a frequency of 35, 21-25 has a percentage of 37.78 with a frequency of 68, 26-30 years has a percentage of 28.89 and a frequency of 52 while age 30 and above has a percentage of 13.89 with a frequency of 25.

Table 2: Occupation

Occupation	Frequency	Percentage %
Civil Servant	43	23.89
Business Men & Women	50	27.78
Students	65	36.11
Others	22	12.22

Total	180	100

Table 2 above 23.89 percent of the respondents are Civil servants with a frequency of 43, 27.78 percent of the respondents are Business Men and Women with a frequency of 50, 36.11 percent of the respondents are Students with a frequency of 65 and 12.22 percent of the respondents were categories under others.

Table 3: How effective is the implementation of e-payment to customers?

S/N	Questions	Yes Percentage	No Percentage
1.	Do you enjoy E-payment?	160	20
2.	Are you getting quality services of the E-payment?	89	91
3.	Is there usually enough money in the ATM?	103	77
4.	Is the ATM/POS effective for payment?	120	60

Table 4: What are the constraints facing the delivery of service to customers?

S/N	Questions	Yes Percentage	No Percentage
1.	Has any stolen your ATM card Pin?	72	108
2.	Is there power outage in the ATM?	132	48
3.	Do you usually experience network time out in the Machines?	97	83
4.	Are the machines functioning properly?	94	86
5.	Has there been any dispensing issues in your account e.g Debit transaction without dispensing money ?	151	29
6.	If ATM/POS debit you, does the financial institution revert immediately?	112	68
7.	Is there any case of theft in your account?	134	46
8.	Do financial institutions load enough	82	98

	money in their ATM?		
9.	Is there security personnel's at the ATM?	76	104

Table 5: What are the solutions to the constraints identified?

S/N	Questions	SA	A	D	SD
1.	To make all ATM/POS functional optimally	80	100	-	-
2.	To Make available enough money in the ATM	120	45	10	05
3.	To provide security in the ATM	90	86	06	-
4.	To provide constant power supply to the ATM	110	70	-	-

Key: SA= Strongly Agreed, A= Agreed, D= Disagreed, SD= Strongly Disagreed

Discussion of Findings

From the data gathered from the questionnaires, it shows that most of the bank customers enjoy the use of ATM/POS in making payment and withdrawing cash. This is evident in the responses were 160 percent of the respondents enjoys the use of e-payment while 20 percent are in disagreement. This implies that the introduction of e-payment is a good idea for growth development of any country as virtually all the citizens enjoys using e-payment. Despite the significant advantages of e-payment 91 percent of the respondent said they are not getting quality services of the e-payment while 89 percent of the respondents are in agreement. Also 98 percent of respondents said financial institutions do not load enough money in their ATM, while 82 percent of respondents are in agreement. This implies that banks are not loading enough money in their ATM to satisfy customers need.

The data collected from the questionnaire also shows that security is not adequate at the ATM as evident in the table above were 104 percent of the respondents said security personnel's are not at the ATM, while 76 percent of respondent said they are security personnel's are the ATM stand. This implies that the banks should provide adequate security at the ATM stand to prevent theft, and also provide law and order.

From the data analysed, it shows that e-payment to be effective and work optimally, the banks should make their ATM/POS to function optimally, as agreed by all the respondents. While 120 and 45 respondents respectively said the financial institutions should make available enough money in the ATM, while 10 and 5 percent respondent disagreed. This implies that if enough money is in the ATM, customers have satisfaction from their services without visiting the banking hall. This study is in agreement with Diebold (2002), Adelowo

and Mohammed (2007) in their view states that the major form of ATM theft is PIN theft which is carried out by various means; skimming, shoulder surfing, camera, key pad recorder etc., which is mostly as a result of congestion at ATM points, while other forms of theft includes force withdrawal, card theft, and skimming and congestion method theft at ATM.

Cynthia (2000) states that the 24 hours access to the ATM machine is a double edge sword it has both advantage and disadvantage. It is easy to deduce that ATM theft is carried out most in the day time. Also there are occurrences at night but most ATM users prefer to make withdraw during the day thus preventing incidences of robbery at night. Thus security should be well provided at ATM.

Adelowo and Mohammed (2007) stated that, the present level of security provide by banks as regards to ATM is not sufficient. In their studies, the responses denote that security level in ATM is poor. While some banks do not provide enough means of security to customers which results to cases of theft at ATM. The banks should try to improve on their security to ease the challenges of theft at ATM.

Conclusion

The usage of e-payment in carrying financial transaction as a positive impact in the development of the individuals as all most every individual agrees that they are enjoying the use of e-payment. ATM/POS is a well development as it has reduce the carrying of large some of money from place to place and in turn reduce the level of theft. The financial institutions should make available enough money in their ATM to make customers gain access to their money at anytime possible. It was also agreed that the banks should beef up the workability of the ATM/POS to enable the customers to get the best of their services rendered instead of experiencing network outage their causing frustration to customers and living them stranded at the ATM/POS stand.

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AN ASSESSMENT OF AGENT BANKING ON NIGERIA ECONOMIC GROWTH: A CONCEPTUAL PAPER ON CONTEMPORARY ISSUES IN BANKING

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Abstract

The issue of economic growth has been concern of nations whether developing or developed. The financial service sector plays important role in enhancement of economic growth. This paper investigated agent banking and economic growth in Nigeria. It is a library research. This was carried out by review of related literature. It used secondary source of information which were obtained from textbooks, journal articles publication, seminars and conference papers. Based on outcome of related literature reviewed, the study found that agent banking as financial inclusion strategy by way of using point of sales and mobile phones has significant influence on economic growth. By implications, point of sale and mobile phones are critical factors of agent banking influencing economic growth. It therefore recommended that government policy makers for banks like the Central Bank of Nigeria should ensure that agent banking is properly regulated and monitored so as to ensure efficiency towards economic growth in Nigeria.

KEYWORDS: Agent Banking, Economic growth, Point of Sale, Internet

Introduction

The issue of economic growth remains crucial in the sustainability of any nation of the world. The growth of nation entails several sources and which source plays the main part in economic growth of a country continues to attract concern. A vibrant and robust financial system is seem as a major catalyst propelling the wheel of economic growth of countries of the world (Ogege & Shiro, 2013; Yauri, etail., 2012; Aurangzeb, 2012). Economic growth is the positivity in changes of the national income or the level of production of goods and services of a country over a given time period (Okpala, etal., 2018). Economic growth is mostly measured using real gross domestic product (RGDP). Economic theory by Schumpeter (1911) has explained that banking activities by way of intermediary role could assist in the enhancement of economic growth. Agent banking is a cost-effective solution

designed to provide financial access to the unbanked and under banked population. Agent banking is carried out using human automated teller machine (human ATM) known as point of sale (POS), internet, Sim, etc. It is believed that agent banking using various means like point of sale, internet, phone could have implications on economic growth.

In Nigeria, the most developed segment of its financial system is the banking system, which consists mainly of commercial banking. Commercial banks, as financial intermediaries in Nigeria, play an all important role in serving the general public and in ensuring sustainable growth in the country. The commercial bank led growth nexus can be viewed from the growth inducing functions of commercial banks. The financial structure of any country is usually described in terms of the various types of financial institutions operating within it. Before the introduction of agent banking in Nigeria, some people trek or travel long distance in order to do banking transactions like withdrawal, deposits or transfer of funds. The spread of agent banking has helped in reducing bottle necks and challenges experienced like delay in making transactions and overcrowding in banks. Far away communities now enjoy normal commercial bank services with the aid of agent banking. Again, with proliferation of agent banking in different location in towns and cities helps in efficient financial transactions on behalf of banks to those that need the services which can as well propel economic growth. Hence this study conceptually examines agent banking as could enhance economic growth.

However, this study will therefore contribute to the body of literatures on financial inclusion by identifying how agent banks and other platforms facilitate inclusive growth agenda of the government. It will assist appropriate regulatory authorities to design policies that will increase the number of bank agents in the country.

Concept of Economic Growth

Economic growth is seen in different dimensions in relation to increase in some indicators favourable to the economy. Economic growth is the increase in the output (goods and services) of a country from one period to another. Economic growth is the endless improvement in the capacity to satisfy the demand for goods and services, resulting from increased production scale, and improve productivity (innovations in products and processes) which is usually measured over a certain period of time (Olowofeso, Adeleke & Udoji, 2015). Economic growth entails positive change in the national income or the level of production of goods and services by a country over a certain period of time (Oluitan, 2009). Economic growth is widely measured using the gross domestic product which would be nominal or real. The nominal GDP is the monetary value of goods and services produced in a given, real GDP is the monetary value of goods and services by adjusting the effect of inflation. Olowofeso, *et al.,* (2015) observe the existence of divergent conceptions of economic growth and ways of measuring it, but the primary definition is in terms of growth in the long-run productive capacity of the economy, typically measured by real growth in Gross Domestic Product (GDP). Economic growth of a country is connected with the variation in certain macroeconomic fundamentals such as index of industrial production, inflation, exchange rate, manufacturing capacity utilization, etc. which are considered in macroeconomic policy formation and implementation. Economic growth is used to determine the general well-being or health of a country at any given point in time. Whenever economic activity slows down due to exogenous shocks, such as the recession of the key external partner, the income of companies and households decline, while reducing their ability to meet obligations to credit institutions (Moinescu & Cordilasu, 2011). In effect, economic growth is defined as a positive change in the national income or the level of production of goods and

services of a country over a certain period of time which is measured in terms of the level of production within the economy.

Agent Banking

Agent Banking is a simple user friendly and cost effective way of providing secured light banking services such as cash deposit, cash withdrawal, fund transfer, bills payment, airtime recharge etc to groups of people in a community, employing known and trusted existing retail business outlets in the same. A personal agency account is used when a member needs someone to carry out account transactions for them when they are unable to do so for any reason. Member has the right to appoint another person to act as agent for them in depositing and withdrawing funds from their account. Agent banking is fundamentally not about the banks making huge direct profits through a low-cost channel. It can, however, facilitate additional business for the bank, as well as additional deposits.

Agent banking plays an important part in the evolution of digital financial services. It is a critical step in the movement towards user-initiated transactions. Agent banking requires strategies that appreciate the element of time, therefore, the objectives and benefits need to be split into the short-run and medium-term. In the short-run, agent banking should mainly be perceived as an additional channel for the provision of products and services beyond the existing branch channels. Existing banks currently have only transactional relationships with customers from the bottom of the pyramid and not true banking relationships. This is partly attributed to existing products not being fashioned for the lower-income segments.
Agent banking is increasingly popular in many developing countries. From Brazil to Kenya and many other emerging markets, agent banking has increased the use of transactional financial services among financially excluded adults.

In Nigeria, the Central Bank introduced agent banking guidelines in 2013 to contribute towards achieving the objectives of the National Financial Inclusion Strategy. The Central Bank of Nigeria (CBN) issued the following guidelines for the regulation of Agent Banking and Agent Banking Relationships in Nigeria based on the powers conferred on the Bank by Section 2 (d) of the Central Bank of Nigeria Act, 2007 and Section 57 (2) of the Banks and Other Financial Institutions Act (BOFIA), Laws of the Federation of Nigeria (Companies and Allied Matters Act, (CAMA)) 2004 to issue guidelines for the maintenance of adequate and reasonable financial services to the public. Since 2013, and progressively through 2017, prominent deposit money banks like First Bank (First monie), Zenith Bank, have embarked on a revolution in agent banking otherwise known as human ATM using point of sale (POS). Also, a communication giant in Nigeria, the Mobile Telecommunication Network (MTN) joined in the business of agent banking by obtaining a licence from Central Bank of Nigeria on Thursday July 25, 2019 as super-agent and commenced operation in August, 2019 with the name Mobile Money agent (MoMoAgent). Agent banking is operated using outlets. Agent banking outlets act as the locations where the un-banked or under-served persons transact either by depositing or withdrawing money. These outlets are owned by an individual or entity who will offer payment services to the customer and by doing so earn transactional income for the services they offer.

Point of sales (POS)

Point of sales (POS) is one of the popular methods employed in facilitating agent banking in places far from normal deposit money or commercial banks to customers to ease financial transactions. Point of sale outlets are increasing daily in communities in Nigeria. Ngumi (2013) stated that point of sale (POS) is a retail payment device which; reads a customer's bank's name and account number when a bank card or credit card is swiped

(passed through a magnetic stripe reader). Nader (2011) showed that the number of point of sale terminals (POSs), did not improve profit efficiency. Hasan, Schmiedel and Song (2009) found that the relationship is stronger in countries with higher levels of retail payment transaction equipment, like POS terminals. While, Kemppainen (2008) found that POS terminals were only beneficial to banks when they had large retail infrastructure or agent outs across different locations or places.

Internet Banking

Internet banking or web banking is also known as online banking (Gerrard & Cunningham, 2003). Web, online banking, internet banking, e-banking, or virtual banking, is an electronic payment system that enables customers of a bank or other financial institutions to conduct a range of financial transactions through the financial institution's website. Internet banking is a term used to describe the process whereby a client executes banking transaction via electronic means(Nickel,2018). It uses the electronic card infrastructure for executing payment instructions and for final settlement of goods and services over the internet between the merchant and the customer, currently the most common internet payments are for consumer bills and purchase of air ticket through the websites of the merchants (Littler & Melanthiou, 2006). With the ease of availability of cyber cafés in the cities, it has become quite popular (Littler, & Melanthiou, 2006). Hernando and Nieto (2007) analyzed the impact of Internet banking on the performance of Spanish banks and showed that Internet banking services, as an alternative distribution channel, reduced overhead expenses and improved both ROA and ROAE over time and also on economic growth..

