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INTERNATIONAL ACCOUNTING STANDARDS'

BOARD AND UNIFORM ACCOUNTING SYSTEM

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ABSTRACT

Harmonization or standardization and recently convergence of global accounting and financial reporting is still far from meeting the main objective of the International Accounting Standard committee (IASC) now International Accounting Standard Board (IASB) because the International Accounting Standards (IAS) now International Financial Reporting Standards (IFRS) so far issued made provisions for varieties in cost accounting or measurement of similar transactions. No doubt this lack of common methods of costing framework for similar transactions affects the value of elements in the financial statement for inter -firm comparison. It is against this background that this paper with content analysis examined and recommended

uniform costing that would have implications for IASB in standards' setting.

INTRODUCTION

Over the years, global business and accounting practitioners have been seeking absolute harmonization or standardization and recently convergence of worldwide accounting and financial reporting diversity via political organizations, professional and standard setting activities. No doubt, this loadable United Nation initiative has its expected benefits, which include enhancing international business/trade and accounting comparison, ensuring consistency, relevant and reliable of worldwide accounting and financial reporting and thus meeting the needs of the users of accounting information (Lawrence 1996; Aigbokhaevbolo, 2023). As a strategy for development and issuance of international uniform accounting standards, a privately –

funded – accounting standards setter called the International Accounting Standard Committee (IASC) was established in June 1973 with its head quarters in London, United Kingdom. Between 1973 and 2001 IASC developed and issued 41 International Accounting Standards (IAS). In 2001 International Accounting Standard Board (IASB) was organized to take over the responsibilities of IASC. The IASB adopted all the 41 standards

developed by IASC between 1973 and 2001 and now issues standards called International Financial Reporting Standards (IFRS).

From the analysis of the IFRS so far developed and issued by ISAB, it can be observed that the preparers and users of accounting and financial reports have considerable flexibility in choice of costing methods for similar transactions. Although many preparers and users of accounting and financial reporting argued that different costing methods are attractive under different conditions. No doubt, the flexibility in the choice of costing methods for similar transactions affects the elements of financial reporting in the financial statements: financial position

(balance sheet) and income statement (profit and loss account). By extension the flexibility in choice of costing methods affects the effective comparison and consistency of financial statements among firms even in the same industry at Local and International Levels (Roger, James and Michael 1998; Aigbokhaevbolo 2008, Aigbokhaevbolo2023). All these and others erode the main objective of harmonization and conveyance of global accounting and financial reporting. It is against this background that this paper with content analysis examined and recommended uniform costing that would have implications for IASB in standards settings in terms of setting effective and efficient standards for inter-firm comparison worldwide. This paper is divided into four sections. Section one is this introductory section; section two briefly reviews the relevant literature. Section three makes recommendations while section four concludes the paper.

REVIEW OF LITERATURE

A Brief Review of the International Accounting Standard Board (IASB)

International Accounting Standard Board (IASB) has its foundation from International Accounting Standard Committee (IASC). IASC was founded in June 1993 with its headquarter in London United Kingdom. It was founded by accounting bodies across the world. Specifically (1) Institute of Chartered Accountants in Australia (2) Australia Society of certified Practicing Accountants now CPA Australia (3) Canada Institute of Chartered Accountants(CICA) (4) Ordre des Experts Comptables et des Comptable Experts et des comptables agrees France Order of Accounting Expers and Qualified Accountant) (5) Institute der Wirtchaftspruter in Deutschland (IDW) Institute of Auditors in Germany (6) The Wirtschafts prufer Kammar (WPK) (Chamber of Auditors). (7) Nihon kounin Kaikeishi Kyoukai (Japanese Institute of Certified Public Accountants JICPA). (8) Institute Mexicano de Contedous Publico (IMPS) (Mexican Institute of Public Accountants). (9) The Nederlands Institute Van Register accounts (NIVRA) (Netherlands Institute of Registered Auditors) (10) Institute of Chartered Accountant in England and Wales (ICAEW) (11) Institute of chartered Accountants of Scotland (ICAS) (11) Institute of chartered Accountants in Ireland (ICAI) (13) Association of Certified Accountant ACCA (14) Chartered Institute of Management Accountants (CIMA) (15) The chartered of Public Finance and Accountancy (CIPFA) and (16) American Institute of Certified Public Accountants Since the foundation the IASC in 1973 it has about 140 member bodies from 104 Countries. As mentioned earlier, between 1973 and 2001 IASC developed and issued 41 International accounting standards (IAS). In 2001 (IASB) International Accounting

Standard Board was organized to take over the responsibilities of IASC. The IASB adopted all the 41 standards developed by IASC between 1973 and 2001 and now issues. Standards called International Financial Reporting Standards (IFRS) Financial Reporting Standards (IFRS) is therefore the current accounting standard for the preparation of financial report . the IFRS are based on conceptual framework (guiding structure/ principle/blueprint) IFRS is lay down principles rather than rules, which leaves companies room for maneuver (use professional judgment) in their financial statement . The guiding principle for setting for the standard setting- process are the characteristic of the IFRS which include priority given to the investor's vision usefulness for decision –making , cost – benefit analysis, Impact on assets and obligations, Understandability, Relevance , Relative impotence, Faithfull presentation, Substance over form, Neutrality, Prudence, Completeness ,Comparability and Cohesion.

Problems of IASB

(a) IASC as at 2001 was able to issue 41 IASs and by January 2023 17 IFRSs. Members support these standards by publishing and using them in their respective counties. IASs and IFRSs are mandatory for listed companies in over 140 countries including Europea Union, Australia and many countries in Asia and Africa. However, some members still maintain their local standards by adopting their local standards. For example , US,China,Egypt,Guinea-bissau, Macao, and Niger

(b) Different language and terminology used in accounting. Besides an estimated 6900 languages spoken in the world today. Leftwich (1998) observed that two countries (USA and Uk) that even share the same

language eg English different terminologies and terms are employed for examples, sales (USA),

turnover(UK) retained earnings (USA) , undistributed profit (UK) consolidated accounts(USA) group

account (UK). All these affect the financial statements analysis.

(c) Different accounting periods and fiscal year periods are adopted among countries United State 1st October -30th September, United kingdom 6th April -5th April, Uganda 1st July – 30th June, Swaziland 1st April -31st March Nigeria 1st January- 31st `December Russia 1stJanuary- 31`December, Germany 1stJanuary- 31st December e. g some nations even have different fiscal year for tax purpose e.g New Zealand 1st April –31st April. Date affects cut off procedure in accounting and auditing.

(d) Differences in stock exchange listing requirements among countries. Despite International Organization Securities Commission (IOSCO) a regulator responsible for the

world's capital market. US stock exchange, insists that companies from other countries requesting to be listed in the US capital market must have their financial reports prepared in accordance with US Generally Accepted Accounting Principles (GAAP). Huge cost of re-preparing annual reports.

(e) Different measures for similar transactions. A lot of IAS/IFRS so far developed and issued made provisions for different measurements for similar truncations more especially in areas of depreciation, inventory valuation, lease and financial instruments.

(f) lack of detail significant adoption cost , and the perception that IFRS is less stringent standard than what is in place in some countries (Oanh ,2022).

(g) Financial reporting standards issued by IASB are agreements not legal/enforceable conventions

Illustration of Different Measurements for Similar Transactions.

For the purpose of the objective of the study the problem of different measurements for similar transactions was further discussed in this sub-section

As stated above a lot of IAS/IFRS made provisions for different measurement for similar truncations. For illustration two standards: IAS 2 that account for inventory and IAS 16 that account for property, plant and

equipment are briefly analyzed below:

IAS 2: Account for Inventory

Inventory is the largest current assets of a firm. Inventory is the finished products a company has

manufactured for sales and components of the product on hand. The classes of industry are raw materials, supplies, good in process and finished goods (Aigbokhaevbolo, 2009) There are many ways to assign a cost to goods in an inventory. This includes specific identification method, weighted average. First in first out (FIFO) also known as successive selling out and Last in First out (LIFO) also know as reverse selling out method (Roger. James and Michael 1998, NASB, 1984 and Hennie and Marius 2002)

But only two methods are allowed by the ISAB (Wolfgang and Frank 2010). The methods are FIFO and the WAC. From empirical and hypothetical analysis FIFO method when used by a firm the results yield higher cost of ending inventory and of course lower cost of goods sold and more profit than when WAC is used. It therefore means that Liberal Accountants would like to use FIFO method while conservative Accountants would like to use WAC because no manipulation by changing the timing of additional protocol.

IAS 16 this standard deals with all property, plant and equipment, property, plant and equipment that tangible (own current) held by an enterprise for use of an asset over a period of time.. To accountants and business managers as a device to match expense from fixed assets to revenue is by a method of depreciation. Depreciation is the value of wear and tear of an asset. Over a period of time according to NASB, (1984), Pogue, and Sgont (1978;) the depreciation methods include straight line, diminishing balance and sum- of-the-years digit. According to Aigbokhaevbolo (2004) each method of depreciation gives different results and consequently when the three depreciation's methods are applied on fixed assets the double – declining method and sum-of–the years' digits are accelerated depreciation methods but double – declining method gives higher depreciation and less profit (taxable) than when straight line method is used . Again it can be inferred that that Liberal Accountants would like to use straight line method while Conservative Accountants would like to use double – declining method.

Uniform Costing

Against the background of this study the recommended panacea for different measures for similar transactions is the integration uniform costing in standard setting by IASB. Therefore uniform costing was examined in this section.

Uniform Costing Definitions and Nature

Uniform Accounting is not costing method in fixed terms, it is a practice adopted by organizations, mutually agreed on the basic costing system which they will all adopt. Uniform costing enables the members of the organization to present a uniform reliable cost and finance data for inter-firm, industrial and regional or national or International comparison (Aigbokhaevbolo, 2009)

According to UK Essays (2014) uniform costing is not separate or distinct method of costing like job costing or process costing. It is only a system of cost accounting to be used by members of the industry or trade association. It involves adoption of the same costing principles practice and procedures by the individual members of the industry or trade association. It involves adoption of the same costing principles, practices and procedures of the industry through Trade Association or Chamber of Commerce or some other central agencies. Uniform has been applied by many Trade Associations across the world. Uniform costing was said to have first introduced by National Association of stove manufacturer of USA which developed a uniform formula for used by its members for costing industry's product. A uniform costing system was also adopted by printing industry in the United States. In United Kingdom, British Federation of Master printers were the first to commence a uniform costing system. In India, it is being used in local industry, steel industry and fertilizer industry. Uniform Costing has been advantageously applied in a number of firms in the same industry who are inter-connected through Trade Associations, in or in a single organization having number of branches. The use of uniform costing is still

evolving, it can be used in all human endeavor extracting, manufacturing, mining, warehousing, religion, risk bearing,(insurance) banking etc.

Objectives of Uniform Costing

1. The introduction of uniform costing helps companies to submit cost data for price fixing budgets, like bureau of industrial costs and prices or other government departments to determine the average cost and the fair selling price of various products. Therefore, a common fixed common selling price for the industry as a whole can be determined uniformly.
2. Member – companies can adopt one best method of costing accounting system known to the industry.

   This eliminates expensive experimentation;
3. To have a reliable cost data for inter-units or inter-firms comparison of cost or selling price;
4. To compare the operational efficiency of individual member firm against industrial efficiency
5. Performance of all members unit. It enables the member –companies jointly evaluated with the minimum expenditure.
6. It serves as a pre-requisite to cost audit and inter-firm comparison
7. To reduce unhealthy competition among related firms.
8. To minimizes creative accounting among competing firms
9. Uniform system across the globe will enable members to exploit the opportunities of being listed in several stock exchange at much lower cost.

RECOMMENDATIONS

No doubt the integration of uniform costing in standard setting by International Accounting Standard Board will enhance the achievement of the board, however, for proper integration and successful implementation of uniform costing, this paper recommends the following:

1. IASB, upon integration of uniform cost accounting it should specify the following

i. General system of costing to use where appropriate such as process costing,

ii. marginal costing, standard costing etc

iii. Pricing and valuation method of inventory to be adopted eg FIFO, weighted Average,

iv. Treatment of all cost of capital and revenue items

v. The cost method applied to service departments and subsequent absorption into production.

vi. Treatment of development and research cost as well as other upstream and downstream costs.

vii. Treatment of depreciation in cost account .The rate and method as well as treatment of appropriate capital allowances.

2. Appropriate sanctions should be defined and implemented for users of IFRS that fail to stick to the same method agreed in all detailed aspects of costing.

CONCLUSION

In this paper an attempt was made with content analysis to examine the need for IASB to integrate uniform accounting system. The paper discussed the nature and historical development, objectives and problems of IASB.

The nature objectives and problems of uniform costing system were also discussed to identify the nexus between IASB and uniform costing system. At the end, the paper make recommendations that will enable IASB to effectively integrate uniform costing to its standard settings.

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FOREIGN CAPITAL INFLOWS AND POVERTY LEVEL IN NIGERIA

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Abstract

The study considered the impact of foreign capital inflow on poverty level in Nigeria from 2010 to 2019. Poverty rate over the years has been on the increase despite an increase in remittances from abroad. The general objectives was to determine the impact of foreign capital inflow on poverty level in Nigeria from 2010 to 2019, while the individual objectives includes to ascertain if foreign direct remittance, foreign direct investment and foreign direct aid has a meaningful impact on the poverty level in Nigeria, Quantitative design was employed which involved secondary data. The Nigerian populace who are faced with poverty formed the population, while the citizens who fall below the poverty line for the period of 2010 to 2019 formed the sample size. Multiple linear regressions was carried outs. The conclusion disclosed that both foreign direct aid and foreign direct investment had insignificant positive effect on poverty level in Nigeria while foreign remittance had a negative and insignificant impact on poverty level. The paper recommends that government through the monetary authorities should formulate policies that would encourage capital inflow through remittances into the country. This would help in reducing the level of poverty. Government should also invest more on the real sectors of the economy in order for the returns or profits to be sustained within the country. This would limit the extent of capital outflow or profit repatriation to foreign countries.

Keywords: Capital Inflow, Foreign Direct Remittance, Foreign Direct Investment, Foreign Aid, Poverty rate, Economic Growth, Economic Development, Millennium Development Goals, Poverty line, Diaspora.

Introduction

The United Nations Assembly in September 2000, assented to an eight-point agenda developmental plan labeled the Millennium Development Goals (MDGs).The MDGs were aimed at reducing poverty and extreme hunger by half; universal basic primary education board; increase gender equality and empower women; reduce child mortality rate; improve maternal health; fight HIV/AIDs, malaria and other diseases; sustain the environment and develop a global partnership for development by 2015 in all poor countries of the world (United Nations, 2003).The MDGs approval by the United Nations strengthened the need to embrace economic development by developing countries (Iwuagwu, 2000).

Similar characteristics exist in developing countries which includes amongst others; a low savings level, reduced human capital and government revenue. Traditional and contemporary growth theories have both singled out these variables as a determining factor of economic growth and development. Due to these factors supply shortage, migrant remittances have been seen over the years to cover the gap in the supply of these much needed developmental inputs (Iwuagwu,2000). Migrant remittances to their families from their host countries in developing countries have formed a major portion of household income. This source of fund enables the household to partake in subsistence agriculture and other non-agricultural investment opportunities which results to improving one's health and educational attainments (Uzochukwu & Chukwunonso, 2014).