Empirical Studies

Bulk of empirical works on finance-growth nexus have upheld the significant impact of financial sector development on growth and development of the economy(McKinnon 1973; Shaw 1973; Greenwood & Jovanovic, 1990; Bencivenga & Smith, 1991; Levine, 1997). Empirical evidence reveal that widening financial inclusion will reduce the cost of cash management, and defend the strength of the local currency, while promoting a sound financial system in the economy (Mboto & Uba, 2013). Beck, Demirguç-Kunt and Levine (2007) found that "well developed financial system have strong positive impact on economic growth over a long period". Ogunleye, (2009) links financial inclusion to financial stability, stating that the former promotes the later by facilitating inclusive growth. Financial inclusion is important for ensuring economic inclusion as financial sector development drives economic growth by mobilizing savings and investment in the productive sector (Johnson, Nino & Lazarawa, 2015). Financial inclusion is key to reducing the economic vulnerability of households, promote economic growth, alleviate poverty and improve the quality of lives (Christen, Lauer, Lyman & Rosenberg, 2011). Hariharian and Marktanner,(2015) defined financial inclusion as access to formal financial services such as credit, savings and insurance opportunities. They argued that financial exclusion has a multiple dimension which is a socio-economic phenomenon that results from various factors such as geography, culture, history, religion, socio-economic inequality, structure of the economy and economic policy. In their study, they found that financial inclusion is a key player in the economic growth and development of any nation and contributes significantly to gross domestic product and capital formation and intermediation as well as create employment opportunities. Subbarao (2009) claimed that financial inclusion is a major requirement for a sustainable and equitable growth. Subbarao (2009) further showed a positive correlation between economic prosperity and wide access to financial services especially amongst the active poor in the rural communities which enable them to save, invest and access credit facilities.

Theoretical Framework

This study is anchored on finance led growth theory. The finance led growth theory has its root from previous works of Bagehot (1873), Schumpeter (1911), Goldsmith (1969), McKinnon (1973) and Shaw (1973). Rational behind finance led growth theory is that financial sector development is a major stimulus for economic growth. The development of the financial sector will enable citizens and government and different sectors of the economy to mobilize needed fund necessary to achieve growth and development. Despite contradictory contention from Robinson (1952) and Stern (1989) among others that financial sector development is not a determinant of economic development (Mohd-Nor, 2015). Economists opposed to this theory still believed that economic development influences financial sector, that is, the rate of economic development determines the level of development that would be achieved in the financial system. The finance led growth theory has proved that with agent banking system financial intermediation can rapidly spread among people and can facilitate economic growth in any nation. Manifestation of finance growth theory facilitates electronic transfer channels through which individuals, companies (organizations) as well as agencies of government can make direct payments into beneficiaries account without passing through a conventional bank. Payments such as social security transfers, pension, credit guarantee funds, subsidies, wages and salaries and other allowances and entitlements can now be made easily through mobile and internet transfers in order to reduce fraud, pilferage, leakages and more importantly cost of service delivery to both the user and providers of financial products and services.

Conclusion

Every nation of the world pursues issues that can influence its economic growth. The introduction and granting of licences for the establishment of agent banking by Central Bank of Nigeria is aimed at enhancing economic growth. Agent banking as financial inclusion strategy by way of provision of financial services to customers by a third party on behalf of a licensed deposit taking financial institution and/or mobile money operator (principal) is designed towards promoting economic growth in Nigeria. Finance led growth theory has demonstrated that economic growth and level of development in a country can be achieved through effective and efficient financial system. Empirical studies have revealed that financial inclusion strategy by way of agent banking using point of sales and internet has significant influence on economic growth. Deposit money banks believe agent banking would enhance customers increase, increased profitability through better efficiency and cost-reduction. As for the agents, the revolution is expected to ensure financial remuneration, increased customer traffic to pre-existing businesses of the agents, and improved community status through bank brand affiliation. In the case of the customers, the expected benefits are convenience and cheaper transaction costs. The implication is that agent banking as financial system strategy for withdrawing and depositing money is a critical factor that can help stimulate economic growth. It therefore recommended that government policy makers for banks like the Central Bank of Nigeria should ensure that agent banking is properly regulated and monitored so as to ensure efficiency towards economic growth in Nigeria.

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THE ETHICAL FACTORS IN NON DISCLOSURE OF SOCIAL AND ENVIRONMENTAL INFORMATION IN OIL AND GAS FIRMS IN NIGERIA

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ABSTRACT

Governments of different countries implement different ethical factors necessary in inducing oil and gas firms for non-disclosure of environmental accounting information and legal requirements in corporate reports. Ethical factors are structured to inspire transparent reporting standard, to promote corporate accountability and to build up good governance. The need for ethical factors in non-disclosure of social and environmental accounting information in oil and gas was necessitated by importance of rules and laws in regulating cost involved in oil spillage, pollution, emission, environmental degradation and social responsibility for management decision making. Therefore, this study centred on the ethical factors in non-disclosure of social and environmental accounting information in oil and gas accounting in Nigeria. It a library type of research by means of conceptual review of related literature. It employed secondary source of information from textbook, Journal articles, conference papers etc. From review of related literature, it was observed that ethical factors have significant effect on non-disclosure of social and accounting information in oil and gas in Nigeria. The study recommended that government policies makers and bodies in relation to ethical factors on social and environmental accounting information like Security and Exchange Commission (SEC), Federal Environmental Protection Agency (FEPA) and Financial Reporting Council of Nigeria (FRCN) should enact rules and regulations that will promote stable ethical factors in nondisclosure of social and environmental accounting information in oil and gas firms in Nigerian.

KEYWORDS: Non-Disclosure, Ethical factors, Social and Environmental Accounting

INTRODUCTION

In recent times, ethical factors in non-disclosure of social and environmental accounting have been a major concern of the dispersed stakeholders of oil and gas firms who require disclosed accounting information for decision making. The need for ethical factors in

non-disclosure social and environmental accounting information in oil and gas was necessitated by importance of rules and laws in regulating cost involved in oil spillage, pollution, emission, environmental degradation and social responsibility for management decision making. Governments of different countries implement different ethical factors necessary in inducing oil and gas firms for non-disclosure of environmental accounting information and legal requirements on the issue are relatively limited. Ethical factors are structured to inspire transparent reporting standard, to promote corporate accountability and to build up good governance. A number of countries have environmental laws and regulations to protect both disclosure and non-disclosure of accounting information. These laws impose sanctions on offending companies; as such environmental issues may have material effect on firms either directly or indirectly (Adams, Hill & Roberts, 1998).

Echave and Bhati (2010) social and environmental disclosures assist oil and gas firms in meeting criticism from social activists and consumer groups and to firms political visibility. But firms may be unwilling to disclose environmental accounting information if it is confidential data that can be used by their competitors. Lack of government policy as regards ethical factors on non-disclosure of social and environmental accounting could have negative implication especially in terms of lack of accountability and transparency (Shivaji & Subramaniam, 2008). The non-disclosure of environmental accounting information has been badly criticized as it failed to fulfill the expectation from stakeholders (Sariene, Canadas, Valdivieso & Perez, 2019).

Companies have moved from passive to active information disclosure, from strict to know compliance disclosure to right to know complete disclosure and they are aspiring to link corporate strategy with one comprehensive stream of non-disclosure of accounting information (Mohamad, Salleh, Ismail & Chek, 2014). The norm itself, the behaviors it affects, and the industry to which it applies all present obstacles to its emergence. The norms of oil sector transparency holds that the public is expected to enjoy greater access to information about the revenue flows and operations of the petroleum industry. Reinhardt, Stavins and Victor, (2008) indicated that the regulation of non-disclosure of accounting information is a form of legalizing profit-sacrificing behavior. Their argument is that there is no point regulating non-disclosure of social and environmental accounting when regulations can often go unenforced owing to weak ethical legal institutions (e.g a corrupt judiciary).

Most studies in relation to ethical factors in non-disclosure of social and environmental accounting information were basically from developed countries. Studies from developing countries like Nigeria were scant and did not dwell much on ethical factors on non-disclosure of environmental accounting information in oil and gas. This study conceptually examines ethical factors in non-disclosure of social and environmental accounting information with emphasis on ethical rules and bodies regulating oil and gas in Nigeria.

Conceptualisation of Environmental Accounting Information

Social and Environmental accounting is seen in different perspectives. According to Irish times, (2000) environmental accounting includes environment-related expenditure, environmental benefits of products and detail regarding sustainable operations. Stanko, Brogan, Alexander and Chay (2006) defined environmental accounting as the identification, measurement and allocation of environmental costs, the integration of these environmental costs into business decisions and the subsequent communication of the information to a company's stakeholder's. Environmental accounting relates to accounting for the value of national resources gained or cost relative to gross domestic product. Yakhou and Dorweiler (2004) pointed out that environmental accounting is an inclusive field of accounting. It

provides reports for both internal use, generating environmental information to help make management decision on pricing, controlling overhead and capital budgeting, and external use, disclosing environmental information of interest to the public and to the financial community.

In its 2013 Annual environmental report, NEC noted that environmental accounting represents the costs (expenditures) and the effects (revenues) associated with the environmental activities and evaluating the results from economic viewpoints. The report listed the objectives of environmental accounting thus: Enhance cost awareness by evaluating the economic effects of environmental activities; Share the recognition of the importance of sustainable business development and use the results for revitalization and efficiency improvements in environmental activities; Use the information as part of the environmental information that is to be provided to the stakeholders; Use environmental accounting for improvements and reforms in the in- house operations (Ijeoma, 2015). Yakhou and Dorweiler (2004) stated that companies are expected to engage in environmental accounting so as to: reassure consumers that they take their responsibilities seriously; comply with national guidelines; and. comply with financial reporting requirements. Environmental accounting is an arrangement in which all environmental related costs are made more transparent with corporate accounting system and reports. In other words, environmental accounting relates to organization environmental performances which are integrated into business for decisions making. Environmental accounting covers information relating to all aspects of the environment.

Ethical Factors in Non-Disclosure

According to Pollack and Hartzel (2006) cited in Grey and Tejay (2014) ethical factors are principles and values that regulate behaviour with respect to what is right or wrong supporting a more legal and ethical workplace providing a clear guiding philosophy especially when making decisions. Non-disclosure ethical factors define and provide ideas that sustain action that is good and right in terms of obligation, fairness and benefits to society (Wengert 2001; Markkula Centre for Applied Ethics, 2010). In effect, ethical factors in non disclosure of social and environmental accounting information in oil and gas relate to certain guiding principles. Ihugba (2012) observed that in Nigeria, ethical factors have ways of influencing corporate social responsibility and environmental practices.

Several ethical factors are essential in non-disclosure of social and environmental accounting in oil and gas. Schaltegger, Muller and Hindrichsen (1996) identified that there are three basic principles of environmental accounting as identified by includes:

i) Sustainability: The principle of sustainability in environmental accounting implies that oil and gas firms must not use resources more than it can regenerate. Sustainability is majorly on the effect which action taken in the present has upon the options available in the future. If resources are utilized in the present then they are no longer available for use in the future, and this is of particular concern if the resources are finite in quantity. Thus, raw materials of an extractive nature, such as coal, iron or oil are finite in quantity and once used, are not available for future use. At some point in the future therefore, alternatives will be needed to fulfill the functions currently provided by these resources. These may be at some points in the relatively distant future but of more immediate concern is the fact that as resources become depleted, then the cost of acquiring the remaining resources tends to increase and hence the operational costs of organisations tends to increase. This can be defined in terms of carrying capacity of the ecosystem and described with input- output model of resource consumption (Davenport & Davenport, 2006).

*ii) **Accountability:*** Accountability is concerned with an organization recognizing that its actions affect the external environment and therefore assuming responsibility for the effect of its actions. This principle is concerned with the reporting of those quantifications to all parties affected by those actions. This implies a reporting to external stakeholders of the effects of actions taken by the organization s like oil and gas firms and how they are affecting dispersed stakeholders. Accountability necessitates the developments of appropriate measures of non-environmental performance and accounting of the actions of the oil and gas firm. This necessitates costs on the part of the organization in developing, recording and reporting such performance and to be of value, the benefit must exceed the cost. Benefit must be determined by the usefulness of the measure selected to the decision-making process and by the way in which they facilitate resource allocation, both within the organization and with other stakeholders.

iii) Transparency: Transparency as a principle in environmental accounting and reporting of information, means that the external impact of the actions of the organization can be ascertained from organisations accounting and reporting which can be disclosure or non-disclosure and pertinent fact are not disguised within that accounting. . Frynas (2012) stated that non-disclosure of social and environmental reporting raises questions about the reliability and transparency of self-reported company data. Frynas (2012) further stated that non-disclosure of social and environmental reporting raises questions about the reliability and transparency of self-reported company information. Transparency is of particular importance to external users of such information as these users lack the background details and knowledge available to internal users of such information. Transparency is seen to be a part of the process of recognition of responsibility on the part of the organization for the external effect of its actions.

iv) Corporate Governance: However, issue of corporate governance is fundamental in regulating activities of oil and gas firms especially as relates to ethical factors in non-disclosure of social and environmental accounting.