Remittances are financial inflows to a country by its citizens overseas. It is important to household as it increases their rate of income and living standard by increasing the availability of resources for the provision of food, healthcare services and education (Uzochukwu & Chukwunonso, 2014).

Statement of the Problem

Foreign capital inflow which comprises of foreign remittances, foreign direct investment and foreign aid has over the years created a good source of foreign exchange in developing countries like Nigeria (Adigun & Oke, 2021). Otepola (2022) was of the view that foreign direct investment (FDI) has appeared to be the significant source of foreign inflow over the years to developing countries and also a major part of a country's capital formation; noticeably a key factor for the growth of the economy of developing countries through its different socio-economic functions such as the generation of employment, infrastructural source, entry to international market, resource application. Realizing the above functions of the FDI in economic progress, thriving countries are placing themselves as the chosen investment point.

Despite the gains of foreign capital inflow, developing countries like Nigeria is still faced with hardship, high level of poverty, income inequality, unemployment, productive capacity been underutilized and a constant deficit on the balance of payment account. In spite of Nigeria's huge resources, poverty is felt all over the nation. Sixty two percent (62%) and above of the Nigerian population live in abject poverty while seventy percent (70%) are under the poverty line (United Nations, 2003). Several policies and programs have been embarked upon by authorities to bring down the poverty level. Amongst them are, Structural Adjustment Program (SAP) established in 1986, the Petroleum Trust Fund (PTF) established in 1994. Also, a list of monetary and fiscal policies over the years has been put in place by government together with modifications with the sole aim of poverty reduction. Despite the continuous increase in foreign capital inflow, which is an indicator of economic growth wellbeing, it is shocking to see an increase in poverty level. Based on the above this this research is carried out to examine the effect of foreign capital inflow on the level of poverty in Nigeria

Literature review and Theoretical Framework

Conceptual Review

Foreign Direct Remittance

Remittances are financial inflows which comes into the home country of migrants in Diaspora. It involves the cross border movement of money and goods by migrant from his host country to his home country. Remittances play a very important role in the well being of recipients by broadening the opportunity to a better quality of life, reducing child labour, providing a way to transfer knowledge and infant health care (Muhammad & Seemab, 2018).

As part of the effort to increase and sustain Diaspora remittances, the Central Bank of Nigeria (CBN) on March 5, 2021 introduced the " CBN Naira for Dollar Scheme", as an incentive for senders and receivers of international money transfers (CBN, 2021).With this policy, all beneficiaries of remittances from abroad via CBN licensed International Money Transfer Operators (IMTOs) were been given #5 per USD1 gotten as remittance inflow. This incentive were paid through commercial banks to recipients. This policy since then has enhanced migrant remittances in Nigeria but the level of poverty is still on the increase.

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Foreign Direct Investment (FDI)

This is a capital outlay initiated by an individual or an organization from a country to companies in other countries. It happens when investors attains assets in a foreign firm. Graham (1995) sees foreign direct investment as an enlargement in the book value of the cash flows of investment in one country which are held by another country investors and as such the managerial control of these investment are under the investor. Foreign direct investment are indeed branches of Multinational Corporation (MNCs) and as such the investors are the parent organizations of the firm (Todaro & Smith, 2003). In developing countries foreign investors are encouragement in order to fill the gap by the inflow of foreign capital to boost economic growth (Mieir, 1964; Brewer, 1991; Digiovianni, 2005). FDI is a strong microeconomic determinant of economic growth especially in growing countries. The impact of FDI on a country's position may either be negative or positive (Mohammad, Nick, Nicholas & Jeff, 2020). It is believed that FDI could speed up the economic growth via technology spillovers, transfer of skills, knowledge cost or benefits, generation of employment etc. FDI could also result to an increase in earnings and better working situation of citizens in low and middle-income countries (Burns, Jones, Goryakin, & Sahrcke , 2017; Blouin, Chopra, & Van der Hoeven, 2019).

Foreign Direct Aid (FDA)

This is a voluntary assistance which is carried out from one country to another. It takes several forms. It could be a grant, loan or gift. It could also be in the form of food, humanitarian aid, supplies and such services other than capital. Developed countries

usually provide foreign aid to developing country in cases such as natural disaster, economic crises or in times of conflict. The era of covid-19 pandemic attracted a lot of economic assistance from grown countries to growing countries of the world. Advanced countries are required by the United Nations to expend a minimum of 0.7% from their gross national income on economic assistance. International health organizations have echoed the need for more foreign aid to developing countries in order to reduce the negative health outcomes (Adebanji, Nwosu, Ojo, & Alake, 2020). This has made several donor countries pledge increased funding to countries with the aim of reducing poverty rate in those countries.

Theoretical Framework

Altruism Theory

This theory is concerned with the motivation behind the decision of migrants to remit. The founder of the theory was Auguste Conte (1852).This theory sees individual family members as having the responsibility of helping each other, which explains migrant's decision to remit. This theory holds that migrants are willing to send resources in order to supplement the income of members of the family either for the purposes of consumption or investment. This theory is also of the view that migrants will be ready to give up his or her happiness for the benefit of relatives based on the affection they have for them. Migrants can give up their physical resources, time or energy without expecting a compensation for his or her act.

Tempered Altruism or Enlightened Self-Interest Theory

This theory was propounded by Lucas and Stark (1985). It is of the view that remittance decision by migrant emanates as a result of the close informal contractual arrangement which is beneficial that occurs amongst the migrant and his household. In order words, this agreement explains migrant decision as resulting from two factors which are risk and returns, lack of sufficient insurance guarantee and the deficiency of the capital market. The side of risk and investments elucidates that families invest in the future outlook of migrants and that remittances are the return on investment for them (Johnson & Whitelaw,1974; Rempel & Lobdell, 1978; Lucas & Stark, 1985). The other aspect which connects to risk is remittance been a response to the family need to expand income due to unsafe ventures in the absence of a market insurance contracts that both families and migrants come in contact with (Lucas & Stark, 1985). Remittances are demand on implied co-insurance contracts. Since these contracts are relaxed and collectively beneficial, they can be self-enforced. The altruism theory would be adopted for this study.

Empirical Studies

Haruna and Sahrcke (2022) investigated the responsiveness of poverty to direct investment inflows in Nigeria. The purpose was to determine the long and short-run effect of foreign direct investment influx on poverty level in Nigeria from 1980 to 2019. Autoregressive Distributive Lag (ARDL) was employed to ascertain the long and short-run effect of

variables involved. The assessment by ARDL showed poverty been significantly reduced by foreign direct investment on the long and short run. The conclusion of the paper is that poverty reduction on the short and long run is massive due to foreign direct investment positive and negative shocks. Johnson, et. al. (2021), embarked on a study on foreign capital inflows and poverty reduction in Nigeria. The purpose was to determine the various parts of foreign capital inflows and their contributions in reducing the poverty level in Nigeria. The paper used data which ranged from 1990-2019. The Granger Causality method of evaluation was used. The paper found that there exist an equilibrium on the long run between foreign capital inflow and poverty level in Nigeria. It found also that a large part of foreign capital inflow which involves FDI, FPI and remittances greatly reduced the level of poverty in Nigeria. Adigun and Oke (2021) investigated poverty reduction: The impact of foreign direct investment in Nigeria. The aim of the study was to ascertain if foreign direct investment has reduced poverty from the period of 1992-2016. Data was obtained from the World Development Indicator (WDI). OLS regression was employed to analyze the data. The result showed that FDI and poverty reduction are correlated. It also confirmed that FDI in the short run has a significant positive impact on poverty reduction. Fagbemi and Olufolaham (2019) carried out a study on capital inflows, financial development and poverty reduction in Nigeria from 1980-2017. The objective was to ascertain the both outcome of capital inflow and financial growth on poverty decrease in Nigeria for the period of 1980-2017. ARDL bound test together with the Granger causality test was used. Three variables were used to proxy capital inflow which were direct investment, portfolio investment and remittances. The findings show that capital influx and financial expansion results in a meaningful decline in the level of poverty. Olaleye (2015) investigated the impact of capital inflow on economic growth in Nigeria. The Augmented Dickey Fuller was used to check for cointergration, stationary and residuals. The result shows that the residuals of squares were within 5%. The findings shows that the coefficient are stable both on the short and long run.

Methodology

This paper employed the quantitative design. Data used was mainly secondary. They were sourced from the Central Bank of Nigeria Statistical Bulletin and the World Bank National Accounts data. The Nigerian populace served as the population of the study whiles the sample size consists of the population of those that live in abject poverty for the period of 2010-2019. The sampling technique was purposive. Data was analyzed through multiple linear regression. Foreign direct remittance was measured by the total amount of money from migrants abroad to their relatives in Nigeria on a yearly basis. Foreign direct investment was measured by the total amount of money invested in businesses in Nigeria from other countries on a yearly basis. Foreign direct aid was measured as the total amount of money given to Nigeria as loans, grants and aids from other countries on a yearly basis, while poverty level was measured as those who live below the threshold of $1.90 per day. The assumption of the model used for the study is that poverty level in Nigeria is a function of foreign remittances. It is seen as follows;

$Y = b_0 + b_1 + b_2 + b_3 + e$ - equation i

Where

b_1 = Foreign Direct Remittance (DREM)

b_2 = Foreign Direct Investment (FODI)

b_3 = Foreign Direct Aid (FODA)

Y = Poverty rate (POVR)

Rewriting the model we then have;

$LOGPOVR = b_1DREM + b_2FODI + b_3FODA + e$ - - - equation ii

Apriori Expectation

$b_1 < 0, b_2 < 0, b_3 < 0.$

Presentation and Analysis of Data

Presentation of Data

Direct foreign remittance to household, foreign direct investment, foreign direct aid and poverty rate formed the data of this paper. Direct foreign remittance to household, foreign direct investment, foreign aid served as proxies for foreign capital inflow while poverty rate served as proxy for the level of poverty in Nigeria.

Table 4.1 A table showing foreign remittance to household, foreign direct investment, foreign aid and poverty rate.

YEAR	DREM($'B)	FODI($'B)	FODA($'B)	POV(%)
2010	5.66	6.03	2.05	53.02
2011	5.63	8.84	1.81	53.12
2012	4.66	7.07	1.92	52.99
2013	2.21	5.56	2.52	53.6
2014	8.15	4.69	2.48	53.5
2015	5.95	3.06	2.43	54.43
2016	6.96	3.45	2.50	54.9
2017	8.09	2.41	3.36	55.01
2018	11.23	0.78	3.31	55.21
2019	17.58	2.31	3.52	55.9

Source: Central Bank of Nigeria statistical bulletin and World Bank National Accounts Data.

Table 4.2 A table showing foreign remittance to household, foreign direct investment, foreign aid and the log of poverty rate.

YEAR	DREM($'B)	FODI($'B)	FODA($'B)	LOGPOV
2010	5.66	6.03	2.05	1.74
2011	5.63	8.84	1.81	1.74
2012	4.66	7.07	1.92	1.74
2013	2.21	5.56	2.52	1.74
2014	8.15	4.69	2.48	1.75
2015	5.95	3.06	2.43	1.75
2016	6.96	3.45	2.50	1.76
2017	8.09	2.41	3.36	1.79
2018	11.23	0.78	3.31	1.07
2019	17.58	2.31	3.52	1.02

4.3 **Data Analysis**

VARIABLES	COEFFICIENT	T.STAT	PROB.	REMARKS
DREM	-0.54	-2.34	0.06	Not Sig.
FODI	0.007	0.12	0.91	Not Sig.
FOR A	-0.029	-0.11	0.92	Not Sig.

Source: SPSS Computation

F.Stat.= 5.17, Prob. (0.04)

R^2= 0.721, Adjusted R^2= 0.581, Durbin Watson= 2.36

Collinearity Test

VARIABLES	TOLERANCE	VIF
DREM	0.43	2.31
FODI	0.22	4.61
FOR A	0.15	6.50

The table above shows that only the dependent variable (Poverty rate) was logged. To get the real value of the coefficient, we exponentiate the coefficient, subtract it from one and then multiply it by 100 to get the percentage implication.

Hypothesis one

$H0_1$: Foreign direct remittance has no significant impact on poverty level in Nigeria.

The coefficient of regression for foreign direct remittance was -0.42. This show a relationship that is negative between foreign direct remittance and poverty level in Nigeria. A percentage rise in foreign direct remittance results in a 42% decrease in poverty rate. The t-statistics for foreign direct remittance was -2.34 with a probability of 0.06. This probability is more than the alpha level (0.05), hence we accept the null that foreign direct remittance has no significant impact on poverty rate in Nigeria for the period under study.

Hypothesis two

$H0_2$: Foreign direct investment has no significant impact on poverty level in Nigeria.

Foreign direct investment had a regression coefficient of 0.01. This shows that foreign direct investment and poverty rate in Nigeria has a positive relationship. As foreign direct investment increases by 1%, this results in an increase in poverty rate by 1% also. The t-statistics for foreign direct investment was 0.12 with its related likelihood of 0.91. This probability outweighs the alpha position of 0.05, hence we accept the null that foreign direct investment has no meaningful impact on poverty rate in Nigeria for the period under study.

Hypothesis three

$H0_3$: Foreign direct aid has no significant impact on the poverty level in Nigeria.

For foreign direct aid had a regression coefficient of -0.03. This shows that foreign direct aid and poverty rate has a negative relationship. A percentage rise in foreign direct aid results in a 3% decrease in the level of poverty. The t-statistics for foreign direct aid variable was -0.11 with a probability of 0.61. This probability outweighs the alpha level of 0.05, se we uphold the null that foreign aid has no meaningful impact on poverty rate in Nigeria.

The shared variance (R^2) for the model was 0.721, which shows that foreign direct remittance, foreign direct investment and foreign direct aid accounts for 72.1% of the

systemic variation in poverty level in Nigeria from 2010 to 2019, while the adjusted (R^2) of 0.581 shows that the model is responsible for 58.1% of the changes in poverty rate. The collective model was meaningful 5% level given the observed F-value of 5.17 with a likelihood of 0.04. It therefore reveals that a good overall fit exist for the model.

The test for serial correlation which was performed by the Durbin Watson (DW) indicates the nonappearance of autocorrelation in the model. The test statistics of 2.36 lies between the range of 1.50 to 2.49. This shows the nonappearance of both negative and positive autocorrelation. This shows that there exist a high predictive power in the model.

The collinearity test reveals that the nonappearance of multicollinearity in the independent variables. Foreign direct remittance, foreign direct investment and foreign direct aid had variance inflator factor values of 2.31, 4.61 and 6.50. Since these values lies between 1 to 10, it shows that the independent variables do not have influence on each other.