Ethical Regulatory Laws in Nigeria: The Nigerian Environmental Laws / Regulations and the Prescribed Sanctions

Awareness of environmental issues has been rising during the last 20 years and environmental pressure groups have been growing in most countries (Dixon, Mousa & Woodhead, 2005). A number of countries have environmental laws and regulations to protect their environment. These laws impose sanctions on offending companies especially in oil and gas. Therefore, environmental issues may have a material effect on companies either directly or indirectly (Adams, Hill & Roberts, 1998). Constantina (2003) analysed the crucial role government plays in promoting socially responsible and environmental ethical behavior in oil and gas firms. Firms under government regulations tend to exhibit ethical business behavior and act in a socially responsible manner than others. In Nigeria, Achua (2008) agitated for prioritization of corporate social responsibility (CSR) as the foremost condition for oil and gas firms and banking stability reforms. Adeyemi and Ayanlola (2015) further noted that though self-induce vices, regulatory, laxity, inauspicious macroeconomic environment, and endemic corruption in the economy are major constraints to the discharge of social and environmental accounting information in the oil and gas firms, external regulation will have to be blended with conscious self-regulation for any social and environmental accounting reforms to be effective. Amao (2008) explored the legal and institutional factors for the control of CSR practices of multinational corporations (MNCs) in Nigeria. The study

explored various aspects of company law and human rights law and argued that although CSR practices is becoming well entrenched in Nigeria, we cannot rule out the importance of a domestic framework for the regulation of multinational corporations (MNCs).

Several ethical regulatory laws in oil and gas are as follows.

a) The Nigerian Constitution
Section 30 (1) of the, Constitution of the Federal Government 1979 guarantees the right to life. These necessarily include access to unpolluted air, land, water, etc. The following legislations and regulations contain provisions which deal with some or all of the wastes associated with oil and gas activity**.**

b) Criminal Code Act (Cap 77 LFN 1990)
Another regulation guiding ethical factors was Section 234 of the Criminal Code which makes it as an offence for anyone who does anything which obstructs or causes inconvenience or damage to the public in the exercise of rights common to all members of the public. The section may be used to punish unlawful discharges of hazardous substances on public land and water by any oil and gas firm. Section 245 of the Criminal Code also creates an offence for any person who foul spring, stream, well, tank, reservoir or any water body, so as to render it unfit for the purpose which it is ordinarily used. Section 247 (a) of the Code further states that any person who commits noxious acts which affect public health is liable to 6 months imprisonment. The noxious acts include factories emitting gaseous hazardous substances and gas flare emissions in oil and gas activity

c) Associated Gas Re-injection Act 1979 (Cap 20 LFN 1990). This Act charged the oil and gas companies to stop the unhealthy gas flaring and commence re-injection of the oil – associated gas within 5 years of the enactment of the Act

d) Federal Environmental Protection Agency Act No. 88 of 1988 (Cap 131 LFN 1990).
The Act prohibits the discharge of hazardous substances into the air, water and land by oil and gas except where such discharge is permitted or authorised under any law in force in Nigeria. Where the offence has been committed by a body corporate, like oil and gas it shall on conviction be liable to pay a fine not exceeding N500, 000 and an additional fine of N1, 000 for every day the offence subsists

e) The Harmful Waste (Special Criminal Provisions) Act of 1988 (Cap 165 LFN 1990).

The Act makes it an offence for corporate body to carry, transport, sell, buy, import, deposit, dump or cause to be carried, transported, sold, bought, imported, deposited, or dumped on any land or in territorial waters or Contagious Zone or Exclusive Economic Zone of Nigeria or its inland water ways. Most hazardous wastes generated in conjunction with oil and gas activity fall in this category. Penalties for the offences are life imprisonment, forfeiture of the vessel and of the land by and on which the harmful waste is dumped or deposited.

(f) National Environmental Protection (Effluent Limitation Regulation 1991)

National Interim Guidelines and Standard for Industrial Effluents, Gaseous Emissions and Hazardous Wastes Management in Nigeria. Penalties contained in the regulations in (c) and (d) above may be meted out to violators of this Regulation. g) Department of Petroleum Resources (DPR) Environmental Guidelines and Standards for the Petroleum Industry, 1991. The Regulation deals specifically with management and disposal at hazardous wastes generated in conjunction with oil and gas exploration and production activity. The regulations

can be used to convict violators of this DPR Regulation. The Nuclear Safety and Radiation Protection Act of 1995. Nigerian Radiation Safety in the Management of Naturally-occurring Radioactive Materials (NORM), 2008. j) Nigerian Radiation Safety in Nuclear Well-Logging Regulations, 2008. Nonetheless, with the level legislations / regulations targeted at hazardous wastes, including the wastes arising from oil and gas activity. These regulations contain enforcement provisions and penalties which if properly enforced are to effect observance of the laws. However, grave problems of poor enforcement of these laws exist; causing environmental degradation, public health impairments and damage to properties. In this circumstance, it becomes imperative for the NGOs /communities to constitute themselves into pressure groups, to secure the enforcement of these environmental laws quickly and effectively (Ngwakwe, 2009).

Ethical Factors Regulating Bodies

The financial reporting council of Nigeria (FRCN), (formerly, Nigerian accounting standards Board (NASB), with the enactment of the NASB act 2003, now has statutory legal backing. The world bank (2011) observed that FRCN lacks adequate resources to fufill its mandate reason being that as a government agency it has relied on government subventions and it has been exposed to serious budgetary constraints that hinder its performance. Despite the short comings of the FRCN, the institution remains a force to reckon with in a push for a regulated CSR disclosure practices in Nigeria. Frynas (2012) is of the view with the need to encourage social and environmental disclosure regulation.. Ihugba (2012) suggested the need to introduced compulsory regulation into corporate governance via the Nigeria extractive industry transparency initiative (NEITH) Act, 2007. Other include regulatory bodies involved in ethical factors or issues in oil and gas include Security and Exchange Commission (SEC), Federal Environmental Protection Agency (FEPA), Corporate Affair Commission (CAC); and Accounting bodies like Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountant of Nigeria (ANAN).

Having examined various rules and regulation and the regulatory bodies involved in ethical issues in oil and gas in Nigeria, we therefore hypothesized that , "*Ho: Ethical factors have no significant influence on non disclosure of social and environmental disclosure of accounting information in oil and gas in Nigeria.*

Empirical Review

Rogers, Ethridge, Marsh and Lott (2012) investigate the similarities of ethical and environmental disclosures, as well as risk factors contained within annual reports for the reporting year 2009. The data were collected from Fortune 500 oil and gas company annual reports. Findings include: 1) an emphasis on environmental, financial, nonfinancial and ethical disclosures and 2) similar reported risks for all companies investigated. The findings illustrate that many of the studied oil and gas companies have similar disclosures but, on the other hand, are situation specific to particular company and location.

Okpala (2019) examined the level of social and environmental disclosures in the annual reports of listed firms in Nigeria. It is an exploratory study utilising secondary data through the content analysis of annual reports of 84 sampled firms listed on the Nigerian Stock Exchange over a period of 2011 – 2016. Data were analysed using descriptive statistics. The study found that the level of social and environmental disclosures (SED) in Nigeria has improved over the years with a slight improvement from previous years even

though social disclosure takes a higher proportion of such practices compared to the level of disclosures on environmental issues.

Welbeck, Yaw Owusu, Bekoe and Kusi (2017) examine the type of environmental-related information firms disclose mostly in Ghana, the trend of such disclosures and investigate the determinants of environmental disclosures by firms in Ghana. Using the Global Reporting Initiative (GRI) index as a benchmark, a content analysis of the corporate annual report of 17 firms listed on the Ghana Stock Exchange (GSE) was conducted over a 10-year period (2003 to 2012) to determine the total environmental disclosure scores of the sampled firms. The determinants of environmental disclosure practices of the firms were ascertained by means of a regression analysis. Results of this study indicate that listed firms in Ghana disclose some amount of environmentally-related information espoused by GRI though the level of disclosure is low. Also, the level of disclosure by environmentally-sensitive firms is higher than the less sensitive firms similar to existing studies.

Arowoshegbe and Uniamikogbo (2016) seeks to provide a theoretical overview of accounting for social and environmental challenges and pointed out the superiority of environmental accounting over the traditional accounting in this wise, the study review showed that environmental accounting operating expenditures are not charged independently of other expenditures. There is also, absence of costing system for tracking of externality costs. Environmental accounting disclosure does not however, take the same pattern among listed companies globally. Considering the current limited exposure of many organizations to environmental accounting methodology, the study proffers an insight into new bases and design for environmental accounting. The study posits that a lot can be done to douse environmental and social challenges and pacify those directly affected by applying palliative and preventive remedies using environmental accounting aspects of corporate social responsibility (CSR) policies as a tool.

Haladu (2016) aimed at assessing the argument for and against the inclusion of non-environmentally sensitive firms in environmental disclosure research. The paper is not an empirical research but a critical review through content analysis, of past researches of the pros and cons of including non- environmentally sensitive companies in researches of environmental information disclosure. The main conclusion drawn was that due to the nature of pollution of firms, uniformity in reporting is impossible. There is also the problem of the suitability of applying the standards of environmentally sensitive firms to non-environmentally sensitive firms. It is therefore, advisable to differentiate between the two and lay more emphasis on environmentally sensitive firms during environmental disclosure investigation. In studies where entire economies are covered, it will be more appropriate to apply weighing based on the impact and type of pollution.

Eze, Nweze and Enekwe (2016) identify environmental accounting issues and the effects of these environmental factors on the life of Nigerians. It was discovered that environmentally friendly organizations who voluntary disclose their environmental activities enjoy high level of competitiveness. Environmental accounting motivates organizations to track their green house gas emissions and other environmental elements against reduction or elimination point. Uniform standards for the purpose of control and measurement of performance, and should design products which generate less waste or emission during their life cycle.

Haladu and Salim (2017) make a comparison between the environment and social categories of sustainability disclosure. Guided by the G4 sustainability reporting guidelines, environmentally sensitive companies in Nigeria economy were analyzed for 6 years (2009-2014). Separate assessments and comparisons were made between environmental reporting and social reporting on the impact, influence and significance of their relationships using Stata 13SE analytical tool. The results shows that firms performed better on social reporting in terms of higher sustainability disclosure rates and significant relationships.

From the perspective of environmental accounting information disclosure methods, the study by Weng, Ren, Duan and Li (2018) analyzes the multi-dimensional aspects of 25 listed companies in Yunnan Province from 2014 to 2016, including their annual reports and social responsibility reports. The study finds that although the proportion of environmental accounting information disclosure by listed companies in Yunnan Province has been steadily increasing, there is a great disparity on the number of disclosures in different methods, showing a polarized distribution; and because the relevant departments do not provide a fixed disclosure method, the environmental accounting information disclosure by listed companies is not uniform, which increases the difficulty for users to inquire China's listed companies only disclose environmental pollution, but substantive environmental governance work is inadequate. It is hoped that relevant authorities and government supervision departments will pay attention.

Kikwiye (2019) aimed to determine the extent to which oil and gas companies have been reporting social and environmental issues in comparison to the Global Reporting Initiatives Guidelines. The online documentary review of annual reports and website of six companies were used and analysed using content analysis. The findings show that social aspects including health and education are disclosed more compared to economic and environmental issues. However, reported items reflect that the global reporting initiatives and the monetary contributions are scanty in comparison to the financial strength of the companies. The study recommends that companies should review their budgets to support communities and disclose their activities.

Conclusion and Recommendations

Considerable attention has been focused on the issue of ethical factors in non-disclosure on social and environmental accounting information since specifically address environment impact, spillage, noise, emission, degrading, pollution etc. The degree to which ethical factors regulating and guiding non-disclosure of social and environmental accounting information may vary substantially and depend on countries especially where extraction of oil and gas are involved. Oil and gas firms are increasingly aware of the need to conform to regulations and ethical factors in order to avoid the threat of environmental liabilities. Rising penalties, fines, and other legal costs instituted the importance of acting in accordance with ethical factors in non-disclosure of social and environmental accounting information. Therefore, ethical factors in environmental disclosure and non-disclosure of social and environmental accounting information oil and gas firms are fundamental in compliance with regulations that are imposed by relevant authorities.

Hence, the following recommendations are put forward.

(1) Ethical factors in non-disclosure of social and accounting information should be well guided and adequate compliance should be ensured by oil and gas firms in Nigeria.

(2) Oil and gas firms in Nigeria should adequately disclose in detail content of social and environmental accounting information in the annual reports and accounts for the interest of stakeholders and public.

(3) Government policies makers and bodies in relation to ethical factors on social and environmental accounting information like Security and Exchange Commission (SEC), Federal Environmental Protection Agency (FEPA) and Financial Reporting Council of Nigeria (FRCN) should enact rules and regulations that will further promote ethical factors in non-disclosure of social and environmental accounting information in oil and gas firms in Nigeria..

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ETHICAL ISSUES AFFECTING AUDITOR'S CHOICE IN NIGERIA

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ABSTRACT

Auditor choice can be viewed as a self-regulatory mechanism instituted by a client to supplement corporate governance mechanisms in place within the firm. Audit involves performing procedures to obtain evidence about amounts and disclosures in the financial statements so as to evaluate the appropriateness of accounting estimates made by management. The population of this study consists of all financial and manufacturing firms in Nigeria. The researcher analyzed the annual reports of one hundred (100) of the listed companies. This represents about 58.82% of the population sample. The study concludes that auditor's choice practice in Nigeria is still moderate, self-laudatory and voluntary in nature. This is partly due to the fact that no firm is compelled to engage the big 4 audit firms or small audit firms in the country.

Keywords: Auditor, Auditors Choice, Directors, Gender Mix

Introduction

Auditor choice can be viewed as a self-regulatory mechanism instituted by a client to supplement corporate governance mechanisms in place within the firm. Rezaee (2004), Fan & Wong (2005), Choi & Wong (2007) find that the audit, in general, performs an important monitoring role in countries characterized by weak corporate governance. By choosing a higher quality auditor, a client, directly or indirectly, binds itself to higher standards of financial reporting and assurance qualities.

The functioning of the capital market is the role of the external audit as both owners (shareholders) and the professional managers would want to rely on the report of the external auditor in furthering their sometimes divergent interest arising from agency relationship that exists (Barbadillo & Aguilar, 2008) High-quality external audit has became an important policy issue following corporate scandals such as Enron, WorldCom, Global crossing, Cendant, Sunbeam(United States); BCCI, Independent Insurance, Equitable Life, Maxwell (United Kingdom); Metallgesellscheft (Germany), and Lever Brothers, African Petroleum, Cadbury, Savanna Bank, Wema and Intercontinental Bank (Nigeria), (Ilaboya, & Ohiokha, 2014).

In the last decade, studies have shown that the auditing profession has had to deal with a lot of challenges than it has done in its lengthy history which spans over one hundred years (Smith, 2002; Mactosh, Francis, & Ongocho, 2010). Failures of businesses in which deficiencies of financial reporting and corporate disclosure have figured prominently in auditors disclosures are not new phenomena. This has been characterized by series of business failures, ethical negligence and accounting scandals both in developed economies and developing economies.

The Board of directors of companies is responsible for accounting for the daily activities in organisations and rendering proper stewardship on how the financial resources of the shareholders were managed. Towards this end, shareholders, at Annual General Meetings, appoint an external auditor to provide assurance services that the financial statements prepared by Management represent the underlying financial transactions of the organization for the period covered. The reality facing stakeholders of financial reporting is that corporate financial reporting failures have been on the increase, especially in the past decade (Adeyemi, Okpala, & Dabor, 2012).

Azmi, (2006) in evaluating the perception of auditor’s choice in Nigeria concludes that all efforts must be made to assist the auditing profession to remain afloat on matters of ethics and independence and providing quality audit report to guide the shareholders and the public. This will lead to creating confidence on the part of the shareholders and public. Auditors are life wire to companies hence it is crucial to the profitability index of an organisation. However, the boards should be careful in their choice of auditors that are appointed to handle the audit of their company.

Engaging an audit firm is a significant corporate governance mechanism in order to alleviate several disorders or conflicts which can be created in a company’s internal environment (Evangelia, 2013). The Nigerian laws make it mandatory for companies to have their financial statements audited by an independent public accountant. While the company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied matters Act, CAP C20 Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011 for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, the external auditor is responsible for auditing the financial statements of his clients in accordance with Generally Accepted Auditing Standards (GAAS) to provide reasonable assurance that the financial statements give a true and fair view. Effective functioning of the companies is only possible when investors and other stakeholder have sufficient confidence in the presented financial statements, (Olowookere & Inneh, 2016).

Research Questions

The effectively undertake this study, the following research question were formulated to guide the research:

4. To what extent does size of audit firm impact on auditing of a firm?
5. To what extent does Board of Directors gender mix composition influence auditor's choice?

Objective of the study

The main objective of the study is to explore the factors affecting auditor's choice in Nigeria. In other to achieve the main purpose of the study, the researcher is set out to:

4. Ascertain to what extent size of audit firm impact on auditing of a firm.
5. Ascertain to what extent does Board of Directors gender mix composition influence auditor's choice.

Statement of the research problem

The function of an auditor is to expresses their audit opinions on a financial statement presented to them based on audit evidence. The objective of an audit, therefore, is to plan and perform the audit to obtain appropriate audit evidence that is sufficient to support the opinion expressed in the auditor's report. Insufficient or inappropriate audit evidence may lead to wrong conclusions and this may affect the quality of the report.

The various corporate collapses have led to increased scrutiny of deficiencies in the financial reporting process and corporate disclosure requirements of corporate organizations. This has had a negative and cumulative impact on the perceived credibility of financial reporting. Stakeholders will suffer loss if they use audited accounting information which contains fraudulent accounting information. This can be regarded as a kind of negative extensibility of audit information. The negative extensibility of audit information could prejudice the functioning of the capital market and, at least, adversely affect the efficiency of the market. In the last decade, studies have shown that the auditing profession has had to deal with a lot of challenges than it has done in its lengthy history which spans over one hundred years, such as failures of businesses in which deficiencies of financial reporting and corporate disclosure have fixture prominently are not new phenomena to the Nigerian society as most banks went into distress even when the auditors declares it financially buoyant.

This scenario presented implies the urgent needs in exploring the factors that will positively improve the auditor's choice in Nigeria. Thus the implication is to help directors of companies to make a quality choice of auditors in the auditing of the financial and non-financial disclosure of the company. The aim of the study therefore is to identify the ethical issues affecting the auditor's choice in Nigeria.

Research Hypotheses

In order to answer the research questions and achieve the research objectives, the following hypotheses are hereby stated in the null form:

Ho_1: There is no significant difference between size of audit firm and impact on auditing of firms.

Ho_2: There is no significant difference between Board of Directors gender mix compositions on the influence auditor's choices.

Literature Review

Audit is a "systematic, independent and documented process for obtaining audit evidence (records, statements of fact or other information which are relevant and verifiable) and evaluating it objectively to determine the extent to which the audit criteria (set of policies, procedures or requirements) are fulfilled" (Russell (2013). An audit is aimed at checking the financial statement of a firm to ascertain the true and fair view of the firms account. An audit may also be classified as internal or external, depending on the interrelationships among participants. Internal audits are performed by employees of your organization. External audits are performed by an outside agent. Internal audits are often referred to as first-party audits, while external audits can be either second-party, or third-party.

Audit involves performing procedures to obtain evidence about amounts and disclosures in the financial statements so as to evaluate the appropriateness of accounting estimates made by management (KPMG, 2008). Earlier studies in the US have documented that the 'Big Four' auditors provide higher quality than non-Big Four' audit firms. There is now a great deal of evidence that large audit firms provide higher quality audits and offer greater credibility to clients' financial statements than small audit firms. The stock market reacts more favourably when a company switches to a large auditor rather than to a small auditor (Myers, Myers, & Omer, 2003); large audit firms give more accurate signals of financial distress in their audit opinions (Lemon, Tatum, & Turley, 2000).

Board Ethics and Auditor Choice

"Ethics is primarily a communal, collective enterprise, not a solitary one," which flows through the firm, and into the public eye, as a result of the values instilled by the board (Azmi, 2006 p. 1). This is supported by former SEC Chairman Donaldson, who states that "the most important thing that a Board of Directors should do is to determine the elements that must be embedded in the company's moral DNA. It should be the foundation on which the board builds a corporate culture based on a philosophy of high ethical standards and accountability." (SEC Chairman, William H. Donaldson, 2003 cited in Houqe, Zijl, Dunstan, & Karim, 2012). Several academic studies suggest there are many benefits of acting ethically, such as improved financial and non-financial firm performance (Verschoor, 1998), as well as the creation of a sustainable competitive advantage (Azmi, 2006).

According to the Statement of Auditing Standards (SAS) No. 78, "a code of ethics and ethical values are important elements of the internal control process of public companies," and although the failure of senior management to adhere to the values published in a firm's code of ethics is not in violation of the law, it may create a poor public perception of the firm (Pittman & Navran, 2003). Furthermore, recent actions from the Securities and Exchange Commission (SEC) suggest they may create a requirement for firms to disclose their core values, of which failure to adhere would be a violation of the SEC law (Pittman & Navran, 2003).

Auditing is a profession which is required due to the nature of the principal agent relationship which exists in the corporate world, and the ease with which companies could otherwise exploit such a relationship (Salehi, 2010; Eilifsen & Messier, 2000). Such exploitation is prevalent where the interests of the principals and agents diverge, and leads to information asymmetry (Salehi, 2010). In order to minimise such divergences, principals must establish monitoring systems, of which the financial statement audit is arguably the most robust (Salehi, 2010). In this, the auditor provides "reasonable assurance that the financial statements are free from material misstatements" (Fernando, Elder & Adbel-Meguid, 2010, as cited in Hajiha & Sobhani, 2012 p. 159).

Whilst financial statement audits are an invaluable control mechanism, not all audit firms have the same level of knowledge and expertise, and hence demand for auditing varies based on the quality of the auditor. The effectiveness of the audit varies with the quality of the auditor (Becker, DeFond, Jiambalvo & Subramanyam, 1998; Cullinan et al., 2012). There is an observable economic effect, which results from the employment of an audit firm with an average reputation (Cullinan et al., 2012). For example, in grouping audit firms into three categories (Big 4, Second Tier and Third Tier), Cullinan et al., (2012) show that although there is little negative market effect from a firm's switch from a Big 4 to Second Tier auditor, there is a large negative market effect when switching from a Big 4 to Third Tier auditor.

DeAngelo (1981) notes that, in order to assess audit quality, readers of the financial statements will have to make three judgements: (i) whether the amount and nature of audit work undertaken is appropriate for the particular client company; (ii) how technically competent the audit staff are to undertake the work properly; and (iii) how independent the audit firm is and hence how likely it is to report any unadjusted errors or omissions that it finds. To make these judgements the readers need to see the audit working papers and interview the key personnel involved in the audit (Moizer, 1997). Since this is impossible, an indirect way of assessing audit quality is whether auditors have been sued for failing to detect and/or report material misstatements. Thus, high quality auditors will be less willing to accept questionable accounting practices because if they do so, and later an audit failure is suspected, their reputational capital will suffer.

Consistent with the arguments above, Beatty (1989) reasons that Big 4 auditors are seen as more independent, thus providing a higher quality audit, due to their investment in reputational capital. Big 4 audits are perceived as being of the highest quality, due primarily to the large portfolio of well-known corporate clients who contract Big 4 auditors (Beatty, 1989). Furthermore, Big 4 auditors invest heavily in training facilities and programs to ensure their independence and the quality of their work (Beatty, 1989). It is also important to note there is a difference between an auditor discovering a financial discrepancy and actually reporting that discrepancy.

Khurana & Raman (2004, p. 475) state that "the ability to detect material error in the financial statements is a function of auditor competence, while the propensity to correct/reveal the material error is a function of auditor independence from the client."

Hope et al. (2008) suggest that poor ethical values lead to an increase in the prevalence of firms withholding important financial information, and thus the risk of auditors entering into a professional relationship with such firms' increases. Therefore, intuitively, high quality auditors are more likely to accept clients operating in countries with high board ethical values (Feltham, Hughes & Simunic, 1991; Simunic & Stein, 1996). Simunic & Stein (1996) also suggest that audit quality decreases as the risk of firms withholding important information increases.

Therefore, we expect that boards with high ethical values will seek high quality audits by contracting a Big 4 auditor. This expectation also works vice versa, in that, as empirical evidence has shown, Big 4 auditors will generally only accept clients where the board exhibits high ethical values.

Board Ethics, Auditor Choice and Audit Quality

Different studies have indicated that larger boards have greater corporate governance, as larger boards are more likely to have a greater number of quality directors. DeAngelo (1981) & Datar et al. (1991) suggest that larger and more prestigious auditors and audit firms have greater incentives to provide a high quality audit, in order to protect their investment in reputational capital. Craswell, Francis & Taylor (1995) further argue that, although all audit firms must comply with certain standards, larger audit firms are more likely to voluntarily

invest in higher levels of expertise. If it is true that board ethical values affect auditor choice, then the effect of board size should be increased with the extent to which a particular firm is exposed to the behaviour of board members. Similarly to what these studies suggest, we expect board ethics will be improved the greater the size of the board in a firm.

Research Design

To analyze the factors affecting auditor's choice in Nigeria, the study adopted the use of the content analysis. The content analysis method was used in this research because it allows financial statement reporting to be systematically classified and compared; which is useful for determining trends and extent of auditor's choice. Content analysis of annual reports is a common research technique used when researching auditor's financial statement reporting (Dutta & Bose, 2008; Fodio & Oba, 2012). In line with previous studies, this study made use of analysis of firms' annual reports.

In line with similar studies conducted by Uwalomwa & Egbeide (2012) where regression analysis was employed to find out the relationship between profitability, ownership, firm size and auditor's choice; this research adapted a similar model in analyzing the relationship between the financial performance, firms size, and audit size of firms as they relate to auditors choice and financial statement reporting.

Population of Study

The population of this study consists of all financial and manufacturing firms in Nigeria. The choice of financial and manufacturing companies arises because of their scale and method of operations. Further, each of the firms in the population must have published its annual report for the period under review.

Sampling Size and Sampling Technique

There are 170 companies quoted on the floor of the Nigeria Stock Exchange as at June, 2018. (NSE Market Report, June 30, 2018). The researcher is interested in analyzing the annual reports of one hundred (100) of the listed companies. This represents about 58.82% of the population sample. Therefore, using the judgmental sampling technique; one hundred quoted companies operating in the manufacturing and financial sectors selected are used for the analysis.

Sources of Data

In conducting this research, secondary sources of data were used as a means of eliciting the required information needed for the study. The secondary data were obtained from the corporate annual reports and websites of the selected listed companies for the period 20015 to 2017. In line with related prior studies on corporate environmental disclosure practices by (Dutta & Bose, 2008). The study made use of companies' annual reports and corporate websites due to the fact that information from companies corporate websites and annual reports are the main corporate documents sources that represents a company and are widely used as the main communication medium for conveying corporate activities to stakeholders.