4.3 **Discussion of Findings**

The variable of FDI was -0.42 to conform with its apriori expectation. This is due to the fact that foreign remittances from abroad are used by family members in Nigeria to subsidize their consumption, healthcare, educational, and other social needs, thereby raising them above the poverty line. From our findings, it was observed that a percentage rise in foreign direct remittance resulted in a 42% decrease in poverty rate. The t-statistics was -2.34 with a probability of 0.06 which is above 0.05. This reveals that the variable of foreign direct remittance does not assist greatly in reducing the poverty level in Nigeria. Foreign direct investment has a positive coefficient as against its apriori expectation. It had a value of 0.01 which shows that a percentage rise in foreign direct investment leads to a rise in poverty level by 1%. This is so due to the fact that the return on investment or the capital gains are been repatriated overseas and thereby having an impact on the invested country. The capital gains been repatriation would help to boost up the economies of the investing countries, hence increasing the poverty level in the invested country. Multinational countries care mainly on their profit and not after the people's welfare. The t-statistics was 0.12 with a probability of 0.91 which is above 0.05. This reveals that the variable of FDI does not add significantly in reducing the level of poverty in Nigeria. Foreign direct aid had a negative coefficient to conform with its apriori expectation. A percentage increase in foreign direct aid results in the reduction of poverty rate by 3%. This may be due to the fact that money brought into the country by foreign agencies and donors may not be fully used for the purpose it was meant.

This study agrees with the findings of Adigun and Oke, 2021; and disagrees with the results of Haruna, et. al, 2022; Johnson. et. al, 2021; Fagbemi and Olufolaham, 2019.

Conclusion

The study is on foreign capital inflow and its impact on the poverty level in Nigeria from 2010-2019.The research result concluded that ;

i. Foreign direct remittance has an insignificant and negative impact on poverty level in Nigeria.
ii. Foreign direct investment has an insignificant and positive impact on poverty level in Nigeria.
iii. Foreign direct aid has an insignificant and negative impact on the level of poverty in Nigeria.

Recommendation

In respect of the earlier problem stated and the objectives, the subsequent suggestions are hereby made ;

i. Government should formulate policies through the monetary authorities that would encourage capital inflow through remittances into the country. This would help in reducing the level of poverty.
.
ii. Government investment should focus more on the real parts of the economy in order for the returns or profits to be sustained within the country. This would limit the extent of capital outflow or profit repatriation to foreign countries.

iii. Government should ensure that foreign aids and grants from donor agencies are fully utilized to achieve their specific objectives. Only then can such aid have a meaningful impact on the poverty level.

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IMPLICATIONS OF FOOD INSECURITY AND POVERTY ON NUTRITION OF THE VULNERABLE NIGERIANS

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Abstract

In order to reduce poverty there has been collective efforts by all nations to produce enough food to feed their people. At the moment emphasis has moved from food availability to accessibility constraints which entail the problems undernourished people face in gaining access to food even when it is available. However, access to food depends on an individual's access to resources, markets and food transfers. The opportunities to obtain food through these channels are entitlements, which when denied constitute food insecurity and abject poverty in the society. Evidence from available literature and analysis of tables of nutrition therein shows that a significant percentage of Nigerians are undernourished with adverse implications for the fight against poverty. The greatest risk or consequence of food insecurity and poverty is malnutrition. Food insecurity crisis as both an agent and consequence of poverty also increases the economic, political and social tensions in the country. Obviously the undernourished in Nigeria are highly marginalized in several ways to the extent that they are often ill; and because of illness, their work capacity is reduced, coupled with attendant reduction in their income. Without adequate income they cannot save nor invest enough resources to take care of their basic needs. In this paper therefore, I have used the political economy approach and statistical analysis to demonstrate and conclude that food insecurity crisis has a significant impact on nutrition of people. Thus, undernourishment and poverty alleviation in Nigeria would be a mirage if food insecurity problems are not adequately resolved.

Keywords: *Poverty alleviation, food insecurity, undernourished, malnourish, calories, market, nutritional, demographic, global, and productivity.*

Introduction

A cursory look at the history and efforts made by world leaders towards the fight against food insecurity amongst mankind suggest that eradicating food insecurity is mankind foremost objective because anything short of food insecurity can have serious implication on nutrition security of people. At the world food conference in 2004, governments committed themselves to reducing the number of food insecure people from 800 million to 400 million by 2023 (FAO, 2004). This commitment was reiterated at the follow up world

food summit in 2010 (FAO, 2010) when it was discovered that progress had been slow in achieving the objective set in 2004. There is no meaningful achievement globally to eradicate food insecurity; especially in developing countries like Nigeria, Malawi, Ethiopia, etc. Incidentally most hungry people are from developing countries. This immediately creates a problem bordering on wish and will, because food insecurity is not just a matter of the well-being of affected individuals, it also reflects the correlation of forces among nations and their peaceful coexistence.

The world has sufficient food to meet the calorie requirements of its people if the food were to be distributed according to needs. Whereas, about 3,500 calories intake is needed to sustain a person per day, Europeans and North Americans consume more than 3,500 calories per person, per day. While the paper is mindful of the right of all nations to determine what best suits them, it is appropriate that we remind ourselves that all humans are indigenes of the planet earth and this raises a number of challenges requiring global solidarity.

In my view, the most important challenge is assurance that all peoples could produce or have access to sufficient food in order to live a healthy and productive life, thus freeing themselves from poverty and conflict-prone existence. The elimination of food insecurity and poverty must also be done in a manner consistent with an ecologically sustainable management of natural resources. Because enough attention is not paid in these direction, widespread poverty and deteriorating living condition hold sway, which in turn lead to unavoidable social tensions and conflicts among individuals, communities and nations (Okpamen, 2023).

Indeed, hunger and despair are marks of social injustice and together they generate anger and provide a perceived justification for terror and instability. Failure to recognize and deal decisively with the underlying causes of these social problems naturally renders ineffective the investments made in other areas to reduce poverty. Most governments in these developing countries often undermine the importance of dealing with these social problems. Perhaps they even contribute to undermine these problems through misdirected policies and self-greed to hang on to power. As a result of all these problems, coupled with the social tensions, investment in food insecurity becomes an investment in frustration.

By relying on available literature and statistical evidence, the paper has attempted to show that although adequacy of food is not a problem in the global context, in Nigeria inadequate production constitutes a major basis of food insecurity and because the people are poor, they also lack the means to purchase available supply at prices in which they are sold in the market. The scenario therefore, is that of food insecurity crisis and poverty reinforcing each other.

By and large, since food insecurity crisis is both a cause and consequence of poverty, it plays a destabilizing role in the efforts at poverty reduction. Based on this scenario, this paper is adumbrated as follows: apart from the introduction, section II contains a discussion

on food insecurity in Nigeria, while section III examines the major concerns in food insecurity issues and poverty in Nigeria; and section IV contains a discussion on capacity for food and nutritional policy analysis and implementation. Section V, which encompasses Tables I and II contains detailed analysis and discussion of the levels of child nutrition and food insecurity in Nigeria, while section VI brings the analysis to a close with concluding remarks.

Food Insecurity in Nigeria

Food insecurity exists when an individual has physical, social and economic passage to adequate, safe, and nutritious food that meets his/her dietary needs and choices to sustain an active, health life. Food insecurity on the other hand, is the direct opposite of food security, and it is tightly linked with hunger and poverty. In African countries, food insecurity at both the national and household level is alarming, and the continent holds the record as the highest in undernourishment. In 2004, 14% of the global population was undernourished, while 27.4% of the population in Africa was undernourished (Babatunde, Omotesho, & Shotolan, 2007). Some of these African countries account for 40% of undernourishment, and in some cases, others account for 50%; especially in those countries entangled in conflicts (Todd, 2004). In West African sub-region, Liberia and Sierra Leone account for the highest rate of undernourishment in the continent with 1.4 and 2.3 million undernourished people respectively in 2002 (Babatunde et. al., 2007). As for Nigeria that is presumed to be the most populous country in Africa, majority of her households are food insecure, especially the rural dwellers. At about 200 million people or more, Nigeria population is the largest in Africa and accounts for over 47 percent of the total population in West Africa (World Bank, 2012). Nigeria is also the largest oil exporter in Africa, with the continent's largest natural gas reserves. Nigeria's oil wealth has helped her to maintain a relatively steady economic growth despite recent global financial meltdown. The country's GDP grew from 6 percent in 2008 to 8.4 percent in 2010 (World Bank 2012).

However, despite improvement in GDP, unemployment still remains a huge concern, with an estimated 60 million youth unemployed. Recent studies have shown that about 30% (63 million) of Nigeria population is living below the average poverty level, and are otherwise hungry. Of the estimated 200 million people in Nigeria about 52% live below the top poverty level. This has become a matter of great concern to the government because prior to the late 1970s, the country has never witnessed any form of poverty. Nigeria was self sufficient in food production in the 1950s, 1960s and early parts of 1970s. During this era, Nigeria was virtually the major exporter of food to other regions in the continent. By late 1970s, the Nigerian economy 'nose dived'; due to global economic crisis, and this impacted other developing countries severely. The situation was further heightened with the discovery of oil in Nigeria, which led to the obvious neglect of the agricultural sector that used to be the major source of income to the economy. As a result of this neglect, the country became a net importer of food. At the moment Nigeria is still in the doldrums of abysmal poverty because the government is presently spending billions of dollars annually

on food imports. According to the Federal Ministry of Agriculture Bulletin (2009) over $3billion alone was spent on food imports in the year 2009.

Agriculture which provides employment and a means of sustenance to over 60% of the populace, and accounts for about 42% of the GDP, is not being fairly treated when it comes to budgetary allocation. It is shocking to know that the annual budgetary allocation to agriculture is still below 10% mark. It is this deliberate act of underfunding, coupled with other natural accidental crisis that formed the core product of the crisis of food production, and food insecurity in Nigeria. This obviously accounts for the direct relationship between food insecurity and poverty; because as the level of food insecurity rises, the level of poverty rises as well. As a result of the insensitive nature of the Nigerian government, the global food crisis of 2007/08 again affected the country. Thus, a country that was hitherto, food sovereign is now dependent on food importation.

The food insecurity problem is more devastating in the northern part of Nigeria where severe drought is a regular feature. About 11 states situated in the Sahel belt, in the northern part of Nigeria is hard hit by food insecurity. According to National Emergencies Management Agency (NEMA), over 20 million people in this region which accounts for about 30% suffers food insecurity problems. As a result of their inability to secure food they are hungry, while malnutrition and abject poverty persist. Available study shows that there is a strong correlation between food insecurity and poverty.

As earlier stated Nigerian government appears to be insensitive to the plights of the people because oftentimes, they are not rational with set policies designed to alleviate food insecurity and poverty. Setting up policies is on the one hand, and another is the implementation of these policies. Apart from the current agenda put in place by the Federal Ministry of Agriculture (FMA), to enhance the national food crisis response program (NFCRP); the Food Insecurity Thematic Group (FSTG) was formed in 2009, while the Food and Agricultural Organization (FAO) was given the sole responsibility to supervise their programs. At the moment no further meaningful effort has been initiated to consolidate on the set agenda. At the end of the day, it becomes an investment in frustration; promises made by government in the beginning and strategies in the programs remain unfulfilled.

Agreed that there have been a number of programs and policies designed to improve food and nutrition insecurity in Nigeria, these initiatives are not working because the government is not doing enough to have a meaningful impact at the grass root level. At the moment everything seems to be based on mere policies and strategies that are not working because of the insincerity in the implementation of the existing policies and programs designed to address malnutrition in Nigeria.

Despite all these efforts, there is still a high level of food insecurity and poverty; coupled with over 60 million youth unemployment which remains a significant problem. As a result of this unemployment, food insecurity problems persist and malnutrition is wide spread

especially in the rural areas. The consequence of this is that, Nigerians become vulnerable to chronic food shortages, irregular supply, low quality of food, and fluctuation of food prices in the market. The huge investment by the government to deal with these problems and to ensure that Nigerians are markedly food secure has been an investment in frustration. There is urgent need for the government and the relevant agencies to go back to the drawing board to learn from the lessons of the past interventions.

Again the above problem is common to all African countries because the governments lack foresight to note that the era of allocating less than 10% of their budgets to the agricultural sector is over, if they ever have the desire to lift out of poverty level. Instead of concentrating on this all important problems in African as a collective effort to deal with the issue of perennial food insecurity and poverty problems, most African governments prefer to allocate a higher budget to defence to agriculture because of the obvious fact that they want to remain in 'power for life'.

Major concerns in food insecurity issues and poverty in Nigeria

Essentially, the major concerns that need to be addressed urgently by the various governments in Africa are as follows:

1. Low level of investment in agriculture,
2. Lack of support for the rural farmers,
3. Lack of follow-up and inconsistencies in policy,
4. Chronic food insecurity,
5. Environmental degradation,
6. Accidental crisis,
7. Inadequate qualified manpower to provide effective leadership for programs, and ineffective planning and institutional arrangement of government infrastructural programs.

The level of food production no doubt depends on the level of investment in agriculture. Since agriculture accounts for over 42 percent of GDP, and provides employment and means of livelihood to over 60% of the populace, there is need to divert a larger part of the nation's resources into this sector in order to boost food production. Apart from setting up relevant agricultural bodies to deal with food insecurity issues, there should be a guarantee to ensure that the strategies in place will meet the desired objectives of food insecurity and poverty alleviation. Governments in Africa must take a unilateral decision to allocate a substantial part of their budget to agriculture and stop the emphasis on defence budget as a priority over agriculture. The allocation of less than 10 percent to agriculture is a direct abuse and consequence to cause-and-effect of the perennial food insecurity and poverty problems in the continent. Until this basic request is adhered to, efforts geared towards dealing with food insecurity and poverty alleviation would be a mirage.

Another constraint to food insecurity in Nigeria is lack of support for the rural farmers who account for a vast majority of food production in the country. Most of these farmers are not educated, and lack the basic tools for mechanized agriculture; and so they are unable to meet capacity and production needs. In addition to the above, these farmers lack the basic infrastructures for storage. As a result of this their products often perish in short time or may be destroyed by locust or pest. In view of the magnitude of these problems, government needs to pay adequate attention to the needs of these small holder farmers. Government need to do more to help these farmers to boost production capacity. First, is to support the farmers with the required tools, support them with adequate agricultural loans or funds, provide them with huge storage facilities, and encourage them to mass produce their products to further compete in the export market again as it was the case in the past when the country was a major exporter to regions in the content.

Oftentimes government set up agenda through the various agricultural institutions to address hunger and poverty in Nigeria. However, the policy over time changes too often and tends to be inconsistent and misdirected. The strategies in the policy are never followed up by the relevant government agencies set up to supervise the institutions. Also there is lack of continuity of existing programs. As a result of this neglect food insecurity issues continue to surface year-in, year-out.

Federal Government of Nigeria report on drought management (FGN, 1999), indicates that the Nigeria landmass of 923,766km^2 is divided into seven ecological zones. This classification is based on a similarity of climatic elements and vegetation. These ecological zones include the mangrove swamp, rainforest, derived savannah, guinea savannah, Sudan savannah and the Sahel savannah. The southern part of Nigeria comprise the mangrove swamp, rainforest zones, and a part of derived savannah zone. The common features of these zones are rainfall intensity, long wet season, dense vegetation, rugged topography and temperature range between 26°C and 28°C. The major problems in these zones include, flood and water erosion. As a result of this, sizeable hectares of agricultural land and farmer products are lost year-in year-out.