Data Analytical Technique

The study made use of multivariate regression analysis as the analytical technique to find the relationship between variables in the study. This will help us understand which among the independent variables are related to the dependent variable, and to explore the forms of these relationships. Data gathered from the selected annual reports of the listed firms was presented in tabular forms. Further, tables were used to depict level of auditor's choice amongst firms sampled.

In view of this, the preliminary analyses were conducted and then the regression estimates were computed. Indicators of the models statistical fit such as the R^2 and the analysis of the variance (ANOVA) test were thus examined alongside the indicators of parameter significance such as the t-test and the probability values.

Model Specification

For the researcher to find out the strength of the relationship between the financial performance, size of firms, industry type and auditor's choice, a multivariate regression analysis model by Uwalomwa & Egbeide (2012) was adopted as shown below in functional form:

$AUDCH_{it} = f(ROTA_{it}, IND_{it}, SIZE_{it}\ AUD_{it}, GEN_{it})$……………………………………….(i)

This can be written in explicit form as:

$AUDCH_{it} = \beta_0 + \beta_1 ROTA_{it} + \beta_2 IND_{it} + \beta_3 SIZE_{it} + \beta_4 AUD_{it} + \beta_5 GEN_{it} + U_{it}$……………………………………………………………(ii)

Where:

AUDCH = Auditors Choice. This is measured as a number of words relating to the firm's choice of auditors.

SIZE = The measure of firm size adopted is the annual turnover

ROTA = Return on total assets is used here as a proxy for performance and is defined as the profit before interest and tax divided by total assets as at the end of the fiscal year under consideration.

AUD = This represent the size of the external auditors of the firm and it measured in terms of Big 4 and non-Big 4. (KPMG, PricewaterhouseCoopers, Akintola Williams Deloitte and Ernst & Young)

IND = Industry type which distinguishes between financial and manufacturing companies under investigation. A company is recorded 1 if financial and 0 if non-financial.

GEN = This represents the composition of the board of directors of the company. If a woman (women) is included in the members of the board of directors, 1 is recorded while non-inclusion of female in the gender mix is recorded as 0.

U = Stochastic or disturbance term.

β_0 = Constant or Intercept.

β_{1-3} = Coefficients to be estimated or the Coefficients of slope parameters

t = Time dimension of variables

I = companies

DATA PRESENTATION AND ANALYSES

Source of Data Collection

Auditor's annual reports and financial statements are the source of data for this study. According to Enahoro (2009), annual reports of companies serve as the most important documents for a company's construction of its own social image for internal and external users.

The researcher obtained these annual reports by visiting the library of the Nigeria Stock Exchange and downloading of auditor's annual reports and financial statements online. Auditor's reporting data were gathered from the annual reports based on the model adopted for this study. Appendix B shows the Auditors choice scores.

Data Presentation and Analysis.

Table 1: Industry Classification of Sampled Firms

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Financial	44	44.0	44.0	44.0
	Non-Financial	56	56.0	56.0	100.0
	Total	100	100.0	100.0	

SPSS 16.0

From the table above, it can be seen that a total of 100 companies were used for the study comprising of 44 financial firms and 56 non-financial firms.

Table 2: Board Composition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Gender Mix	30	30.0	30.0	30.0
	Non Gender Mix	70	70.0	70.0	100.0
	Total	100	100.0	100.0	

SPSS 16.0

This table illustrates the composition of board of directors of the sampled firms. From the table it can be observed that of the 100 sampled firms, 30 had female board members while 70 had no women in their board of directors.

Table 3: Size of Audit Firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Big Audit Firm	64	64.0	64.0	64.0
	Non Big Audit Firm	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

SPSS 16.0

The table shows the statistics of the size of audit firms appointed by the sampled firms to prepare their annual reports. 64 of the auditors belong to the big 4 audit firms while 36 are non-big 4 audit firms.

Auditors' choice and Board Composition

Table 4: Board Composition * Auditors choice Cross tabulation

		Auditors choice disclosures					Total
		very low	Low	Moderate	high	very high	
Board Composition	Gender Mix	0	5	9	12	4	30
	Non Gender Mix	2	10	17	28	13	70
Total		2	15	26	40	17	100

SPSS 16.0

The table above shows the cross tabulation between board composition and Auditors choice of firms. It shows that of the 30 companies with female board members Auditors choice of firms indicates 12, 9, 5 and 4 for high, moderate, low and very high respectively. The companies with no female board members showed 28, 17, 13, 10 and 2 respectively for high, moderate, very high, low and very low.

Regression Analysis

Table 5 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915(a)	.811	.592	.72401

a Predictors: (Constant), Board Composition, IND Type, Annual Turnover, AUD Size, ROTA

Goodness of fit test was further tested for the study using correlation coefficient (r) to check on the magnitude and the direction of the relationship between the independent and dependent variable. Coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) and P- value were used to check on the overall significance of the model. Correlation coefficient of 0.811 indicates a strong positive correlation between the dependent and independent variables. On the other hand coefficient of determination (R2) of 0.811 shows that 81.1% of the variation in the firm Auditor choice is explained by the changes in ROTA, AUD size, IND type, SIZE (Turnover) and GEN mix, leaving only 18.9% unexplained. The regression model obtained for this study can therefore be used to forecast auditor's choice fairly. The adjusted R square of 59.2% also shows that the model is a fair estimate of the relationship between the variables.

Table 6: Anova Table

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.476	5	10.295	19.640	.000[a]
	Residual	49.274	94	.524		
	Total	100.750	99			

a. Predictors: (Constant), Board Composition, IND Type, Annual Turnover, AUD Size, ROTA

b. Dependent Variable: Auditors choice

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. It provides a statistic for testing the hypothesis that (there is a significant relationship between the response and predictor variables), against the null hypothesis that (there is no significant relationship between the response and predictor variables). Correlation exist between the response and predictor variables if P-value < 0.05. As shown in table 6, P-Value = 0.000 < 0.05 indicated that there is enough evidence to support the alternative hypothesis, that there is a significant linear relationship between financial performance, size of firm, size of audit firm, board gender mix, industry type and auditors choice. The F-ratio is 19.640 (p=0.000).
Discussion of Findings

The results from the regression analysis indicate that a negative relationship exists between board gender mix and auditors choice. This in essence, implies that the auditor's choice does not depend on whether there is a female member in the composition of the board of directors of the company. To buttress this, table 6 indicates that there are more companies with high degree of auditor's choice reporting with non-gender mix in the board composition.

The findings from the regression analysis revealed that firms' financial performance provide by returns on total assets (ROTA) provides a significant positive relationship with the level of auditor's choice of the firm. This implies that the more profit companies tend to generate, the more likely they are willing to strategically invest in quality audit activities through improved professional audit firms to promote their investment base and expose any short coming through quality auditing. Furthermore, it means that firms with solid financial base are more likely to have more resources available to invest and improved quality of their product and build a better company image. This implies that, firms' financial performance (ROTA) plays a very significant role in the extent to which the company can appoint their auditors for the firm.

With respect the relationship between size of firm and auditors choice, the regression analysis result revealed that firms' size plays a very important role in the extent of audit choice since large firms emphasize on their financial investment and use audit reporting as a tool for gaining or maintaining their social status and reputation of the firm to investors; thus indicating a significant positive relationship between the size of a firm and the extent of auditor's choice. This implies that larger firms are more likely to display better audit control performance because they are more prone to be the subject of increased public scrutiny and so would need to respond more openly to stakeholder demands.

Conclusion

The paper discussed ethical issues affecting auditors' choice in Nigeria. Ethics is primarily a communal, collective enterprise, not a solitary one, which flows through the firm, and into the public eye, as a result of the values instilled by the board. The study revealed there is a significant positive relationship exists between firms' financial performance, size of firm, size of audit firm and the extent of auditors choice reporting. On the other hand, the study observed that negative relationship was observed between the board gender mix and the extent of auditor's choice among firms surveyed. The study also revealed that there is no significant difference in the industry type and auditors choice between financial and non-financial companies investigated.

The study concludes that auditor's choice practice in Nigeria is still moderate, self-laudatory and voluntary in nature. This is partly due to the fact that no firm is compelled to engage the big 4 audit firms or small audit firms in the country.

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PERCEPTIONS OF SOCIAL RESPONSIBILITY OF NIGERIAN BANKS SURVEY OF COMMERCIAL BANKS IN LAGOS, NIGERIA

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ABSTRACT

In this study, the relationship between corporate social responsibility (CSR) activities and organizational performance (ORP) of commercial banks in Lagos State, in Nigeria, were investigated. Grounded on the customer satisfaction theories, the problem being investigated involved the extent to which dimensions of CSR in terms of corporate image, product/service quality, customer-oriented concept, customer trust, support for environment and community impact measures of Organisational performance (proxy is customer satisfaction). Data for the study were obtained through a quantitative survey instrument from a sample of a population of individuals (N = 375) bank staffs in Lagos. The results of the bivariate correlation analysis indicated a predictive model which indicated that CSR was positively and significantly correlated with ORP. The results of the study corroborated the need for CSR practitioners in the banking sector to operate in a socially responsible manner. The implications for positive social change include the potential for managers' to use their resources more effectively by focusing on corporate image and reputation as the greatest strategic assets to enhance customer loyalty. It has been recommended that the banks should start working on their image so that they can get a wider acceptance in the Nigerian market.

Keywords: Corporate social responsibility, Organizational Performance, Banks

INTRODUCTION

Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. Some corporations around the globe pay attention to the problems that plague the society in which they exist and adopt them as their corporate social responsible (CSR) objective. They are also being asked to demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Mackey, Mackey & Barney, 2007). Corporate reports are required to furnish all

stakeholders with financial and non-financial information, which are relevant, faithfully represented and useful for making prudent, reliable, effective and efficient decisions.

Nigeria is a country whose economic growth and development is hindered by high rates of unemployment, hunger, illiteracy, poor housing conditions amongst many other challenges. Should corporations align their CSR initiatives around eradicating these challenges that affect Nigerian communities there might be effective societal changes. An overview of the literature discovered that the Nigerian government attempts to notably regulates the banking zone in an effort to try to put in force laws and duty; however, corporations are products of their environment, and the government itself has inherent troubles with regulating and implementing regulations and legal guidelines (Achua, 2008). Nigerian Banks in particular, operate within an environment of corruption and economic uncertainty thus making its challenges unique when compared to its western counterparts. Nigerian banks efforts on social responsibility have produced multiplier effects on the sustainable development. This social responsibility costs them some expenses which have effects on their financial performance.

This paper highlights the need for integration of corporate social responsible (CSR) in the banking business. Banking industry allocates vast amount of funds to emphasis on various CSR strategies in the marketplace. However, there are just few studies investigate how retail bank customers response to different CSR initiatives.

Objectives of the Study

The primary and overall objective of this study is to test the relationship between CSR and customer satisfaction and how it impacts organizational performance. The specific objectives are to determine the relationship between organizational performance in the banking sector and the customer perception of: banks product/service quality initiative; corporate image; customer-oriented concept; customer trust; support for environment and community.

LITERATURE REVIEW

Conceptualisation of Organisational Performance

The performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, and quality, and productivity, quality of work, innovation and profitability(Rolstadas,1998). Performance is closely related to the achievement of the criteria listed above, which can be regarded as performance objectives.

Organisational performance is a construct and so has no known theoretical framework. Thus, we seek a proxy variable such as customer satisfaction which is a concept as a framework for the study. Unlike other authors, Didier Noyé (2002) considers that this construct is actually a comparison of the outcome and the objective. The author's definition is far from clear, as both outcomes and objectives vary, most often, from one field of activity to another. According to Rolstadas (1998), it cannot be established a precise definition of performance because it is dependent on the seven criteria of performance, that cannot be clearly defined. In the research of performance in business, the definition of performance has led Folan, Browne & Jagdev (2007) to highlight three priorities or objectives of governance of performance: - firstly, performance should be analysed by each entity within the limits of the environment in which they decide to operate. For example, a company's performance needs to be analysed in the markets in which it operates and not those that are not relevant to its operations. - Secondly, performance is always linked to one or several objectives set by the entity whose performance is analysed. Therefore, a company measures its performance against objectives and targets established and accepted internally rather than on those used by external bodies. - Thirdly, performance is reduced to the relevant and recognizable features.

A significant level of customer satisfaction is among the most critical indicators of the business' future. Customers who are satisfied are also loyal and this ensures a consistent cash-flow for the business in the future. In addition, satisfied customers are often characterized as less-price sensitive and they are more partial to spend more on the products they have tried and tested before. Moreover, stability in business relations is also beneficial where the positive quality image minimizes the cost for a current customer (Matzler, *et al.,* 1996). According to Hokanson (1995), satisfaction refers to a feeling or a short term attitude that can change owing to various circumstances. It exists in the users' mind and is unlike observable behaviors like product choice, complaint or repurchase. In a related study, Swan and Combs (1976) investigated the relationship between expectations, performance and satisfaction. The findings revealed that when a customer judges the performance of a product, he usually compares a set of performance outcomes that are expectations. The product is then likely to be considered as dissatisfactory or satisfactory. Similarly, Anderson & Sullivan (1993) examined the antecedents and outcome of firms‟ customer satisfaction and found that quality falling short of expectations have higher impact on satisfaction and retention compared to those exceeding expectations. They also revealed that satisfaction positively

affects repurchase intentions and both positive and negative disconfirmations increase with the ease of quality evaluation.