Chronic food insecurity problems are very common in the northern region because the region is often plagued with severe drought and lack of rain fall. This indirectly has an adverse impact on efforts at trying to improve production capacity. Furthermore, in this region women are more prominent in agriculture and food production. These women are greatly faced with huge obstacles, and it is the responsibility of government to give particular attention to the obstacles militating against women farmers' ability to maximize their capacities in food production.

Another major concern in food insecurity is the impact of environmental degradation resulting from natural disaster or ecological problem. Activities of the oil companies have not helped matters in this regard. Oil spills particularly in the Niger Delta Region of Nigeria has virtually rendered the lands the region impotent for agricultural production. As a result of this development the people in this region are markedly food insecure. The land

is no longer suitable for any agricultural activities. Production capacity is at low-ebb in this region. There should be control measure to regulate the activities of these oil companies, coupled with legislation for these companies to subsidize the importation of food to this region. Consequently, youth restiveness and kidnapping will never stop in this region, because it has become a common alternative to food insecurity for the people whose lands have been rendered useless following the activities of the 'so-called' foreign oil companies.

Accidental crisis sometimes plague food security, such as wild bush fire, earthquake, etc. Although, this is not common in Nigeria except in few cases of wild fire that often destroys a huge land mass of food production and reduces food production capacities. Added to this is that, environmental degradation resulting from flooding, locusts invasion, etc, could also impact food production capacity. On the other hand, climate change is a serious threat to poverty reduction and could render developmental efforts useless through direct negative impact on production (African Development Bank [ADB] Report, 2003). According to the Johannesburg Declaration on Sustainable Development, "the adverse effects of climate change are already evident, natural disasters are more frequent and more devastating and developing countries are more vulnerable". While climate change is a global problem, its negative impacts are more felt by developing countries because developing countries depends on natural resources, coupled with their limited capacity to cope with climate variability. The Intergovernmental Panel on Climate Change 4th Assessment Report (2007) maintained that between 75 and 250 million people may be exposed to increased water stress due to climate change by 2020 in Africa and this will obviously impact food security. Agricultural lands, the length of growing seasons and yield potentials will experience a decline due to climate change. Essentially, climate change may have serious adverse effects in Africa, which accounts for over 800 million undernourished people. In the West African sub region, agricultural sector contribution to the Gross Domestic Product (GDP) is only 4.5%, the sector's contribution is about 30 percent in West Africa. In addition to the above, over 65% of the population in the region is rural, and about 90% of the rural population depends on agriculture. Therefore, any attempt in rainfall reduction as predicted by various climate models could lead to a serious threat to food insecurity and nutrition security.

Nigeria presently lacks experts and professional in the areas of food and nutrition, such as statisticians, agro marketing, and biometricians. There is need for expert knowledge of food production capacity and nutrition insecurity assessment analysis. Addressing these capacity gaps will require adequate funding from the government, proper planning, regular staff training, and adequate follow-up of programs and policies.

Capacity for Food and Nutritional Policy Analysis and Implementation

As a result of the inadequacies in policy analysis and implementation capacity, efforts directed towards dealing with food and nutrition insecurity has been in fiasco. I wish to aver here that it is these gaps that have ceased to be the 'bone of contention', and cause of policy failures and interventions; as well as poor targeting of food insecurity, mismanagement of programs, poor funding, misdirected resource allocation, and

consequently, an inappropriate responses to the challenges of food insecurity, poverty and, malnutrition. In the Nigerian context, there is little or no expert knowledge of food and nutrition insecurity in terms of information on household level. This is a direct cause to failed targeting efforts at programs designed. In addition to the above, there is little or no record or knowledge of seasonal trend patterns of consumption, lack of nutritional insecurity status, which are essential in the formulation of action plans. It is against this backdrop that necessitated the understanding of interconnectedness of gender on household food and nutrition security, for effective targeting and design interventions. It is therefore imperative to have a firsthand knowledge on the correlation between nutrition and other sectors dealing with food insecurity issues in Nigeria.

As a way to monitor policies and programs, there should be a regular intra-household survey to collect data relating to food and nutrition indicators across the six geopolitical zones. The data no doubt will enable researchers to carry out a critical evaluation on the food situation in Nigeria. Also universities and other government institutions requires these improved capacity for the purpose of analysis, interpretation, and thereafter apply the results of the analysis to make effective decisions relating to food and nutrition insecurity in Nigeria. It is therefore imperative for government to recognize the relevant role of universities, and other centres of excellence (UNDP, 2004) in the training and retraining of farmers to boost production capacities or resurgence in adapting to the changing production capacity.

The neo-liberal economic doctrine enshrined in privatization, which is being implemented in Nigeria, thwarts whatever sympathy the government could have towards subsidies. The current slogan is that of a lean state or its outright bash in the sphere of economic management (Akinpelu, 2000 & Dzukogi, 2004). In effect, subsidies are being withdrawn including that on fertilizers and state-owned agricultural entities are being privatized. As the state is capitulating from its responsibility of protecting the vulnerable, the tendency has been for that group to witness increased poverty and ultimately more hunger.

The tragedy in the Niger Delta region of the country is a poverty problem occasioned mainly by hunger. The devastations in that region find expression in environmental degradation in the form of oil spills, gas flares, blow outs and seismic explosions during oil exploration. In the process, aquatic and wild lives are destroyed and vegetation rendered useless. Even more devastating is the loss of soil fertility and seizure of the people's arable lands by oil companies for their activities.

Since the people are essentially farmers, the loss of their means of livelihood not only signals hunger, but the intense poverty and the restiveness that characterize the region. The government's effort to alleviate this poverty through the derivation funds, the Oil Mineral Producing Areas Development Commission and the present Niger Delta Development

Commission would come to a naught if food insecurity problems in the region are not simultaneously addressed.

Elsewhere in the country, deforestation, farming in ecologically sensitive lands, overfishing and other forms of incursion in otherwise reserved areas constitute assault on the environment and its subsequent degradation. But then, the poor depends primarily on the environment for their survival as they eke out their living from its bounties. This presupposes that its degradation spells doom for them.

However, lacking alternatives, indecent incursion into the environment is a fait accompli. The environment is worse for it, likewise the poor. This explains the contradiction between Nigerian poor and their food insecure status. This contradiction can only be resolved through investments in food production to make the poor food secure so that they can exhibit a more friendly attitude towards the environment. With that setting, their poverty can more assuredly be alleviated.

Admittedly, the government has initiated several anti-poverty programmes including the Directorate of Foods, Roads, and Rural Infrastructure (DFRRI), Better Life Programme for rural women (BLP), the People's Bank, Family Support Programme (FSP), the Poverty Alleviation Programme (PAP), and the National Poverty Eradication Programme (NAPEP).

However, these programmes fell short of ensuring food safety nets for the very poor, which calls into question the efficacy of their implementation. Otherwise, how can it be justified that billions of naira have been expended on these programmes and yet about 70 percent of Nigerians remain poor. The explanation rests on the non-targeting of poverty alleviation efforts.

Feeder roads can be constructed as under DFRRI, loan can be extended to favour women groups as under the BLP and FSP and money could exchange hands under the disguise of PAP and NAPEP. But these have nothing to do with poverty alleviation when in the first instance enough food is not available to hungry mouths.

Also, food subsidies and food targeting are unknown practices in Nigeria whereas targeted transfer programmes are a core element in the fight against poverty. That practice has been found most effective in protecting the chronic poor who are outside the economic growth process in countries such as Egypt, Morocco, Angola and Mozambique (Alderman, Ali & Adams, 1996 & Subbarao, et al., 1997). Such targeting also saves resources by concentrating expenditures on those who need food the most and are specifically designed so that the non-poor elect not to take up the transfers (Alderman & Lindert, 2008).

Levels of Child Nutrition and Food Insecurity in Nigeria

Table 1: Nutritional Status of Children by Demographic Characteristics in Nigeria (part a).

General Information

Population (1000's) 2015	158,423	Unemployment 2013	%
GDP 2015	$193,668,738,107	Inflation 2015	8.00%
GDP 2016	$243,985,812,280	Inflation 2016	2.34%
GNI Per capita 2015	$1,180	Consumer Price Index 2015	337.79
GNI Per capita 2016	$1,280	Consumer Price Index 2017	420.30
FDI 2015	$6,048,560,295	National Poverty Rates 2015	%
FDI 2016	$8,841,952,784	National Poverty Rates 2016	%

Food Insecurity

Calorie Supply per capita 2012	2,741	Children undernourished 2008-2014	27.00%	
Calorie Supply per capita 2014	2,711	Children Undernourished 2016	%	
Pop. Undernourished 2010-2012	6%	Under 5 mortality rate (per 1000) 2015	143,000	
AGRICULTURAL PRODUCTION	2012	2013	2014	2015
Rice Production	3,186,000 MT	4,179,000 MT	3,402,590 MT	3,218,760 MT
Wheat Production	44,000 MT	53,000 MT	36,813 MT	34,200 MT
Maize Production	6,724,000 MT	7,525,000 MT	7,338,840	7,305,530

			MT	MT
Soyabean Production	580,000 MT	591,000 MT	610,000 MT	393,860 MT
AGRICULTURAL EXPORTS	2011	2012	2013	2014
Rice Exports	2,497 MT	251.00 MT	46.00 MT	46.00 MT
Wheat Exports	15.00 MT	82.00 MT	12.00 MT	12.00 MT
Maize Exports	3,666 MT	10,416 MT	1,023 MT	1,023 MT
Soyabean Exports	11,599 MT	15,300 MT	15,000 MT	14,400 MT
AGRICULTURAL IMPORTS	2010	2011	2012	2013
Rice Imports	1,187,786 MT	875,907 MT	1,216,962 MT	971,815 MT
Wheat Imports	3,714,680 MT	3,244,000 MT	7,795,100 MT	1,132,180 MT
Maize Imports	17,668 MT	9,612 MT	687.00 MT	49.00 MT
Soyabean Imports	23,124 MT	23,124 MT	23,124 MT	83,00 MT

Sources: a. FAO, 2013

b. Rice Pieces- FAO, 2017

c. Maize Prices-FAO 2018,

d. USAD, 2013

e. World Maize Piece-FAO, 2018

f. Wheat Prices-FAO, 2017

g. USAID, 2017.

Table 2: Nutritional Status of Children by Demographic Characteristics in Nigeria (part b).

Population Indicators	1985	1990	1995	2000	2005	2010	2015
Population ('000s)	75,543	85,829	97,552	110,015	123,689	139,823	158,43
Population Density	82.00	93-00	106.00	119.00	134.00	151.00	171.00
Economic Indicators	2015		2016		2017		2018
GDP (current $US)	165,920,866,365		207,118,000,000		173,003,615,594		193,668,738,107
GNI per capita	960.00		1,170		1,190		1,180
Foreign Direct Inv	6,032,054,729		3,635,553,931		5,786,682,337		6.048,560,295
Global Inflation	5.00		11.00		-5.00		8.00
CPI	236.57		263.95		296.61		337.79
Food Insecurity Indicators	2009	2010	2011	2012	2013	2014	2015
Calories supply per capita, Crops Equ (FAO) 2011	2,613	2,571	2,565	2,536	2,564	2,611	2,669
Food Aid Receipts (cereals) FAO 2012				12,500		10,500	

Sources:
a. UN, 2015
b. UN, 2017

c. WDI, 2017
d. ILO, 2017
e. FAO, 2016
f. FAO, 2017.

Analysis of Tables 1 and 2

In table 1, there was an improvement in GDP, as well the DNI per capita. Foreign direct investment was equally very good. However, between 2015 and 2017 the consumer price index increased from 337.79 to 420.30(by 19.6%). The level of children undernourished as at 2012 was 27%, and this possibly accounted for the high mortality rate amongst the under 5 children in Nigeria.

As for agriculture production capacity, there was a continuous dwindling in the figures of production capacity of rice, wheat, maize, and soybean. Between 2014 and 2015 rice production fell by 5.4%; wheat production fell by 7.1%, maize production fell by 0.5%, while soyabean production fell by 35.4%. The consequence of this sharp decline in production capacity is that, food insecurity will continue to resurface in the developmental agenda year-in, year-out. Globally the inflation rate in 2009 was negative, and this corroborated the global financial meltdown in 2009, which had a serious significant impact in developing countries. As for the CPI, between 2015 and 2016 the CPI increased significantly from 337.79 to 420.30 (by 24.43%).

Analysis of Table 2

Accordingly, receipts of food aid in cereals terms decreased as shown in table II above where there was a significant sharp drop between 2012 and 2014. Although, in table I there is no specific figure to indicate the percentage of unemployed and National poverty as at 2015, it is believed that unemployment is very high in Nigeria, as well as the level of poverty. On a rough estimate the National poverty level in Nigeria should be about 70% or more. It is also certain that the unemployment figure is in its double digit.

In view of the above development, when the very children who are expected to imbibe education as the bedrock of development are not well nourished, their capacity to learn is impaired with serious consequences on learning outcomes. No doubt, poor nutrition equally impinges on the health conditions of affected individuals to the extent that they are usually sick, work less and do not enjoy a higher standard of living.

Conclusion

By and large, eliminating food insecurity crisis and hunger is mankind's foremost challenge. Apart from being a moral imperative, it is also an essential step in reducing poverty. As long as large numbers of people are hungry, the response to opportunities for economic growth is bound to be muted, and little progress would be made in the fight against poverty. But reducing hunger and poverty is not an exorbitant endeavour as it is

achievable through strategies, which combine measures for dealing with undernourishment with investments in rural development.

The lesson to be learnt is that, poverty cannot be reduced without first ensuring that the poor are markedly food secure. This can be achieved through the reversal of the declining trend in agricultural investments and productivity, concerted efforts at environmental sanity in order to tame soil degradation and programmes geared towards scaling down the cost of food.

Having argued for strengthening domestic food production of traditional crops, the paper also believes that donors have a role to play in funding networks to assist the vulnerable and poor people. Only with dynamic agriculture and food insecurity would there be any hope to alleviate poverty, improve human health and productivity, enhance the incomes particularly of the endemically poor rural people and avoid lingering social and political chaos.

Common sense is always the voice of reason and in Nigeria's case the deadlock over food insecurity crisis and poverty in the country need to be broken for the poor in the society to also enjoy the benefits of development.

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IMPACT OF MACROECONOMIC INDICATORS AND DEPOSIT MONEY BANKS FINANCIAL SOUNDNESS ON ECONOMIC GROWTH IN NIGERIA

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Abstract

The issues of economic growth have attracted considerable attention of both academic researchers and practitioners in Finance and Economics. The onus of this study was to examine the impact of macroeconomic indicators (exchange rate, inflation rate and interest rate) and deposit money banks financial soundness (capital adequacy, asset quality and earning quality) in relation to economic growth of Nigeria. It was a longitudinal study covering time period of fifteen years (2008-2022). Secondary source of data collection was applied, while the statistical tools used was error correction method (ECM) regression. The study revealed that proxies of macroeconomic indicators such as exchange rate and inflation rate exerted significant positive relationship with economic growth, while interest rate exerted significant negative relationship with economic growth in Nigeria. On the other hand, capital adequacy and earnings quality as proxies for deposit money banks financial soundness exerted significant positive relationship with economic growth, while asset quality exerted insignificant and negative relationship with economic growth of Nigeria. The implications were that exchange, inflation rate, interest rate, capital adequacy and earnings quality are critical factors, while asset quality was a weak enhancing factor in relation to economic growth of Nigeria. The study recommended that

government policies makers should watch out for issues of macroeconomic indicators and deposit money banks financial soundness because they have implications on economic growth of Nigeria in the periods under review.

Keywords**:** Exchange rate, Inflation rate, Interest rate, Capital adequacy, Asset quality, Earnings quality and Economic growth

Introduction

The paper is titled, Impact of Macroeconomic Indicators and Deposit Money Banks' Financial Soundness on Economic Growth in Nigeria, between 2008 and 2022. It examines the relationship and impact of macroeconomic indicators and financial soundness indicators exert on the growth of the Nigerian economy. This is because economic growth is a function of both macro and micro variables and it is the center point for the measurements of economic performance of nations whether developed or developing nations. Economic growth has been issue of concern to nations around the world in general. Economic growth entails the ability of the economy to increase the production of goods and services with the stock of capital and other factors of production available within the economy (Nwanna & Umeh, 2019; Ughulu & Ughulu, 2021). Ughulu, et al., (2023) stated that economic growth can only occur when a country embraces value-added agricultural and manufacturing sectors that are equipped with modern advances in technology and technical knowledge and in the process enhance productivity and output that are internationally competitive. Economic growth of a nation does not manifest in isolation it involves other fundamentals that help to lubricate engine of growth.

Macroeconomic indicators and soundness of deposit money banks in terms of capital adequacy, asset quality, management efficiency, earning quality and liquidity are critical factors in enhancement of economic growth. Macroeconomic indicators like interest rate, exchange rate and inflation rate of a country can play a role in the direction or arrow of movement of an economic growth. Macroeconomic indicators are external to bank. Maintaining and monitoring certain ratio of capital adequacy, asset quality and earning quality will not only have a positive effect on the financial health of the banks, but can promote economic growth (McClelland, 2019). Deposit money banks play a vital role in the growth and development process of an economy by ensuring efficient allocation of resources and mobilization of funds for various productive activities.

When banks fail in their financial intermediation function, we expect declining economic growth and development. Poor banking performance will also result in bank failures and financial crisis like those witnessed during the global financial crisis (Marshall 2009). This explains why banks are one of the most regulated sectors in the world today. The close marking of macroeconomic indicators which are external to bank and soundness of banks are crucial in promoting economic development and growth. Olokoyo, et al., (2021) posited that favorable macroeconomic conditions will stimulate the development of the banking system while on the other hand; unfavorable financial and macroeconomic conditions

might spell doom for banking performance. To put it simply, it means that; an unstable and uncertain macroeconomic climate can affect the credit and market risk of banks which in turn results in a dismal banking performance which can equally have implications on economic growth. Thus, this study examines the impact of macroeconomic indicators and deposit money banks financial soundness in relation to economic growth in Nigeria.

For effective discussion of the subject, the paper is structured into five sections. Section one is the introduction, two is review of related literatures, conceptual issues and empirical review. Section three is on methodology, while section four is on data presentation, analysis and discussion of results and section five which ends the paper is on summary, conclusion and recommendations.

Concepts of Economic Growth.

An economy grows because it obtains increased goods and services, obtains increased resources and uses same more efficiently (Nzotta, 2014). Thus, economic growth involves increases in per capita income which, in turn, leads to the attainment of a high standard of living comparable to that obtainable in the advanced countries (Todaro & Smith, 2011; and Ughulu & Ajayi, 2020). According to Osaghae and Omoitobor (2022), economic growth is proxied with gross domestic product (GDP) is increase in per capita income and the attainment of a standard of living equivalent to that of industrialized countries. Kapingura and Markheta (2013) defined real gross domestic product (RGDP) as a macroeconomic variable that measures the value of economic output adjusted for price changes. Economic growth gives the progression in a nation level of development and increase in output. In effect, economic growth involves a change in the amount of real output and income in an economy over time.

Conceptual/Empirical Review

Exchange Rate

Exchange rate is described in different perspectives and various definitions channel towards the same direction. Akosile and Adebowale (2018) defined exchange rate as the price of one country's currency expressed in terms of some other currency. Exchange rate refers to the amount units of an economy's currency (the home country) when it comes to another economy's currency (Vorlak, etal., 2019). It is adjudged that exchange rate refers to the price or rate of a country's currency in relation to another currency (Adesoye, 2012). Exchange rate is the price which unit of domestic currency is converted to a unit of foreign currency (Jhingan, 2003). Alasha, (2020) defines exchange rate as the portion of a unit of one medium of exchange to the unit of another medium of exchange at a specific time. It decides the general cost of homegrown and external merchandise, including the quality of foreign sector involvement in global trade. Eme and Johnson (2012) showed that exchange rates are very important partly because they help in comparing goods and services produced across the countries. Extant studies of Hussaini, etal., (2018) and Barguellil, et al.,(2018) showed that exchange rate has negative relationship with economic growth.

Similarly, Mori, et al., (2012) and Azeez, et al., (2012) revealed that exchange rate is positively related with economic growth (proxied by GDP). But, Nwafor (2018) indicated that exchange rate has no significant impact on economic growth in Nigeria. Ignatius et al., (2018) found that the exchange rate has negative effect and relationship with growth in the economy.

Inflation Rate

Inflation is a continuous rise in the prices, inflation depicts an economic situation where there is a general rise in the prices of goods and services continuously (Bala, et al.(2016). It could be defined as a continuing rise in prices as measured by an index such as the consumer price index (CPI) or by the implicit price deflator for Gross National Product (GNP). Inflation is frequently described as a state where "too much money is chasing too few goods. Jhingan, (2005) defined inflation as a persistent and appreciable rise in the general level of prices. Inflation is an economic situation where there is a general rise in the prices of goods and services, continuously. It can also be defined as 'a continuing rise in prices as measured by an index such as the consumer price index (CBN, 2018). Inflation measures the increase in the general prices of goods and service. During times of high inflation, an economy may experience a high demand for bank financing. Ayodele (2014) showed that inflation rate has a significant influence on the economy of Nigeria which was estimated using multiple regression analysis. Nwafor (2018) and Harley, et al., (2018) indicated that inflation rate has a significant adverse effect on economic growth of Nigeria.Similarly, Ignatius et al., (2018) found that the inflation rates has negative effect and relationship with money growth in the economy.

Interest Rate

Interest is the profit margin that banks generate from loans and advances to customers. The spread is the difference between the interest rate charged on loans and advances, and the interest rate paid to depositors. In Nigeria, the interest rate is determined by its central bank. The interest rate and spread directly influence the profitability of banks and also their capital adequacy ratios. The study has used the annual interest rate as an independent variable. Harley et al., (2018) study for 8 banks from 2010 to 2016 found that net interest is statistically significant with adverse effect on the capital adequacy hence on economic growth.

Capital Adequacy

Capital adequacy is the expected capital to maintain balance with the risks exposure of the financial institution such as operational risk, credit risk and market risk in order to absorb the potential losses and protect the financial institution's debt holder. Banks who breach the minimum capital requirement are punished severely, which is inclusive of monetary penalties and revocation of operating licenses (Ikpefan, 2012). Capital adequacy highlights the importance of having capital above the stipulated requirements to reduce risk. The capital structure of most banks in Nigeria are over and above the specified requirements.

Ikpefan (2012) suggested that many banks in a highly volatile economy maintain a buffer capital. Kipruto, Wepukhulu, and Osodo (2017) investigate whether capital adequacy influences the financial performance of second-tier commercial banks in Kenya and found that capital adequacy has a significant positive effect on the financial performance of second tier commercial banks and economic growth in Kenya. Ezike and Oke (2016) revealed that capital adequacy exerted a major significant influence on banks' performance in Nigeria. Harley et al., (2018) studied 8 banks from 2010 to 2016 and found that net interest is statistically significant with adverse effect on the capital adequacy hence on economic growth of Nigerian. Similarly, Alajmi and Alqasem (2015) found a meaningful positive relationship between capital adequacy ratio and economic growth.

Asset Quality

Asset Quality is measured as net non-performing loan and advances to total asset (Net NPAs to total assets ratio) (Ofoegbu & Folajimi, 2022). Grier (2007) asserted that the main cause of bank failures is poor asset quality. The most important asset category is the loan portfolio which has the greatest risk facing the bank and the risk of loan losses derived from the delinquent loans. Anyike and WaleruAkani, (2017) stressed that the asset quality indicators highlight the use of non-performing loans ratios (NPLs) which are the proxy of asset quality, and the allowance or provision to loan losses reserve. As defined in usual classification system, loans include five categories: standard, special mention, substandard, doubtful and loss. NPLs are regarded as the three lowest categories which are past due or for which interest has not been paid for 90 days. In some countries regulators allow a longer period, typically 180 days. Harley et al., (2018) showed that asset quality has significant impact on economic growth of Nigeria. Also, asset quality has no significant negative impact on capital adequacy.

Earning Quality

Earning quality explains percentage growth in net profit (PAT Growth) which is the percentage change in net profit over the previous years. Kenn-Ndubuisi and Onyema, (2018) asserted that the main function of a bank is to make profit through its policies and operations and some of the profits are paid as dividend why others are retained for the purpose of investment and expansion. This rating reflects not only the quantity and trend in earning, but also the factors that may affect the sustainability of earnings. Grier (2007) opined that, a consistent profit does not only build the public confidence in the bank but also absorbs loan losses and provides sufficient provisions. It is also necessary for a balanced financial structure and helps provide shareholder reward. Net profit to average assets (PAT/AA) which measures return on assets employed or the efficiency in utilization of assets (Said, 2003). Thus consistently healthy earnings are essential to the sustainability of banking institutions. Profitability ratios measure the ability of a company to generate profits from revenue and assets. The quality of earnings is a very significant criterion that determines the ability of a financial institution to earn consistently. Adams and Agbemade

(2012) found that the Ghanaian bank performance earning was not significant to Ghanian banks' financial performance but related to access to loans.

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Methodology

Model Specification

In combining the two models, the Cob-Douglas (Q) which is output, is represented by GDP (Gross Domestic Product) while factors of production in the Cob-Douglas model are represented by financial soundness indicators which are acronyms of CAMELand macroeconomic indicators Hence the model is defined thus:

RGDP = *f (EXCR, INFR, INTR, CAP, ASQ, EARNQ)*……………………………(1)

Where:

GDP = Gross Domestic Product

EXCR = Exchange Rate

INFR = Inflation Rate

INTR = Interest Rate

CA = Capital Adequacy

EARNQ= Earnings Quality

ASQ = Asset Quality

In log stochastic term, equation 1 becomes:

$$GDP_t = \beta_0 + \beta_1 EXCR_t + \beta_2 INFR_t + \beta_3 INTR_t + \beta_4 CAP_t + \beta_5 ASQ_t + \beta_6 EARNQ_6 . + \mu_t ..(2)$$

Here, the coefficients, β0, β1 – β6 are constant and parameters to be estimated respectively, μ is white noise error term while t is the time trend.

Section Four. Data Presentation, Analysis and Discussion of Results.

Data Presentation

See Appendix One.

Data Analysis Table 1: Estimated ECM (Dependent variable: DLGDP)

Variable	Coefficient	Std error	t-statistic	Probability
Constant	0.32	0.11	2.91	0.00
ΔLGDP(-1)	0.13	0.04	3.25	0.00
ΔEXCR(-1)	0.19	0.06	3.17	0.00
ΔINFR-1)	0.27	0.11	2.45	0.04
ΔINTR(-1)	-0.07	0.02	-3.50	0.00
ΔCAPA(-1)	0.18	0.06	3.00	0.00
ΔEARNQ(-1)	0.22	0.08	3.66	0.00
ΔASQ(-1)	-0.06	0.05	-1.20	0.55
ECM(-1)	-0.42	0.13	-3.23	0.00
Diagnostic Test				
R^2	0.81745			
$\bar{R}^2$	0.7493			
DW	1.8969			
F-stat	8.4375(0.0016)			
Serial correlation LM F-test	0.4917(0.4273)			
ARCH LM F-test	0.33(0.6115)			

***Source:* Author's computation using E- view 8.0 (2023)**

Interpretation of Analysis Results.

The data were analyzed using the Eview-8.0 Model, 2023, and the result as shown in table 1 above are as interpreted here below.

Table 1 highlighted the Error Correction Model (ECM) estimation. The ECM model can be referred to as a long run model since the coefficient of the ECM is the residual obtained from the preceding dynamics long run model. To ensure that the model is stable a battery of diagnostic tests was conducted. To this end, the DW statistic value of 1.8699 suggests

absence of serial correlation problem. This evidence is supported by the serial correlation LM test, ARCH LM test in the bottom panel of Table 1.

The diagnostic tests which use F-statistic is presented with its corresponding p-values in parenthesis. The F-statistics shows that the entire model is statistically significant while the R^2 reveals a good fit for the model in that it is relatively robust. Observably, the independent variables account for 82% variation in economic growth in the period under consideration. Also, the adjustment $\bar{R}^2$ square showed the explanatory power of the model, that 75% of the variations that occurred in the independent variables have been explained by the model. The result also revealed that both macroeconomic indicators and financial soundness indicators are positively related and also significantly impacted on economic growth of Nigeria in the period under review. However interest rate and asset quality are both negatively related and insignificantly impacted on economic growth during the period under review. On the other hand, exchange rate exerted a 19% impact on economic growth, inflation 27%, while capital adequacy and asset earnings accounted for 18% and 22% respectively during the same period.

Discussion of findings

From the macroeconomic indicators direction, it is deduced that changes in exchange rate (EXCR) can bring about changes in gross domestic product (ΔGDP) by about 20%. Exchange rate is statistically significant and has positive relationship with economic growth. This finding supports extant studies of Mori, et al., (2012) and Azeez, et al., (2012) which indicated that exchange rate is positively related with economic growth (proxied by GDP). But argued against Hussaini, et al., (2018) and Barguellil, etal,(2018) studies who showed that exchange rate has negative relationship with economic growth. Also, Nwafor (2018) indicated that exchange rate has no significant impact on economic growth in Nigeria. It is observed that a unit change in inflation rate can bring about 27% increase in economic growth which is proxied by gross domestic product. Inflation rate is statistically significant and exhibit positive relationship with economic growth. Ayodele (2014) showed that inflation rate has a significant influence on the economy of Nigeria, while Nwafor (2018) and Harley et al., (2018) argued that inflation rate has significant adverse effect on economic growth of Nigeria. Changes in interest rate can bring about 7% decreases in economic growth which is proxied by gross domestic product. Interest rate is statistically significant, but showed negative relationship with economic growth in Nigeria. Harley et al., (2018) showed that interest rate has adverse effect on economic growth.