Corporate Social Responsibility

The concept and definition of social responsibility by firms has continued to defy consensus despite the metamorphoses over the years. However, there is rich literature on attempts to define and explain the concept as enunciated below. Business for Social Responsibility (BSR), perceive CSR to involve the achievement of business goals through observance of ethical values, recognition and respect for individuals, communities and acting in such a way as not to inflict harm to the environment. Thus CSR is seen as a business decision though CSR activities may neither always be profit oriented nor technically be in its interest, but rather it seeks to achieve social power (Davis, 1960). According to McWilliams & Siegel (2000), CSR imply selfless activities aimed at achieving social good and satisfying the requirements of law. Manne & Wallich (1972) see CSR as voluntary social services offered by the firm. To Friedman (1970), CSR is a voluntary action by a firm which significantly impact identified social stakeholders. Carrol (1979) delineates CSR into ethical, legal and discretional expectations by society from firms. Multilateral and developmental institutions consider the issue of CSR as significant for growth and development. From the perspective of United Nations Industrial Development Organization (UNIDO), CSR is a technique deployed by firms to integrate social and environmental issues affecting business operations and their relationship with stakeholders. Hence CSR is seen as attempts to balance the tripod of economic, social and environmental factors in an effort to satisfy diverse stakeholders. In a similar vein, the World Bank (2013) acknowledges that CSR is a balancing of social, economic and environmental challenges to minimize impacts and maximize gains. The practice of CSR ordinarily appears to differ from country to country and seem to be influenced by culture and the level of economic development. This disparity was aptly captured by WBCSD (2000) when it catalogued the various definitions by countries as follows: USA: "CSR is about taking personal responsibility for your actions and the impacts that you have on society. Companies and employees must undergo a personal transformation, re-examine their roles, their responsibilities and increase their level of accountability".

Empirical Reviews

The main driving force for companies to adopt corporate social responsibility is CSR's financial benefits; firms have come to the realization that without adopting CSR, they will not be able to thrive in this competitive arena (Rapti & Medda, 2012). The result has been an

immense involvement of firms in varied ranges of CSR activities, if only to win and retain the confidence of investors and that of the other stakeholders (Lee, 2008). In this regard, CSR activities can act as tools for boosting positive image of the company, employee and customer satisfaction and organizational profitability. Socially responsible companies also enjoy trust that can be attractive or unattractive to customers.

Another way companies try to influence consumer satisfaction is through the organizations taking responsibility for the ways their operations impact societies and the natural environment. They are also being asked to demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Mackey, Mackey, & Barney, 2007). Managers of service organizations are aware that superior quality would be lead to better performance and have benefits like customer loyalty, responding to their needs, market share growth and productivity for enterprises. Service quality is seen as one of the significant structures to explain and justify behavioral objectives related to future and the desired effects on the financial results and consequences of company (Nejadjavad and Gilaninia 2016). Further, Nicolau (2008) defined socially responsible companies as those which in profit-making operational decisions, considers the full scope of environmental impact and balances the needs of stakeholders. The societies where business is located occupy a central place in corporate culture affecting the firm performance thus necessitating change in the internal organization structures, processes and behavior. There are discussed below.

Corporate image: Adekoya, Enyi, Akintoye and Adegbie (2020) in a paper titled "Corporate Social Responsibility Practices and reputation of listed firms in Nigeria: A Structural Equation Modeling Approach" found that corporate social responsibility had a positive and significant effect on business reputation ($R^2 = 0.43$, $\beta = 0.654$, $t(389) = 15.697$, $p < 0.05$), Business ethics and innovation significantly moderated the relationship between CSR and business reputation (ΔAdj.R2= 0.562, $\Delta F(3,386) = 167.55$, $p < 0.05$) respectively. The study concluded that corporate social responsibility affects the corporate performance of firms in Nigeria. In a related study titled "Assessing the influence of corporate social responsibility on organizational image in selected food and beverage companies in Nigeria". Ibrahim and Abubakar (2020) portrays Corporate Social Responsibility (CSR) as an organizational activity whose successful planning and implementation can be used to gain positive Organizational Image (OI). Most importantly, it was discovered that there is a positive relationship between organizational image, sales revenue and brand loyalty. Based on the

findings, organizations can invest more resources into CSR activities as a deliberate means of building positive image, attracting more sales revenue and developing sustainable brand loyalty as a means to achieve their long term strategic goals.

Customer-oriented Concept: Customer orientation is a business approach in which a company solves for the customer first. It's all about focusing on helping customers meet their goals. Customer orientation is "the sufficient understanding of one's target buyers to be able to create superior value for them continuously" (Narver & Slater, 1990). The concept is at the heart of a market orientation because customer orientation best reflects the core of the marketing concept (Ingenbleek, Tessema, & van Trijp, 2013). By firms' organizing around the mission to create customer value, they generate higher levels of satisfaction, loyalty, innovation, and performance (Kirca et al., 2005).

Trust from customer: In this paper loyalty is a proxy for customer trust**.** Nguyen, Leclere and LeBlanc (2013) investigated "The mediating role of customer trust on customer loyalty" The findings in the paper help to legitimize the idea that customer trust intervenes as a mediating variable that enhances the impact of corporate identity, corporate image and the reputation of the firm on customer loyalty. Further, Mahmud, Tahir, Foziah and Ghazali (2018) in the paper titled "Customers satisfaction and corporate image in government initiative influencing customers' loyalty in Terengganu, Malaysia" found that there is a direct relationship between service quality, corporate image influencing customer satisfaction and customer loyalty. In a similar paper, Vaitone and Papsieme (2016) investigated the "Influence of customer loyalty program on organizational performance: A Case of Airline Industry". Findings indicate that differences in loyalty programs matter. Airlines having a loyalty program can boast of a higher number of passengers carried than the ones that do not. Surprisingly no statistically significant relations were found between holding a loyalty program and airlines' revenue, profit. It follows that airlines must consider these effects before the allocation of long-term investments into customer loyalty programs. Further, Sallam (2016) in the paper titled "An investigation of corporate image effect on WOM: The role of customer satisfaction and trust" confirmed that, corporate image had positive impact on customers' satisfaction and trust. In addition, the study illustrated that customer's trust had greater positive impact on customer's word of mouth than customer's satisfaction.

Product/Service Quality: Prior works in the topic differentiated between technical and functional quality and stressed on the significance of the functional or service delivery as an element of consumer evaluations. This distinction has influenced later works where

researchers (Parasuraman, Zeithaml, and Berry, 1988) investigated the dimensionality of service quality. Other later works like Smith (2000), provided the following three elements of the service process in addition to outcome; access/convenience, human elements comprising of the combination between instrumental and expressive qualities and finally, tangibles. Further, Zameer, Tara, Kausar and Mohsin (2015) in the paper titled “Impact of service quality, corporate image and customer satisfaction towards customers’ perceived value in the banking sector in Pakistan” found that there is a positive relation between the service quality, customer satisfaction and corporate image. It is also analyzed by the results that service quality and customer satisfaction have high impact on the customer perceived value where corporate image also affect the customer perceived value.

Support for environment and community: Widyastut, Said, Siswono and Firmansyah (2019) in a paper titled “Customer trust through green corporate image, green marketing strategy, and social responsibility: A case study” shows that their customer’s belief on green corporate based on three determinants: the perception of their green quality, their perception risk, and satisfaction. The finding confirms Sen & Bhattacharya (2001) and Page & Fearn (2005) that green image has a positive influence corporate social responsibility and corporate reputation. In a similar study Utomo, Cahyaningrum and Kaujan (2019) found that the use of green business concept has positive effect on corporate image and firm value. Corporate image influences firm value positively and plays mediation role (indirect effect) in the relationship of green business on firm value.

RESEARCH METHODS

The paper adopted a descriptive research design, because it best served to answer the questions and the purposes of the study. This study was conducted on bank staffs in Lagos, Nigeria. Lagos state is the most populous, as it is home for over twenty million people, according to the National Population Commission’s 2016 estimation. It is regarded as the commercial and economic hub of Nigeria. It consists of a broad array of demographics hence it’s fitting for this research. The sample result was determined by the purposive sampling of about three hundred and seventy five (375) staffs of commercial banks in Lagos (Nigeria) and its surrounding areas, made up of top management staff, middle management staff and junior staffs (Table 1).

Table 1: Distribution of Staff according to Category

Category	Number of Staffs	Percentage (%)
Top Management Staff	40	10.7
Middle Management Staff	180	48.0
Junior Staff	155	41.3
Total	**375**	**100.0**

Source: Field Survey, 2020.

This study made use of correlation analysis. The Statistical Package for Social Sciences (SPSS) version 20 was used for data analyses.

DATA ANALYSES AND DISCUSSIONS

Empirical Findings based on the objectives of the study

The majority of the respondents are "Undergraduates"; preferred bank for personal account "Second Generation Banks"; awareness of bank Corporate Social Responsibility initiative is "No".

Descriptive Statistics

Table 2 shows the summary of statistics. These statistics are discussed below.

Table 2: Summary of Descriptive Statistics of the Research Variables

	Desciptive Statistics								
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**	**Skewness**		**Kurtosis**	
Variables	**Statistic**	**Statistic**	**Statistic**	**Statistic**	**Statistic**	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Organizational Performance	375	1.00	4.91	3.8553	.53201	-1.348	.126	4.274	.251
Corporate Image	375	1.00	5.00	3.6210	.63695	-.465	.126	.771	.251
Customer Oriented Concept	375	1.00	5.00	4.1195	.58832	-1.325	.126	4.591	.251
Product/Service Quality	375	1.20	5.00	3.6848	.65305	-.748	.126	1.095	.251
Customer Trust	375	1.67	5.00	3.8436	.56759	-.941	.126	1.734	.251
Support for Environment and Community	375	1.67	5.00	3.9156	.50633	-1.146	.126	3.424	.251

Source: Author's Computation (2020) from SPSS 20.0 Version

Organisational performance: The mean level of organisational performance (ORP) was 3.8553 and standard deviation was 0.53201, suggesting that the level of organisational performance is moderate. The values of skewness and kurtosis (Skw. = -1.348, Kurt. = 4.274), means that ORP is skewed to the left; also it is normally distributed (since Skw is less than 3). The study shows that CSR is important, customer considers a banks CSR engagement before deciding to bank with them; customers are aware of bank's CSR initiative; bank CSR initiative has a positive effect on the community; bank cares about satisfaction as a customer; bank resolves complaints within a stipulated period of time; bank should do more in giving back to the communities in which its operations are carried out; bank isn't doing enough in their CSR initiatives; banks should align their corporate social responsibility initiatives with challenges facing Nigerian communities today; service performance is as expected. Furthermore 45.1% of respondents agree that corporate social responsibility should be important for banks.

Corporate image: The corporate image (CPI) has mean = 3.6210, std, dev, = 0.63695, Skw. = - 0.465, Kurt. = 0.771. This means that CPI is moderate, skewed to the left, and is normally distributed (since Skw. is less than 3). The study shows that bank behaves as a good citizen in its society; bank is responsive to the spirit of the law, not just to the letter of law; bank's desire to participate in social activities that are not mandated, not required by law, and not generally accepted in the business as ethical sense; bank generally, has a good citizenship image; bank has increased its reputation in the country; bank pays attention to environmental changes and obeys the environmental laws regarding the consumption of natural resources; Social activities of business, corporation satisfies surrounding society needs as much as possible. Furthermore, 17.3% of the respondents agreed that Social activities of business, corporation satisfies surrounding society needs as much as possible.

Customer-oriented concept: The customer-oriented concept (COC) has mean = 4.1195, std, dev, = 0.58832, Skw. = - 1.325, Kurt. = 4.591. This means that COC is high, skewed to the left, and is normally distributed (since Skw is less than 3). The study shows that the bank makes what is good for society even if the law didn't require it; Customer satisfaction is a key element of this bank's business strategy; bank encourages customers to join civic organizations that support the community; bank staff and employees provide full and accurate information to customer; bank targets specific customers either by gender, race, age, generation, etc.

Product/service quality: The product/service quality (PSQ) has mean = 3.6848, std, dev, = 0.65305, Skw. = - 0.748, Kurt. =1.095. This means that PSQ is moderate, skewed to the right, and is normally distributed (since Skw. is less than 3). The study shows that service performance is better than what we initially expected; customers are happy with the bank's products, services, and capabilities; This bank has delivered very well on communicated value proposition; The bank's digital and mobile app is easy and straightforward to use; The digital and mobile app considering customers with disabilities, e.g., hearing, sight and reading disabilities.

Trust from customer: The trust from customer (CTR) has mean = 3.8436, std, dev, = 0.56759, Skw. = - 0.941, Kurt. =-1.734. This means that CTR is moderate, skewed to the left, and is normally distributed (since Skw. is less than 3). The study shows that bank engages in various giving forms, as sponsoring sports activities like an annual marathon or volunteering employees in donation campaigns etc.; customers look to other organizations to meet expressed needs; customers prefer buying this banks services to other bank's services; customers may return but may go somewhere else if offered a more appealing option; customers will keep on coming back to use this bank; Services delivered by this bank meet or surpass my expectation.