On the point of deposit money banks financial soundness indicators, the study indicated that a unit change in capital adequacy (CAPA) of banks can bring about increase of 18% in economic growth in Nigeria. Capital adequacy is statistically significant and has positive relationship with economic growth which is consistent with Ezike and Oke (2016) and Alajmi and Alqasem (2015) who found that positive relationship existed between capital

adequacy and economic growth. But, Harley et al., (2018) indicated that capital adequacy could have adverse effect on economic growth. Earnings quality (EARNQ) with a coefficient value of 0.22 unit change can bring about decrease of 22% in economic growth in Nigeria. Earning quality is statistically significant and has positive relationship with economic growth in Nigeria. Also, asset quality (ASQ) with a negative coefficient value of-0.06unit change can bring about decrease -0. 6% in economic growth in Nigeria. Asset quality is statistically insignificant and has negative relationship with economic growth in Nigeria.

Summary, Conclusion and Recommendations.

Summary.

Our paper centered on the impact of macroeconomic indicators and financial soundness of deposit money banks on economic growth in Nigeria between 2008 and 2022. The aim was to ascertain if these factors are related and are capable of dictating the growth or level of economic activities in Nigeria. Macroeconomic indicators adopted consisted of exchange rate, inflation rate, interest rate while financial soundness indicators were represented by capital adequacy, asset quality and earning quality. The data were sourced from secondary resources and the longitudinal research method was adopted while the data were analyzed using the error correction (ECM) regression analysis model. The result of the analysis is as shown below.

(i) Exchange Rate.

- (i) The results revealed that exchange rate is positively related and significantly impacted on economic growth with about 20% in Nigeria in the period under review This result is in line with the findings of Morti et al (2012) and Azeez et al (2012).
- (ii) Inflation Rate. It was also shown that inflation rate is not only positively related but also significant in the determination of economic growth as a change in inflation rate has a 7 % impact on economic growth during period of the study. Though this result corresponded with the findings of Nwafor (2018) its at variance with the results of Harley et al (2018)

(iii) Interest Rate.

This was found to be insignificant in the determination of economic growth in Nigeria during the period as a change in interest rate account for a mere -0.07%.

(iv) Capital Adequacy.

From the financial soundness perspective, capital adequacy was found to be statistically significant in the determination of economic growth and positively related. T result revealed that 1% change in capital adequacy will increase economic growth by 18%. This finding agreed with Ezike et al (2016) and Alajimi, et al (2015).

(v)Asset Quality.

This result appeared to be a bit disturbing as it showed that the quality of bank asset has a negative relationship with economic growth but can impact on growth

(vi) Earning Quality.

It revealed that earning quality of bank was statistically significant and positively related to economic growth in Nigeria during the of review.as a 1% change in earning quality can lead to a 22% change in economic growth.

Conclusion

This study centered on the impact of macroeconomic indicators and financial soundness of deposit money banks on economic growth in Nigeria. Outcome of the study showed that exchange rate and inflation rate as macroeconomic indicators have significant influence and positive relationship with economic growth, while interest rate has significant influence but exerted negative relationship with economic growth. Similarly, capital adequacy and earning quality revealed a significant positive relationship with economic growth, while asset quality has no significant impact and exerted negative relationship with economic growth. The implications are that both macroeconomic indicators and financial soundness of deposit money banks are strong enhancing or influencing factors of economic growth in Nigeria. The study therefore concludes that macroeconomic indicators and financial soundness of deposit money bank have implications on economic growth in Nigeria.

Recommendations

Based on the results of findings, the paper recommends as follows;

(i) Exchange Rate.

Nigeria being a mono-economy and to a large extent foreign based, on both raw material and finished goods makes her demand for foreign currencies very high thereby subjecting the economy to the vagaries of the World Market and fluctuation in the foreign exchange market. Hence to over-come this foreign dependence, we recommend the diversification of the economy, a change in our consumption pattern, adding value to our exportable goods by exporting semi-finished goods to earn foreign currencies thereby reducing high foreign demand so as to give the Naira an appreciative value.

(ii) Inflation Rate.

Inflation being due to the down-ward trend of the value of the local currency, it is recommended that monetary policies should be tailored towards ensuring the stable value of the naira.

(ii) Interest Rate.
The prevailing interest rate reign in the country currently is suffocating to the economy as it does not afford the real sector the ability to operate optimally due to high cost funds. Hence we recommend a very sharp review of the current interest rate being operated from double to single digit interest rate.

(iii) Capital Adequacy.
Capital adequacy of a bank is a buffer to both operational loses and external shocks hence the need for effective and efficient monitoring by the relevant supervisory and regulatory bodies cannot be over-emphazied. Also we recommend a periodic capital adequacy evaluation of the individual banks and the financial system in general to nip any financial weakness in the bud.

(iv) Asset Quality.
Effective and efficient monitoring and periodic review of assets value should be of high priority to the Central Bank of Nigeria and supervisory bodies to avoid the build-up of risky and toxic assets.

(v) Earning Quality.

Quality earning is a function of operating cost and operating environments. Hence we recommend a reduced interest rate, stable exchange rate, low inflation rate and adequate energy supply to facilitate optimal utilization of resources for maximum output that would deepen economic growth in Nigeria.

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STOCK MARKET DEVELOPMENT INDICATORS AND ECONOMIC GROWTH IN NIGERIA

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Abstract

This study investigated the impact stock market development indictors on economic growth in Nigeria using time series data from 1981 to 2021. Economic growth was denoted by real gross domestic product and serves as dependent variable while market capitalization, all share index, total value of transactions, gross fixed capital formation and inflation represented capital market development indicators and served as independent variables. The Augmented Dickey-Fuller technique was deployed to analyze the study. The findings of the study shows among others that market capitalization and total value of transaction exerted positive impact on economic growth in the long run while all share index impacted economic growth negatively. The study concluded that efficient stock market operations are impact for rapid and sustainable economic growth. The study therefore recommended that regulators and operators of the Nigerian stock market should work in synergy aimed at engendering efficiency and resiliency of market so as to contribute to economic growth in Nigeria regulatory framework of the Nigerian Stock market needs to adopt guided and well-planned policies that can help to attract both depositors and investors into the stock market

Keywords: Stock Market; Development Indicators; Economic Growth

Introduction

Nations all over the world make frantic efforts at achieving rapid and sustainable economic growth in order to satisfy the desires and demands for goods and services that would lead to improvements in production innovation and quality goods and services produced within the economy. This is to say that sustainable economic growth enables a country to increase the production of goods and services with available stock of physical capital, human capital

and technological progress. An effective financial system that pools domestic savings and mobilizes foreign capital for profitable investments is therefore essential for economic growth in a modern country. An effective financial system that pools domestic savings and mobilizes foreign capital for profitable investments is therefore essential for economic growth in a modern country. In this regard, financial markets play an important role in the mobilization of financial resources for long term investment through financial intermediation. The financial market, which consists of the money and capital markets as well as other submarkets, is essential to the operation of any contemporary economy.

The Nigerian stock market has kept up with its custom of raising medium- to long-term capital for development. The Nigerian Stock Exchange, issuing houses and the stock brokerage firms and the Securities and Exchange Commission (SEC) are the market's operational institutions. The capital market consists of the primary market for new issues of securities, while the secondary market is devoted to trading in existing securities. In Nigeria, trading floors exist at Kaduna, Kano, Port Harcourt, Onitsha, Ibadan and Abuja.

The stock market's size, market capitalization, number of listed stocks, transactions in the buying and selling of securities (liquidity), which in this context refers to the value of transactions, and new securities offerings are some of the factors that affect how financial assets are priced. There is a distinction between economic growth and development from an economic perspective, the majority of studies done in the area under study do not account for this divergence or the relationships between the two variables. As a result, it becomes necessary to look into the problem while keeping in mind the uniqueness and suitability of the methodology under consideration. To the best of our knowledge, research done in the area produce varied or contradictory results, which is likely due to the use of improper methods. Another issue of concern is that most of the easier studies on the impact of stock market development indicators on economic growth in Nigeria utilized either primary market data or secondary market data and hence generated conflict results. This informs the need in this study to employ aggregate data, in order to ascertain almost accurately the impact of stock market activities on economic growth in Nigeria for the period of 1981 to 2021.

The objectives of this study is to examine the effects of market capitalization (MCAP), All Share Index (ASI), total value of transactions (TVT) and gross fixed capital formation on Nigerian economic expansion

LITERATURE REVIEW

Conceptual Review

Stock Market

A stock market, equity market, or share market is the collection of buyers and sellers of stocks, which represent ownership claims on companies; this can include securities listed

on a public stock exchange as well as stock that is only traded privately, like shares of private companies that are offered to investors through equity crowd funding platforms. Stocks are ownership claims on businesses. Many African countries have invested in developing domestic stock markets as institutions for mobilizing external capital inflow and domestic savings. The growth of the domestic stock market offers the chance to raise more money, allocate resources more effectively, and give pertinent data for investment appraisal. The stock market has been acknowledged as a factor in the socioeconomic development of both developing and industrialized nations. (economies). This is made possible through its vital role in intermediation process in those economies (Oke & Adeusi, 2012).

Market Capitalization

The total monetary value of all outstanding shares of a corporation is its market capitalisation (Chen, 2018). It is determined by dividing the share price at the time by the quantity of outstanding shares. Since many stock market indices are weighted by market capitalization, analysts of the market typically use this number to describe the size of a company. Because market capitalization depends on share price, it can change significantly from month to month or even day to day (Chen, 2018; Maverick, 2019). The capitalization of a company is the product of the price of a share for the number of shares issued and listed. The sum of the capitalizations of companies listed on a market is equal to the value of the total capitalization of that financial market.

Market capitalization is an important market indicator of the value of shares and the value of companies in general. Most studies suggest that the macroeconomic environment has an important effect on the stock market capitalization rate. As a result, external elements, also known as "scenario factors," relating to the overall health of the economy are reflected in the price of shares on the market as well as endogenous factors (depending on the growth of the individual issuing firm). It is generally difficult to identify the factors that most affect the stock price index. In recent decades, especially the interaction of the stock market with macroeconomic variables has been the subject of interesting studies(Chen, 2018; Maverick, 2019).

Total Value of Traded Stock

This is defined as a measure of the quantity of shares that change owners for a given security (Kolapo & Adaramola, 2012). On the other hand, it is measured as the number of trades (total number. of transactions) that take for a certain security or for the aggregate market. Still, others define it as the monetary value of total traded shares. All three measures are widely used by researchers. The amount of daily volume on a security can fluctuate on any given day depending on the amount of new information available about the company, whether options contracts are set to expire soon, whether the trading day is a full or half day, and many other possible factors (Chen, 2018).

All Share Index

The All-share Index is a total market (broad-base) index, reflecting a total picture of the behaviours of the common shares quoted on the Stock Exchange (Chen, 2018). It displays how the prices have changed on a daily basis. A market index is a simple way to assess the direction and magnitude of the market's overall changes. The prices of different stocks will fluctuate on a typical trading day, with some equities experiencing gains and others experiencing losses. Given that situation, it would typically be challenging to predict the general market trend without performing laborious computations immediately. A ready market price index is useful in this situation. A statistical parameter used to reflect the total value of a market attribute is called a market index. When it comes to the price, we have a price index, which makes an effort to summarize the market's total price development into a single statistic known as the index value. The index is, in fact, determined in a way that makes it broadly indicative of the market. In every situation, an effort is made to choose a premise that best serves the desired outcome. Typically, that involves giving the various elements a certain amount of weight. For instance, adding up all stock prices will result in a statistic. That won't, however, convey how strong each company is. A capitalization-weighted index that measures business capitalization would result from a weighting with market capitalization. There are price-weighted, capitalization-weighted, and even share-weighted indices that are based on this (Chen, 2018; Maverick, 2019).

Gross fixed capital formation

Gross fixed capital formation, or GFCF for short, refers to investments made in fixed assets by resident producers over a specific time period after subtracting disposals (Sunday et al, 2009). According to Pagano (1993), it contains specific increases in the value of non-produced assets that producers or institutional entities have realized. Fixed assets are tangible or intangible products of production that are used repeatedly or continuously for a period of time longer than a year.

Gross capital formation, formerly known as gross domestic investment, is made up of expenditures for new fixed assets for the economy as well as net changes in inventory levels. Purchasing plant, machinery, and equipment; building roads, railways, and similar structures; and building schools, offices, hospitals, private residences, commercial, and industrial structures are all examples of fixed assets. Fixed assets also include land improvements (fences, ditches, drains, and so forth). Stocks of items kept by businesses as "work in progress" and to cover brief or unforeseen swings in production or sales are known as inventories. Net acquisitions of valuables are also regarded as capital formation in accordance with the 1993 SNA. (https://ec.europa.eu/eurostat/statistics)

The Concept of Inflation

Balami (2006) defines inflation as a condition in which the general price level of a wide range of products and services rises over an extended period of time. It is determined by

how quickly the overall price level has increased over a certain amount of time. To the neo-classical and their followers at the University of Chicago, inflation is fundamentally a monetary phenomenon. Inflation is always and everywhere a monetary phenomenon and can be produced only by a more rapid increase in the quantity of money than output.

Economic Growth

According to International Monetary Fund (2020), economic growth is the increase in the inflation-adjusted market value of the goods and services produced by an economy over time. Typically, it is expressed as the rate of growth in real gross domestic output, or real GDP Therefore, GDP will be utilized as a stand-in for economic growth for the purposes of this study. GDP is described as "an aggregate measure of production equal to the total of the gross values added of all resident and institutional units engaged in production" by the Organization for Economic Co-operation and Development (OECD) (2017). (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). Gross domestic product is a monetary indicator of the market value of all finished products and services produced during a given time period, according to the International Monetary Fund (2017).

Theoretical Framework

Endogenous Growth Theory

A number of theories and empirical papers such as Levine (1991), Levine and Zervos (1996), and Demirguc-Kunt and Levine (1996) have recommended that stock market development affect economic growth in developing countries. It has been a challenge in discussing the channels through which stock markets stimulates economic growth. In traditional growth theory, The rate of growth is a beneficial result of external technological advancement. However, physical capital per worker rather than economic growth is what links financial development to economic growth. As opposed to that endogenous growth models show that economic growth performance is related to financial development, technology and income distribution. Greenwood and smith (1996) argued that income per capita helps determine membership in an information processing intermediacy that in turn improves investment decisions and economic growth. To formalize the interplay between financial markets and economic growth, they included the importance of financial forces in models of endogenous growth. Recent models have been attempting to pinpoint the process by which financial markets affect economic growth in light of the advancements in the literature on endogenous growth. There have been several postulated channels, the first being that financial markets can influence economic growth by allocating resources effectively. In their 1993 model, King and Levine suggested that innovation activities operate as the growth's catalyst. A higher rate of successful innovations results in a higher growth rate of productivity.

Empirical Review

Arestis and Demetriades, (2020) assessed the existence of association between economic expansion of five developed nations (United Kingdom, Germany, United States, France and Japan) and performance of stock markets, while controlling for banking systems using time series analysis. They used market capitalization ratio and overall value of transacted shares as development indicators of stock market development. The study found that banking arrangement had a strong association with the economic progress of Germany, Japan and France. However, the banking system had a weak relationship with the economic advancement of the entire USA and United Kingdom. In the case of Germany and Japan the study found that banking system and performance of stock market had a strong positive influence on the long run economic expansion of the two countries. Country's specific findings were that there exists a weak link between financial progress and economic advancement for UK and US. In Japan and France findings proposed that financial market volatility had a negative influence on both countries while in Germany the stock market volatility was found to be insignificant. They concluded that while stock markets predict economic expansion or progress, their effects is a small portion as compared to that of banking system

Nazir, et al (2019) conducted a study on the association that existed between development of stock market and economic progress of Pakistan between the period of 2006 to 2018. The study utilised market capitalization ratio and overall value of transacted shares ratio as their stock market Development indicators while controlling for foreign direct investment. The study used annual data as opposed to quarterly data which could have led to more refined results due to the use of shorter intervals of data. The study found that both total values of transacted shares and market capitalization positively and significantly predicted economic expansion as measured by gross domestic product. However, it was found that market size had comparatively greater influence on economic expansion of a country than market liquidity, and this was revealed through the larger coefficient value of market size as compared to that of market liquidity. They concluded that both market liquidity and market size, positively and significantly influenced economic advancement of the country. Their results also exposed that Pakistan economic expansion can be achieved by expanding stock market and market capitalization.

Ikikii and Nzomoi (2020) analysed how the progress of stock market influences Kenyan economic performance, taking the trends of GDP as an indicator of economic performance, while stock market performance were measured using stock market capitalization and trade volume. Empirically the study found that variables were statistically significant, and correlated positively with the feed-back effects. The study also found that capitalization and trade volume positively correlated with Kenyan economic growth, with trade and capitalization justifying 91% of the change of economic growth. Further, a 1%increase in both trade volume and capitalization explains 0.025% and 0.115% increase in GDP respectively.

Nyanaro and Elly (2019) carried out a study to investigate how stock market progress correlated with EAC economic growth. In this study, the stock market indicators were; liquidity, stock market capitalization, and share price volatility. The economic growth of the east African community was measured using GDP trend. The study used quantitative research methodologies to assess the nature of correlation between these variables.Thepopulationofthestudywereall-Shareindexofthefoursecurityfinancial platforms EAC countries. The performance of stock market was obtained from the EASRA and Capital markets, while data on GDP trend was sourced from the World Bank websites. The study found a lasting correlation between the stock market performance indicators (market capitalization and liquidity) and economic progression in the EAC. However, the study found no correlation between the volatility of share price and economic progress.

METHODOLOGY

The analysis of the variables shown in the model specification was done in this study using econometric methods. The estimating technique made use of the E-views package, and the results are shown in tables. An augmented reality diagnostic check and unit root test were used to meet the study's goal. Dickey Fuller was used to examine time series data and check for stationarity with the variable time series. In order to determine if two or more variables are related, Johansen co-integration analysis and the Error Correction Model (ECM) are used. The Granger causality test was also used in this study to look at the relationship between two variables.

Model Specifications

The model specification for this study is written in functional form as:

RGDP = f(MCAP, ASI, TVT, GFCF, INFR)…………………………………………..………. (1)

The model can be written in an explicit form thus:

$RGDP = \beta_0 + \beta_1 MCAP + \beta_2 ASI + \beta_3 TVT + \beta_4 GFCF + \beta_5 INFR + \mu_t$……………………...(2)

Where:

RGDP= Real Gross Domestic Product

MCAP= Market Capitalization

ASI = All Share Index

TVT= Total Value of Transaction

GFCF = Gross Fixed Capital Formation

INFR= Inflation Rate

RESULTS AND DISCUSSION

Unit Root and Cointegration Analysis

The Augmented Dickey Fuller (ADF) and Philip-Perron (PP) tests in levels and first differences were conducted for the unit root test. Some of the variables showed stationarity at level while others are stationary at first difference as shown in the table below. It is therefore appropriate to use the ARDL approach to cointegration analysis to estimate the relationships between the variables since the technique does not consider the pattern of integration among the variables.

Table 1: Unit Root Test Result

Variable	**ADF Test**		**Phillip-Perron Test**		**Order of Integration**
	Levels	*First Difference*	*Levels*	*First Difference*	
RGDP	-0.919	-3.987*	-1.201	-4.216*	I[1]
MCAP	-0.599	-4.888*	-0.631	-5.288*	I[1]
ASI	-4.541*	-4.646*	-4.822*	-5.014*	I[0]
VTS	-0.810	-5.778*	-0.993	-5.964*	I[1]
NOD	-0.996	-4.446*	-1.162	-4.982*	I[1]
INFL	-3.018*	-5.864*	-3.726*	-6.177*	I[0]

Note: * indicates significance at the 5 percent level

Source: Author’s computation, Using E-view 10

Table 2: **Results of The Bound Test for Cointegration**

Equation	F-statistic	Null Hypothesis: No levels relationship				
		Signif.	10%	5%	2.50%	1%
With MCAP	8.347	I(0)	2.37	2.79	3.15	3.65
		I(1)	3.2	3.67	4.08	4.66
With ASI	6.795	I(0)	2.37	2.79	3.15	3.65

		I(1)	3.2	3.67	4.08	4.66
With VTS	8.582	I(0)	2.37	2.79	3.15	3.65
		I(1)	3.2	3.67	4.08	4.66
With NOD	10.40	I(0)	2.37	2.79	3.15	3.65
		I(1)	3.2	3.67	4.08	4.66
Full equation	16.62	I(0)	1.99	2.27	2.55	2.88
		I(1)	2.94	3.28	3.61	3.99

Source: Author's computation, Using E-view 10

The ARDL bounds cointegration test results showed that the computed F-statistic values for the variables are greater than their upper bound [I(1)] critical values at 5 per cent level of significance. This implies that the variables are cointegrated. Consequently, the null hypothesis that no long-run relationships exist is rejected. Thus, real GDP has long run relationship with all the explanatory variables in the model.

Table 3 Results of Short run Estimates

Variable	*Market cap.*		*ASI*		*vts*		*No. of deals*	
	Coeff.	***Prob.***	***Coeff.***	***Prob.***	***Coeff.***	***Prob.***	***Coeff.***	***Prob.***
ΔLMCAP	0.028	0.19						
ΔLVTS					0.008	0.39		
$\Delta LVTS_{t-1}$					-0.025	0.04		
ΔLNOD							0.014	0.05
ΔLGFCF	0.047	0.19			0.081	0.03	0.037	0.25
$\Delta LGFCF_{t-1}$	0.108	0.02			0.096	0.01	0.075	0.03
ΔINFL	-0.001	0.01						
$\Delta INFL_{t-1}$	0.001	0.05						
ECM_{t-1}	-0.147	0.00	-0.084	0.00	-0.134	0.00	-0.076	0.00
R-sq.	0.542		0.240		0.538		0.569	
Adj. R-sq.	0.473		0.240		0.483		0.532	

Source: Author's computation, Using E-view 10

In the table above, the diagnostic indicators of the estimates reveal that the adjusted R-squared value is relatively large for the equations with MCAP, VTS and NOD with the values raning between 0.437 and 0.532. These show that about 5 percent of the systematic short-run variations in economic growth was explained by the three stock market variables and the macroeconomic factors. The adjusted R-squared value for the equation with ASI is however very low at 0.24, indicating that only 24 percent of the variations was explained in the short run.

The particular effects of the explanatory variables on economic growth in the short run is observed by considering the individual coefficients of the explanatory variables in terms of the signs and significance. A close look at the individual coefficients of the variables reveals that the coefficient of MCAP fails the significance test at the 5 percent level. This shows that MCAP does not have a significant impact on economic growth in the short run. Essentially, increases in MCAP do not influence the pattern of short-term economic growth in Nigeria. The coefficient of current VTS failed the significance test while that of lagged VTS passed the test at the 1 percent level. This indicates that value of stock traded has significant negative impact on economic growth in Nigeria in the short run. The coefficient of NOD passes the significance test at the 5 percent level which also shows that number of deals has a significant positive impact on economic growth in the short run. For the model with ASI, none of the explanatory variables featured in the results, indicating that ASI does not have any asymptotic short run implications for economic growth in Nigeria.

In the results, we focus on the tendency for long run stability adduced from the coefficient of the ECM terms. The coefficient of the ECM terms for each equation is significant at the 1 percent level and has the expected negative signs. This shows that for each of the estimations, there is long run stability in the system. Thus, any short-term disequilibrium in the system will be settled back on the basis of the stock market factors.

Table 4: Results of Long Run Estimates

Variable	*Market cap.*		*ASI*		*vts*		*No. of deals*	
	Coeff.	**Prob.**	**Coeff.**	**Prob.**	**Coeff.**	**Prob.**	**Coeff.**	**Prob.**
MCAP	0.484	0.00						
ASI			0.003	0.34				
VTS					0.284	0.004		
NOD							0.468	0.036
GFCF	-0.534	0.02	0.338	0.00	-0.219	0.183	-0.120	0.517

INFL	-0.011	0.04	-0.006	0.32	-0.003	0.453	-0.009	0.222
C	11.656	0.00	8.224	0.00	11.278	0.000	9.236	0.000

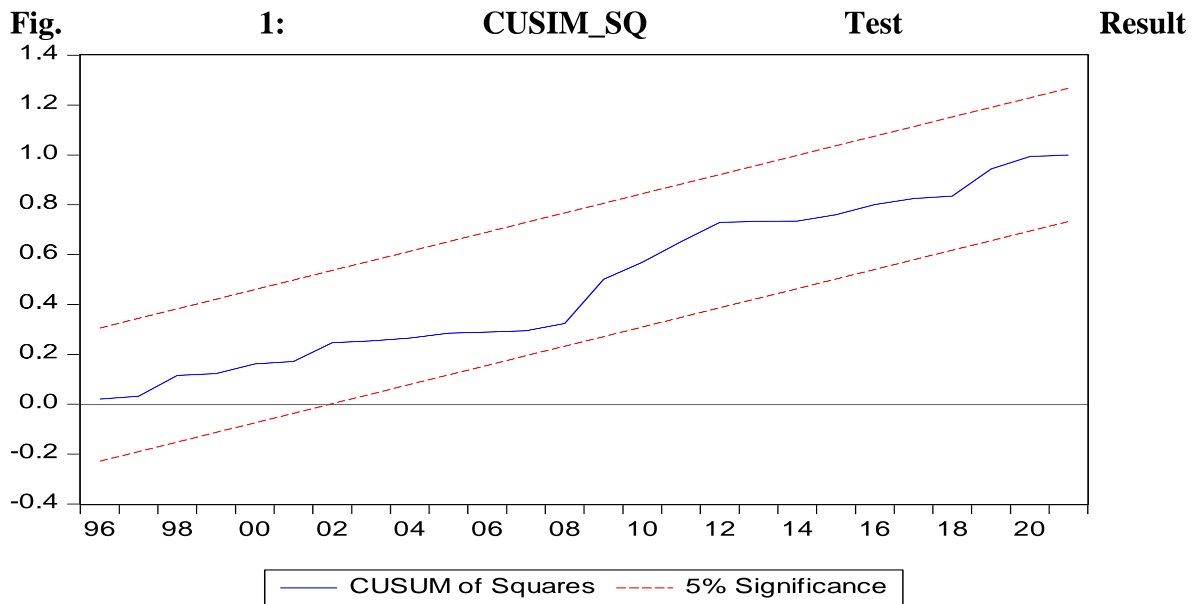
Source: Author's computation, Using E-view 10

The results of the long run effects are presented in the table above. In the results, the coefficient of MCAP is significant and positive, suggesting that the market capitalization has a significant and positive impact on economic growth in Nigeria in the long run. Thus, even though the impact of MCAP on the economy is weak in the short run, after all adjustments have been made in the system, a 1 percent rise in the MCAP leads to a 0.48 percent increase in economic real GDP in Nigeria. This result therefore confirms the critical role of overall market size in driving economic growth in a developing country like Nigeria (Adegboye, 2017; Bashorun & Bakare, 2020). The coefficient of ASI however fails the significance test and therefore shows Even over the long term, that all-share index has no discernible effect on economic development. The coefficient is positive and significant for the value of traded stocks at a level of 5%. This demonstrates that over time, economic growth in Nigeria can be strongly influenced by the market's overall stock value. Over time, a 0.28 percent increase in real GDP results from a 1% increase in the value of traded stocks. The coefficient of the market's number of deals is likewise significant at the 5% level and is positive, suggesting that the quantity of deals has a favorable impact on Nigeria's economic growth. In essence, the greater the stock market's depth, the better the increases in real GDP in Nigeria as was also demonstrated in Adegboye (2017).

The coefficient of GFCF is significant in the MCAP and ASI equations at the 1 percent level. This shows that Gross capital formation has a considerable impact on economic growth over the long term. However, depending on the factor taken into account in the stock market, the impact's direction can vary. The interaction of MCAP, if it is the goal, ensures that capital formation has a favorable long-term effect on economic growth. However, the effect of capital production on economic development is negative when ASI is taken into account. Anigbogu and Nduka (2014) as well as Bashorun and Bakare (2015) both found comparable results (2020). In three of the equations, the coefficient of inflation fails the significance test, suggesting that inflation in Nigeria only has a modest long-term effect on economic growth.

We also offer the entire regression results, which incorporate all stock market variables into one equation, in an effort to increase the robustness of the estimations. Table 4.7 displays the outcome. We concentrate on the long run estimations in the outcomes. In the long run estimates, the ASI and NOD coefficients matter. This suggests that the ASI has a considerable impact on economic growth in Nigeria when all stock market factors are taken into account. In light of the fact that the influence is only apparent when all other stock market variables are also taken into account, the finding shows that the impact of the ASI or stock prices on economic growth or the real GDP over time is minimal..

Fig. 1: CUSIM_SQ Test Result



Source: Author's computation, Using E-view 10

The CUSUM test shows if the model is well stated or not. As shown the figure above, the model is well stated as the 5% significance lie in the middle of the graphs in the model.

Discussion of Findings

The study looked at the connection between Nigeria's economic expansion and stock market indicators. Two issues were taken into cognizance in the study. First is the argument that the stock market can form an effective foundation for driving the much-needed investment and capital accumulation growth in a modern emerging economy like Nigeria. Hence, four stock market variables were employed in the study to represent the stock market's indications. These factors include the NSE's market capitalization, the stock market's All Share Index (ASI), the price of stocks traded there, and the volume of transactions that take place there. Over time, these variables have evolved into the key underlying elements that affect how the stock market performs. A dynamic framework was created for the study since it was realized that the stock market and economy have a dynamic relationship and that the market is tied to long-term investment patterns. In this direction, the Autoregressive Distributed Lags (ARDL) approach to cointegration was adopted as the technique for estimating the relationships in the study. Annual time series data covering the period of 1981 to 2021 was used in the empirical analysis of the study. In general, the study demonstrated that the stock market indeed matters for economic growth in Nigeria. The findings of this study agreed with that of Ikikii and Nzomoi (2020), who investigated the effect of capital market on the Kenyan economy. Similarly, the findings of the study carried out by Nazir, Gilaniand and Nawaz (2019), in their investigation of the role capital market plays in the Pakistani's economy agreed with the findings of this study.

CONCLUSION

The place of the stock market in the financial system in Nigeria is becoming more prominent especially on the basis of the external influences on the market. In this study the effects of stock market determinants on economic growth were assessed. It was discovered that the tools of the Nigerian stock market's development can be used to stably achieve long-term economic progress for the country.