Support for environment and community: The support for environment and community (SEC) has mean = 3.9156, std. dev. = 0.50633, Skw. = - 1.146, Kurt. = 3.424. This means that SEC is moderate, skewed to the left, and is normally distributed (since Skw. is less than 3). The study shows that bank makes what is good for society even if the law didn't require it; bank pays attention to environmental changes and obeys the environmental laws regarding the consumption of natural resources, recycling, non-toxic disposal methods etc.; bank encourages customers to join civic organizations that support the community; bank is active in the face of social justice movements affecting the society; Social activities of business, corporation satisfies surrounding society needs as much as possible. Furthermore, 17.6% opined that their bank encourages customers to join civic organizations that support the community.

Correlation Analysis

Table 3 shows correlation matrix results for organisational performance and corporate social responsibility. This is discussed below.

Table 3: Correlation Matrix for Organisational Performance and Corporate Social Responsibility
Covariance Analysis: Spearman Rank-Order

Variables		Organisational Performan	Corporate Image	Customer Oriented Concept	Product Service Quality	Customer Trust	Support for Environme
Organisational Performance	**Pearson Correlation**	1	.596**	.596**	.405**	.492**	.539**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	375	375	375	375	375	375
Corporate Image	**Pearson Correlation**	.596**	1	.354**	.315**	.356**	.387**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	375	375	375	375	375	375
Customer Oriented Concept	**Pearson Correlation**	.596**	.354**	1	.440**	.505**	.848**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	375	375	375	375	375	375
Product Service Quality	**Pearson Correlation**	.405**	.315**	.440**	1	.607**	.404**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	375	375	375	375	375	375
Customer Trust	**Pearson Correlation**	.492**	.356**	.505**	.607**	1	.501**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	375	375	375	375	375	375
Support for Environment, Community and Client	**Pearson Correlation**	.539**	.387**	.848**	.404**	.501**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	375	375	375	375	375	375

****. Correlation is significant at the 0.01 level (2-tailed).**
***. Correlation is significant at the 0.05 level (2-tailed).**
Source: Field Survey, 2020

In Table 3, statistical tests, based upon the null hypothesis that the Pearson correlation coefficient is equal to zero indicate that all correlations are significantly different from zero at the 1 per cent significance level. Organisational performance (ORP) is associated with Corporate Image (CPI) (ρ = 0.596, p < 0.000), Customer-oriented Concept (COC) (ρ =

0.596, p 0.000), Product/Service Quality (PSQ) (ρ = 0.405, p < 0.000, Trust from Customer (CTR) (ρ = 0.492, p < 0.000), Support for environment and community (SEC) (ρ = 0.539, p < 0.806).

Discussion of Findings based on Objectives of the Study

The findings of this study are presented below in line with the objectives of the study.

The findings of this study are based on statistical data analyses and correlation analyses.

Objective 1: To determine the effect of corporate image on the level of organisational Performance.

This paper revealed that corporate image is positively correlated with organisational performance. The result supports the findings of Cheng and Rashid (2015). Findings of the study revealed that that service firm's image significantly contribute towards the customer's loyalty (Iqbal, Hassan, Sharif and Habibah, 2017). Results showed that functional and emotional image have a positive influence on corporate reputation (de Leaniz and del Bosque Rodríguez, 2016). Similarly, corporate reputation has a positive influence on customer loyalty; corporate image had positive impact on customers' satisfaction and trust. In addition, the study illustrated that customer's trust had greater positive impact on customer's word of mouth than customer's satisfaction. Findings of the study by Ibrahim and Abubakar (2020) revealed that CSR activities are prime drivers of organizational Image building. Most importantly, it was discovered that there is a positive relationship between Organizational Image, Sales Revenue and Brand Loyalty. Based on the findings, organizations can invest more resources into CSR activities as a deliberate means of building positive image, attracting more Sales Revenue and developing sustainable brand loyalty as a means to achieve their long term strategic goals.

Objective 2: To determine the effect of customer oriented concept on the level of organisational performance.

This paper revealed that customer-oriented concept is positively correlated with organisational performance. The result corroborates the findings of Okeke (2016). Findings of the study revealed that **c**ustomer relationship management has the capacity to influence organizational profitability, employee performance, customer satisfaction, goal attainment and productivity. The findings by Kihombo (2015) showed that respondents argued that customer service provision has contributed to the reduction of public relations costs from the fact that the organisation introduced customer complaint register (written complaints) that is used by customers to table the complaint whenever services provided become dubious.

Objective 3: To determine the effect of product/service quality on the level of organisational performance.

This paper revealed that product/service quality is positively correlated with organisational performance. The result corroborates the findings of Elrahman, Borsaly and Hassan (2020). Findings of the study revealed that SQ is a true driver of OP in an intensive knowledge based industry as telecommunication. Moreover, Aden and Gichinga (2016)'s study found that service quality, customer satisfaction, customer relationship management, customer service delivery have significant and positive effects on organizational performance. Hu and Huang (2011)'s study showed that the service quality has significant positive influence on customer satisfaction and its influence is greater than innovation and corporate image. Thus, we can rightly conclude that the level of satisfaction among employees tends to affect the service offerings, which has a direct link with customer satisfaction

Akinyele and Olorunleke (2010)'s findings revealed that secure services as the most important dimension, followed by convenient location of ATMs, efficiency (not need to wait, ability to set up accounts so that the customer can perform transactions immediately, accurately of records, user friendly, ease of user, complaint satisfaction, accurate transactions and operation in 24 hours.

Objective 4: To determine the effect of trust from customer on the level of organisational performance.

This paper revealed that trust from customer is positively correlated with organisational performance. Customer loyalty has been used to measure customer trust. The result corroborates the findings of Stephen, Mensah and Richard (2013). Findings of the study revealed that trust is very much influenced by one dimension of service quality which is tangibility and two new factors which are combination between reliability and responsiveness, and between empathy and assurance, namely prompt promises and courteous attention. Customer satisfaction is influenced only by prompt promises and courteous attention.

Objective 5: To determine the effect of support for environment and community on the level of organisational performance.

This paper revealed that support for environment and community is positively correlated with organisational performance. The result corroborates the findings of Weng, Yuan Ze and Chung Li (2015). Findings of the study revealed that pressure from competitors and the government, along with employee conduct, all had significant and positive effects on green

innovation practices. Additionally, a moderating effect of innovation orientation existed only in the relationship between green product innovation practices and employee conduct.

CONCLUSION AND RECOMMENDATIONS

The paper provides contribution to the earlier studies that have found reliable results on the direct association between social responsibility and organizational performance by demonstrating that quality management mediate the relationship between social responsibility and organizational performance. Managers can strengthen their relationships with stakeholders and ultimately improve organizational performance if social responsibility towards stakeholders is embedded in operational routines. To improve organizational performance, the paper discovered the need for the banks to involve actively in the concept of corporate social responsibility. Effective and efficient incorporation of corporate social responsibility as an integral part of banking activities will help banks to reposition their businesses. The analysis showed that banking customers are entirely in the favor of CSR initiatives in the banking industry with emphasis on customer centric initiatives.

Recommendations

1. This study recommends a mandatory CSR reporting framework in line with international best practice for all listed banks in Nigeria.
2. Bank management should prioritise CSR activities in their institution and ensure enough resources and personnel are set aside to fund the CSR activities. They can co-operate CSR as part of its core functions thereby implementing it seriously. Further, bank management should implement Government policy on CSR because it has a positive impact on customer retention and performance as some of the activities are appealing to customer.
3. Government agencies on environment should create awareness to citizen so as to make bank customer identify those banks that adhere to environmental regulation and laws as many customer are unaware of the importance of green and with the business world and other stakeholders in determining common standards, reporting mechanisms and the extent to which they should be responsible.

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Oil And Gas Disclosure And Tax Aggressiveness in Nigeria: A Research Agenda

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Abstract
Taxation is the oldest form of generating revenue for expenditure like defence, administrative expenses, provision of social services, capital expenses by government around the world. Due to importance of tax, government enact laws regulating it computation and payment. Every corporate organisation is expected to compute how the taxable is arrived at presiding year basis. The use of tax aggressiveness approach to decrease corporate taxes has become important weapon by firms. Corporate organisations take advantages of the tax laws to reduce taxable income for their benefits. Thus, this study conceptually assesses oil and gas disclosure tax laws and implication in enhancement of tax aggressiveness in Nigeria. It is a desk and library type of research, by conceptual review of related literature. Following the various related literature, oil and gas disclosure can increase level of accountability and transparency in the reported income for tax purposes. Despite the complexity of tax laws oil and gas firms still capitalise on the loopholes to engage in tax aggressiveness practices. It therefore recommends that oil and gas companies should disclose adequate information about taxable expenses. Further, government should always be strategic in achieving taxable income considering tax laws in term of incentives and allowances in order to reduce tax aggressiveness practices by companies.
Keywords: Oil and Gas Disclosure, Tax Aggressiveness, Tax laws and Incentives

Introduction

Taxation is the oldest form of generating revenue for expenditure like defence, administrative expenses, provision of social services, capital expenses by government around the world. Due to importance of tax, every corporate organisation is expected to compute how the income is taxed. The use of tax aggressiveness approach to decrease corporate taxes has become important weapon by firms. Corporate organisations take advantages of the tax laws to reduce taxable income for their benefits. Disclosure of tax expenses can assist government in achieving the actual tax to be paid by organisations like those in oil and gas. Oil and Gas provide examples of firms engaging in the earnings management of taxable profits and financial profits simultaneously, with their book income managed upward

(aggressive financial reporting) and their taxable income managed downward (aggressive tax reporting) during the same reporting period. Firms that exhibit aggressive tax and financial earnings management strategies at the same time tend to have concomitant aggressive investing, financing, operating and compensation strategies (Frank, Lynch & Rego, 2009).

Oil and Gas disclosure covers key aspects of sustainability performance. Oil and Gas companies play a vital role in the industry and in sustainability issues and improve their approaches. Demand for corporate disclosure arises from the information asymmetry problem and agency conflicts between management and outside investors (Healy & Palepu, 2001). Enhanced corporate disclosure is believed to mitigate these problems (Graham, Harvey & Rajgopal, 2005; Lambert, Leuz & Verrecchia, 2007). Corporate disclosure can be divided into two broad categories, mandatory disclosure and voluntary disclosure. Mandatory disclosure is information revealed in the fulfillment of disclosure requirements of statute in the form of laws, professional regulations in the form of standards and the listing rules of stock exchanges or any form of regulations. While voluntary disclosures are information that are willingly or not backed by laws disclosed in corporate reports.

Tax aggressiveness refers to the aggressive side of tax avoidance practices (Francis, Hasan, Wu & Yan, 2014). Lanis and Richardson(2012) note that tax aggressive practices are usually implemented to minimise the tax burden to achieve greater after-tax earnings per share and cash available for companies. Tax aggressiveness may create tax risks due to the exposure of the business to unexpected results and may also create an incentive for management opportunity and misappropriation of rent-extraction (Khurana & Moser, 2013). Oil and gas disclosure is expected to be for the best interest of stakeholders. Oil and gas disclosure is strategically for the tax aggressiveness. Those activities disclosed by oil and gas firms could paves way for incentives and allowances from tax purposes. Hence, this study conceptually examine within the context of oil and gas disclosure, oil and gas laws, tax incentives and allowances in enhancing tax aggressiveness in Nigeria.

Concept of Tax Aggressiveness

Tax aggressiveness is seen in different dimension but all are towards the same direction. Ahmed and Hamed (2015) define tax aggressiveness as different handling activities to lower taxable income that can be legal or illegal.. According to Chen, Chen, Cheng, and Shevlin, (2010), tax aggressiveness is defined as the effort of the company to minimize tax payments using aggressive tax planning activities and tax avoidance. It seems to Frank, et.al., (2009) that the aggressive tax returns is the manipulation to lower tax income due to a kind of tax planning that can be considered as tax management. Desai and Dharmapala (2006) indicate that tax aggressiveness activities are characterized by complexity and obfuscation, which is practically difficult to detect. Bruce *et al.* (2007) report that the tax aggressiveness seen by their fervent as a set of actions taken by companies to reduce their public debts from shaping and affecting only their scheme financial strategy. Thus, it could also reflect a decline in taxable income when managed through tax planning practices that are legal as well as activities that may be viewed as illegal in some circumstances to reduce tax liability (Chen, Chen, Cheng, & Shevlin, 2013; Lanis & Richardson,2012).

Khurana, and Moser, (2013), and Lanis, Richardson andTaylor (2015)provide that tax aggressiveness can be substituted with tax avoidance, tax planning and tax sheltering. Since tax aggressiveness is a form of corporate decision and action that could reflect both executives and non-executives aversion to risk, it presents a suitable setting to assess gender differences in risk taking for board members (Francis, Hasan, Wu & Yan, 2014).Aggressive tax represents different handling activities to lower taxable income that can be legal or illegal.

At this stage, we can consider that tax aggressiveness is a strategy deployed by managers of firms (like oil and gas firms), a set of processes, practices, resources and choices whose objective is to maximize income after all company's liabilities owed to the state and other stakeholders. In particular, it is admitted that tax aggressiveness is not only the reduction of the tax due. However, the implementation of such strategies to reduce the tax base allows the generation high potential non-tax cost that arises from agency conflicts or tax-authority, such as penalties and rent extraction. For that, tax aggressiveness is a very specific and complex range of activities because it is always being surrounded by chaotic economics transactions whose primary organized by managers and have the objective of reducing the corporate tax income and consequently increase the net income.

Desai and Dharmapala (2006) indicate that tax aggressiveness activities are characterized by complexity and obfuscation, which is practically difficult to detect. In fact the most significant goal is to increase the net income of the company which creates a positive signal to foreign investors (Chen *et al.,* 2010). This concept have the same meaning as tax planning, tax avoidance and tax shelters in terms that they meet the legal and ethical provisions established by the tax authorities. The extreme level of tax aggressiveness is tax avoidance, which must not exceed. But obviously tax aggressiveness is characterized by an excessive use of tax avoidance's acts. Tax avoidance is a concept that does not hinder the regulation. English term "tax evasion" embraces the French term "tax fraud", while the concept "tax avoidance" in all cases point the intention to avoid or reduce tax in a legal way. According to CRA tax evasion is the act of deliberately ignoring a specific part of law, unlike tax avoidance, it can affect the criminal plan .

When making board decisions especially in oil and gas firms, paramount interest is shifted to the benefits and penalties linked with the engagement of avoidance practices. In other words, engaging in tax aggressive activities is accompanied by costs and benefits. Tax aggressive firms may bear implementation costs, political costs, costs of defending aggressive tax positions and adverse public image (Hanlon & Slemrod, 2009; Lanis & Richardson, 2012). The process of determining the appropriate tax schemes, the opinions of the majority of tax executives were similar on the significance of its impact on the reputation of a company (Braithwaite, 2005). A major detriment attributed to tax aggressive conduct is the possibility of imposition of tax fines or large penalties by the tax officials or regulatory bodies when found guilty (Wilson, 2009; Graham & Hanlon; Shevlin & Shroff, 2014). There may be loss of efficiency in internal control and potential stock price discount when the oil and gas firms perceive that the purpose of tax aggressive actions of the firm is for rent extraction and when bad news that have been hoarded are exposed (Annuar, Salihu, & Obid, 2014; Desai & Dharmapala, 2006). In effect, tax aggressiveness entails strategy employed in reducing tax for the benefit of the firm like oil and oil firms in case of firms in petroleum sector.

The Context of Oil and Gas Disclosures

Gibbins, Richardson and Waterhouse (1990) defined disclosure as any deliberate release of financial (and non-financial) information, whether numerical or qualitative, required or voluntary, or via formal or informal channels. Adesina, Ikhu-Omoregbe and Olaleye (2015) state that disclosure has to do with transferring and presenting economic information, whether financial or nonfinancial for the interest of users to make decision There are different means for companies to disclose information4 such as annual reports, conference calls, analyst presentations, investor relations, interim reports, prospectuses, press releases, websites, etc. The corporate annual report is considered a very important official disclosure

vehicle5, although on its own is not sufficient in the capital market context (Epstein and Palepu, 1999; Hope, 2003a), since other disclosure vehicles such as conference calls and interim reports can provide more timely disclosure. In addition, there are other sources of disclosure about companies' performance including, for example, financial analysts' reports and the press.

Oil and Gas disclosures deal with the issues of sustainable development that characterize the oil and gas sector, often because they are encountered more frequently or in greater measure than in other sectors. Reporting companies and the users of their reports are actively interested in these issues disclosed. The main contextual issues in oil and gas disclosure used as avenue for tax aggressiveness include: Responding to growing energy demands; The control, use and management of land; The contribution to national economic and social development; Community and stakeholder engagement; Environmental management; Developing lower-carbon energy sources; Relationships with governments; Climate protection and transformation of the energy market; Environmental protection including the use and disposal of water and chemicals; Transparency of payments to governments and public policy lobbying activities; Respect of human rights; Security; Health and safety; Asset integrity and process safety

Petroleum Profit/Company Income Tax Law in Nigeria

Following the discovery of oil in commercial quantity at Oloibiri (Bayelsa State) by Shell Corporation in 1956, Nigeria gradually became one of the major players in the world oil market. Due to high level of dependence on oil for revenue, Nigeria is seen as mono- product economy. Government create laws and rules to regulation the activities of the oil sector and ensure that activities of the sector are disclosed as relate to tax. Oil and gas disclosure give detailed disclose of activities of oil firms. Oil and gas disclosure can be mandatory and voluntary. The mandatory aspect is regulated by laws. The law that presently governs oil and gas activities in Nigeria, enacted in 1959, is the Petroleum Profit Tax Act (PPTA) 2007 (Okafor, 2009). Pursuant to the PPTA, Nigeria's Federal Inland Revenue Service (FIRS) taxes petroleum operations at the rate of 85% (Nigeria-law, 2012). Nonetheless, it is 65.5% for companies which have not completely amortised their capitalised preproduction expenditure (Omoregie, 2012). In addition to this, all companies registered in Nigeria are required to pay Education Tax at 2% of chargeable profits as contribution to the Education Tax Fund (Education Tax Act No. 7 of 1993) (Nigeria-law, 2012).

Section 2 of the PPTA defines petroleum operations (upstream) that are taxable as follows: (a) Exploration, (b) Appraisal, (c) Drilling/Mining, (d) Extraction, (e) Transportation by pipelines, (f) Sale of chargeable oil, and (g) All other operations incidental to any of the above (Ola, 2006). Downstream operations which include marketing and refining activities are not subject to the PPTA, but under the Companies Income Tax Act (CITA) (Ola, 2007).

Nigeria's existing legislations that were affected by the new PPTA include:
The Petroleum Profit Tax Act 1959;
The Petroleum Act 1969;
The Petroleum Technology Development Act 1973;
The Associated Gas Re-injection Act 1979;
The Petroleum Equalisation Fund Act 1989;
The Oil Pipelines Act 1990;
The Nigerian National Petroleum Corporation Act 1997; and
The Petroleum Products Pricing Regulatory Agency Act 2003.

The Petroleum Profit Tax Act cap p.13,LFN, 2004 as amended is an Act applicable only to companies engaged in petroleum operations and affects chargeable oil. Oil and Gas

firm can capitalize on the various tax laws for tax aggressive purposes. The benefits cut across corporate tax efficiency resulting in larger cash retention for oil and gas companies for their tax aggressive actions (Chen, XChen, Cheng & Shevlin, 2013). This indicates that higher net cash flow retained in form of direct tax savings is a major form of marginal gain which favours the firm as in case of oil and gas companies. On the opposite side, the complexity and obscure nature of tax aggressiveness may promote activities that causes diversion of certain tax to government such as earnings management, perk consumptions and excessive allowances indicated(Chen, Chen, Cheng & Shevlin, 2013: Khurana, & Moser, 2013)

Oil and Gas Tax Incentives

As defined by the Act, petroleum is any mineral oil or relative hydrocarbon and natural gas, existing in its normal or natural form/condition in Nigeria, but does not include liquefied gas, natural gas, coal or other stratified deposits from which oil can be extracted by destructive distillation. Petroleum operation means, the running and transportation of petroleum or chargeable oil in Nigeria by or on behalf of a company for its own account by drilling, mining, extraction or other like operations except refining at the refinery in the course of a business carried on by the company involved such as banks or companies manufacturing goods for export (Ola, 2007).

In the oil and gas sector, some incentives are given to companies involved. incentives under oil and gas Act in Nigeria are as follows:

Personal Relief Act; Exploration incentives; Investment Tax Credit. Incentives for Utilization; Petroleum Capital and Investment Allowance; and, Petroleum Annual Allowance. These incentives came into effect from 1st April 1980 in the current budget package. All mass transport/transit firms with a fleet of not less than three buses are to benefit from an additional five percent (5%) initial capital allowance, firms in Agro-Allied Industries have been given an investment allowance of 10% on qualified expenditure on agricultural plants and machinery. Oil and gas firms capitalize on the incentives in carrying certain aggressive tax practices which are disclosed in their report.

Theoretical Framework

This theory is anchored on the stakeholder theory. The stakeholder came in play by Clark (1916) and later to Dodd (1932) as cited in Mahoney (2010). The foremost theorists to present the stakeholder theory in management discipline was Edward Freeman in the eighties (Freeman (1984; Freeman, Wicks, & Parmar, 2004). The argument behind the theory was that economic theories were based on outdated images of the firm. New ways of thinking about business organization were owned by various stakeholders (Learmount, 2002). Freeman also proposed a general theory applicable to firms, which is based on the premise that firms should be accountable to a broad range of stakeholders not necessarily shareholders *per se* (Solomon & Solomon, 2004). Freeman (1984) defined stakeholder as any group or individual who can effect or is effected by the achievement of corporation's purpose. Thus, the term stakeholder may cover a large group of participants; in fact, it applies to anyone who has a direct or indirect stake in the business (Carroll & Buchholtz, 2002).

Meanwhile, stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business, and rejects the separation of economic from ethical values (Freeman *et al.*, 2004). Freeman and Reed (1983) have identified stakeholders as "the groups who have an interest in the actions of the firm. In a follow up study, Freeman (1984) revisited stakeholder theory and redefined stakeholders as any individual or group who has an interest in the firm because he (or she) can affect or is affected by the firm's activities. Carroll

(1999) has defined stakeholders as any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goal of the organization. Yi et al. (2011) described that stakeholder theory extend the shareholder point of view to include several stakeholders in a relationship between them and the organization. Oil and gas firms could give account of the stewardship to the various stakeholders by way of disclosure various activities carried in the corporate report.

Conclusion

The thrust of this paper is to conceptually assess oil and gas disclosure in tax laws in enhancing tax aggressiveness in Nigeria. Issue of oil and gas disclosure remains fundamental to stakeholders. Stakeholders take advantages of disclosed informed to take crucial decisions. Oil and gas disclosure in relation to tax aggressiveness is structured out in a manner in which certain performance which are reported in the corporate report are arrived at. Greater transparency of oil and gas disclosure can increase understanding, enabling better informed decision-making around the trade-offs in the industry between economic, social, environmental and development objectives. Stakeholder's theory has showed that disclosures are for the interest of various stakeholders that are connected the organisation. Following the various related literature, oil and gas disclosure can increase level of accountability and transparency in the reported income for tax purposes. Despite the complexity involved in tax aggressiveness practices by oil and gas firms whether genuine or performed **for** the sole purpose of avoiding tax liability, Nigeria is plagued by aggressive tax practices. It therefore recommends that oil and gas companies should disclose adequate information about taxable expenses. Further, government should always be strategic in achieving taxable income considering tax laws in order to reduce tax aggressiveness by companies.

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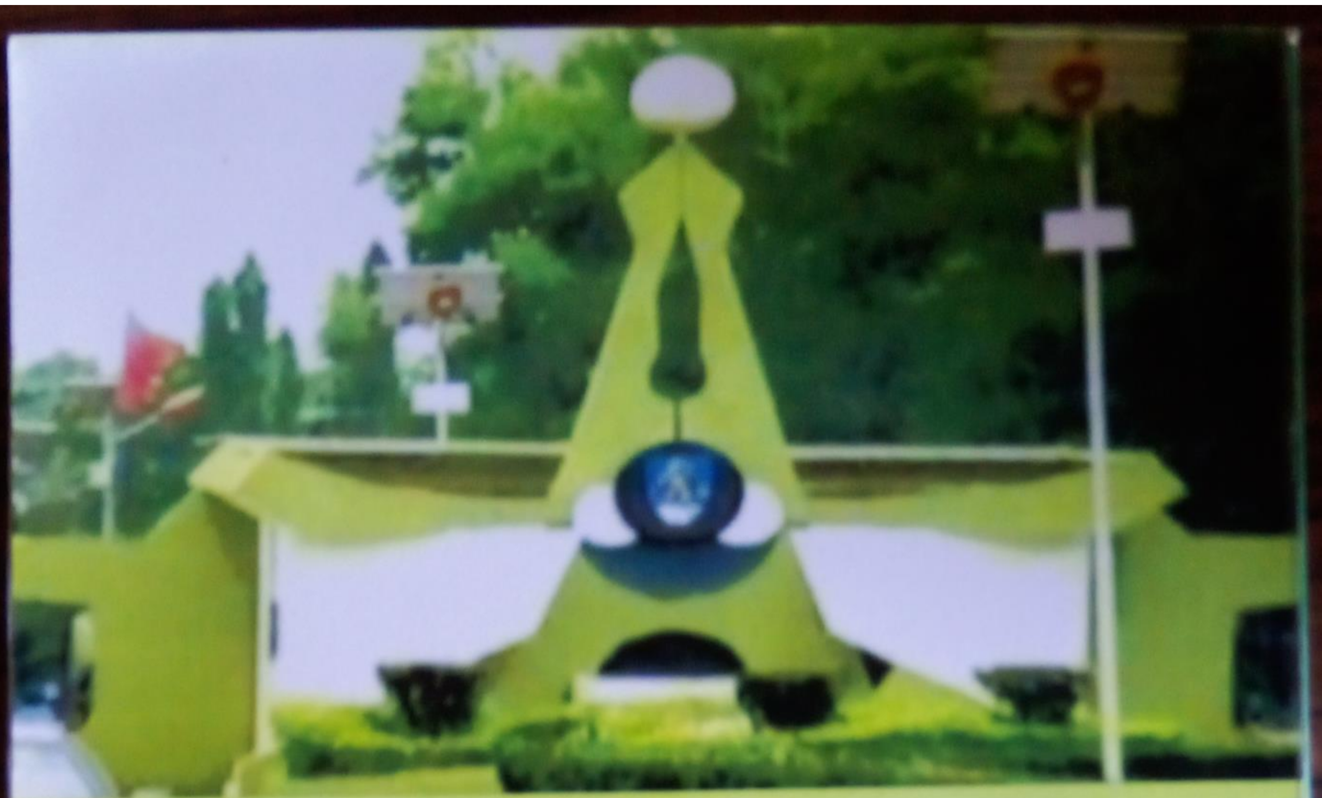

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