RECOMMENDATIONS

In line with the findings of the study, the following recommendations are made:

i. As long-term economic growth can be boosted by stock market development. Economic planners in the different sectors therefore need to take advantage of the stock market in driving their activities over time in Nigeria. This can be done by focusing on more involvement of the choice sectors in the economy (like agriculture and manufacturing) and providing innovative means of financing for these sectors through the stock market in Nigeria.

ii. Because the study demonstrates that the quantity of deals has a major long-term impact on economic growth, the stock market must increase its effectiveness in terms of the speed at which deals are closed. This also refers to the market's allocative efficiency. Utilizing more advanced technology in the stock market can help with this.

iii. Moreover, the regulatory framework of the Nigerian Stock market needs to adopt guided and well-planned policies that can help to attract both depositors and investors into the stock market.

iv. Finally, there is the need for both regulators and practitioners in the capital market to direct effort towards improving the level of development of the stock market in Nigeria. This is because a well-developed stock market can help to elevate the level of savings and financial planning amongst the population that is geared towards long run improvements in capital accumulation as well as overall economic growth in Nigeria.

v. Given the pattern of interaction between GFCF and economic growth in the study, there is the need for effectiveness in deriving the optimal mix between the stock market and other sources of investment financing in terms of long run economic growth in Nigeria. The financing of investment from the stock market should only be based on the real contribution of the capitalization of the market rather than on the basis of prices prevalent in the market.

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AUDIT REPORT LAG OF FIRMS: DOES INTERNAL CORPORATE GOVERNANCE MECHANISM MATTERS

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Abstract

Audit delay is a determinant of timeliness in earnings announcement, which can have effect to market reaction across countries. The quality and potency of corporate governance mechanisms within countries are increasingly in manifestation of macro variables beyond the boarder of countries. The study examines the impact of corporate governance on audit report lag of firms in Nigeria. Data were extracted from the published annual reports and accounts of thirty five (35) sampled manufacturing companies within the period 2013 to 2022. The data was analysed using panel regression analysis. The regression results showed that board size and board independence have significant positive impacts on audit report lag, while audit committee independence has significant negative impact on audit report lag. On the other hand, audit committee size has a negative insignificant impact on audit report lag. The study recommends, among others, that manufacturing companies should maintain smaller board sizes to enable quicker decision-making. Also, the regulatory body should modify the compositional requirements of the audit committee to allow only professional accountants as non-executive directors in order to balance their relations with the external auditors among others.

Keywords: Corporate Governance, Audit Report Lag, Financial Reporting Timeliness, Board Attributes and Audit Committee Attributes

Introduction

Audit delay is a determinant of timeliness in earnings announcement, which can have effect to market reaction across countries. The quality and potency of corporate governance mechanisms within countries are increasingly in manifestation of macro variables beyond the boarder of countries. Timeliness is a qualitative characteristic of audited financial statements of a company (Izedonmi et al., 2017). Timely release of company's audited financial reports is a function of the time taken to carry out the audit since the financial reports cannot be presented unless the audit assignment has been completed. The liquidation of large corporate firms and frequent scandals in the corporate world has led to the need for attention on the efficacy and efficiency of corporate governance. According to Farinha (2003) corporate governance mechanisms can be classified into internal corporate governance and external corporate governance mechanisms. The internal corporate governance mechanisms are board and audit committee attributes (Odit et al., 2013; Uwuigbe et al., 2018). Dharmastuti and Wahyudi (2013) opined that external corporate governance mechanisms are takeover threats, product-market competition, managerial labour market, security analysts, the legal environment etc. Both internal and external corporate governance mechanisms do impact on audit report lags (Chalu, 2021). Yet, regulatory authorities are not doing much as regards issuing codes of corporate governance despite how relevant these codes impact on audit report lag.

Corporate organisations are established to achieve certain objectives as determined by their owners. The owners of corporate organisations are the shareholders who pool their resources together to establish it. For various reasons such as the absence of capacity and the multiplicity of the shareholders, it is impracticable for them to carry on the day to day running and management of the business. This responsibility is therefore delegated to managers who act as agents of the shareholders in running the business of the organisation in order to actualize its objectives (Joseph & Ahmed, 2017). Apart from compensating them for their role, the managers are provided with human, material and financial resources to enable them fulfil their mandate. The managers are expected to periodically give account of their stewardship to enable the shareholders ascertain how well the managers have discharged the responsibilities entrusted to them (Nasar et al., 2014). The managers give account of their stewardship through the preparation of financial reports which are laid before the shareholders.

According to Uwuigbe et al. (2018), the extent to which audited financial reports represent the reality of the stewardship of the managers of a firm have been subjected to serious doubt following increase in high-profile financial scandals and crash of big companies and their auditors. Some of the high profile financial scandals and corporate failures that took a widespread dimension across various parts of the world include: Lehman brothers, WorldCom, Enron and Arthur Anderson in the USA, Parmelet in Italy, Marconi in Britain, Norte in Canada, One Tel in Australia, the Volkswagen emission scandal in Germany, Toshiba accounting scandal in Japan, among others. The local scene in Nigeria was not

exempted from these corporate failures as the citizens witnessed the collapse of many banking institutions like Intercontinental bank and Oceanic Bank and which lead to the bail out of banks and the consolidation exercise carried out in the banking sector by the Central Bank of Nigeria (Uwuigbe et al., 2018).

These corporate scandals and failures dealt a big blow to public and investors' confidence on audited financial reports and generated intense public interest on their reliability for decision making. It also necessitated the need for the implementation of corporate governance measures aimed at preserving the integrity and enhance the reliability of audited financial reports in order to protect not only the interest of the owners of the firm but also that of other stakeholders in the affairs of the firm in making decision relating to their interest (Reed, 2002). One of the immediate consequences of the collapse of major corporations across the globe, which were facilitated by financial statement frauds and misstatements, was the enactment of the Sarbanes Oxley Act of 2002 in the USA. The Act stipulates stiff measures in corporate administration of entities including financial reporting measures to enhance the quality of audited financial reports to ensure that they do not only represent the reality of the business of the firm and its financial performance and position but that they are presented in a timely manner to assist the users in making economic decisions relating to the entity.

In Nigeria, several studies have been carried out on audit report lag among which are Azubike and Aggreh (2014); Ekienabor et al.(2018); Appah and Emeh (2013); Modugu et al. (2012); Ilaboya and Iyafekhe (2014); Oladipupo and Izedonmi (2013); Izedonmi et al. (2017); Ogbaisi et al. (2016) amongst others. An examination of the studies showed that they are either cross sectional or panel data studies that used data from listed companies across all sectors in Nigeria. The studies gave little or no attention to what is happening at the firm, industry or individual sector level, especially in the manufacturing sector where there are very scanty studies, to the best of the researchers' knowledge. The justification for the use of manufacturing firms is due to the sensitive nature of the manufacturing industry as well as the reforms it has continued to undergo in the Nigerian economy. This study attempts to fill the gaps identified from the above backdrop.

Literature Review and Hypotheses Development

Empirical Review

Ogbaisi et al. (2016) examined attributes of audit committee and timeliness of financial reporting timeliness in Nigerian companies: An empirical evidence. The study specifically x-rays the impact of gender of audit committee and frequency of meetings of audit committee on timeliness of financial reporting in Nigeria. The study used balanced panel data gathered from sixty two quoted companies for the period 2009- 2014. The study conducted descriptive statistics and correlation matrix and the analysis was done using panel data. The study reveals that gender and frequency of meetings of audit committee have insignificant negative impacts on timeliness of financial reporting. This implies that

more female members in the audit committee and more meetings held among audit committee members will likely reduce the delay associated with financial reporting.

Ilaboya and Iyafekhe (2014) examined corporate governance in relation to audit report lag in Nigeria. It specifically examined the effect of board size, board independence, audit firm type, audit committee size and audit committee independence and firm size on audit report lag. The study employed time series and cross sectional survey data covering five year's period (2007-2011). A total of one hundred and twenty (120) listed corporate organisations in the manufacturing sector of the Nigerian Stock Exchange constituted the population, from where a sample of 40 firms was drawn. Historical data were sourced from the financial statements and accounts of the sampled firms. Data were analyzed using descriptive statistics correlation and Ordinary Least Square, (OLS) regression. The study found that board size, audit firm type, firm size had a significant effect while board independence and audit committee size had no significant effect on audit report lag.

Izedonmi et al. (2017) examined audit committee characteristics and financial reporting timeliness in Nigeria. The study recorded that independence of audit committee had a significant positive impact on financial reporting timeliness. This connotes that more members with independence in the audit committee will likely increase the time associated with financial reporting. The study also revealed that audit committee expertise had an insignificant positive impact on financial reporting timeliness implying that there is a conflict between audit committee expertise on one hand and financial reporting timeliness on the other. However, more members with expertise in the audit committee will likely increase the time associated with financial reporting due to the fact that members with more expertise will be more thorough in the discharge of their responsibilities. Conclusively, it recorded that size of audit committee had an insignificant negative impact on financial reporting timeliness implying that more members in the audit committee will likely reduce the time associated with financial reporting. These independent non-executive directors are viewed to be better able to monitor management than inside directors.

Uthman et al. (2018) showed that the relationship between board size and timely financial reporting in listed insurance companies is negative. This finding is in line with Ilaboya and Iyafekhe (2014) and Ahmed and Che-Almad (2016), who submitted that board size has a negative significant relationship with timely financial reporting but contradicts the studies of Ibadin *et al*. (2012) and Fujianti (2016) who found positive relationship. Zaitul (2010) believed that because of their high degree of impartiality, non-executive directors are able to stand up to the CEO to protect the interest of the shareholders. Studies that show that board independence produce more timely financial information include Kantudu and Samaila (2015), Joseph and Ahmed (2017).

Chukwu and Nwabochi (2019) found that audit committee size is positively related to timeliness in financial reporting. It is an important practice for majority of members of a company's audit committee to be independent of the entity to ensure that the audit committee is independent. Ebiren et al. (2018) stated that the audit committee is considered

independent if majority of the members are independent and non-executive directors. Chukwu and Nwabochi (2019) posited that the audit committee members are independent if they are free from any relationship that might impair judgment. Such members are not to be employed by or provide any service to the organization beyond their duty as committee members. An independent audit committee helps to ensure that management is transparent and will be held answerable to the shareholders. In the light of the above backdrop, the following research hypotheses are raised;

$H_{01:}$ Board size has no significant impact on audit report lag; H_{o2}: Board independence has no significant impact on audit report lag ;H_{o3}: Audit committee size has no significant effect on audit report lag ; H_{o4}: Audit committee independence has no significant effect on audit report lag.

Theoretical Framework

This study is anchored on the signaling theory. Spence (1973) introduced the notion of signaling in economic thinking. According to him, when information is imperfect, individuals who possess strong qualities will send signals to distinguish themselves from the others. Spence began his model with a hypothetical example, suppose that there are two types of employees — good and bad — and that employers are willing to pay a higher wage to the good type than the bad type. Signals are relied on when direct evaluation of the quality is too difficult or dangerous. Signaling theory looks at how the signal is related to the quality it represents and what are the elements of the signal or the surrounding community that keep it reliable. The signalling theory has a direct bearing on this study based on the fact that investors react or respond to the actions of management after the release of financial statements. Therefore, delay in the release of financial statements is a bad signal to potential investors because potential investors may not be willing to invest in such firms.

Methodology

The longitudinal research design was adopted for the study. The population of this study is made up of the entire seventy one (71) manufacturing firms listed on the Nigerian Exchange Limited as at 31st December, 2022. The study covers the period 2013 to 2022. Filtering method was applied to select 35 firms out of the sampled population through simple random sampling technique (Ogbaisi et al., 2022; Ogbaisi & Aronmwan, 2022). Filtering method was used because some of the shares of sampled firms were not actively traded in the period under consideration. The study used panel data as extracted from the published annual reports of manufacturing firms listed on the Nigerian Exchange Limited within the period 2013 to 2022.

Model Specification

The model of the study was adopted from the work of Ilaboya and Iyafekhe (2014). Audit Report Lag (ARL) was adopted as the dependent variable, while board size, board

independence, audit committee size and audit committee independence attributes made up the independent variables.

The model takes the following form

$$ARL_{it} = \beta_0 + \beta_1 BDSZ_{it} + \beta_2 BDIND_{it} + \beta_3 ACSZ_{it} + \beta_4 ACIND_{it} + E_t \ldots\ldots\ldots\ldots\ldots\ldots \text{(i)}$$

ARL*it*: Audit report lag for firm *i* at end of year t.

BDSZ*it*: Board size for firm *i* at end of year t.

BDIND*it*: Board Independence for firm *i* at end of year t.

ACSZ*it*: Audit committee size for firm *i* at end of year t.

ACIND*it*: Audit committee independence for firm *i* at end of year t.

A priori expectations are:

Dependent Variable:

1.	Audit Report Lag	ARL	Period or Number of days from company Financial year end to date of audit report.	Ilaboya and Iyafekhe (2014)	-nil-

Independent variables:

2.	Board Size	BDSZ	Total number of directors on the board-	Ilaboya and Iyafekhe (2014)	+
3.	Board independence	BDIND	The proportion of non-executive directors to total members on the board -	Akpan and Riman (2012)	_
4.	Audit Committee Size	ACSZ	Total number of audit committee members, assigned dummy of 1 if up to six (6) members and 0 if otherwise	Izedonmi et al. (2017)	+
5.	Audit Committee Independence	ACIND	The proportion of independent and non-executive directors to total members in the committee	Ogbaisi et al. (2016)	_

$\beta_1 < 0, \beta_2 < 0, \beta_3 < 0, \beta_4 < 0,$

t time, i is observation, while other variables are as stated below:

Measurement and Operationalization of Variables

Source: Researcher's Compilation (2023)

Method of Data Analysis

For the preliminary analysis, the descriptive statistics was employed in explaining the sample characteristics as regards each the variables used in the study. The correlation matrix was also used to ascertain the associations among the variables and to check for possible signs of multicollinearity. The econometric technique used in analysing the data is the panel least squares multiple regression technique.

DATA PRESENTATION AND ANALYSES

4.1 Descriptive Statistics

The preliminary analysis begins with descriptive statistics which displays the sample characteristics.

Table 4.1. ***Descriptive Statistics***

	ARL	BDSZ	BDIND	ACSZ	ACIND
Mean	205.201	0.75300	0.56300	0.79520	0.4512
Median	154.580	1.00000	1.00000	1.00000	0.50000
Maximum	977.030	1.00000	1.00000	1.00000	0.66757
Minimum	29.0309	0.00000	0.00000	0.00000	0.16676
Std. Dev.	153.849	0.43830	0.49348	0.40387	0.09089
Skewness	1.45124	-1.1982	-0.2592	-1.4619	-1.6410
Kurtosis	5.60978	2.27134	1.06673	3.15942	5.08673
Jarque-Bera	158.698	57.9312	41.7192	90.1967	157.428
Probability	0.00000	0.00000	0.00000	0.00000	0.00000
Sum	51527.0	183.000	143.000	197.000	124.052
Sum Sq. Dev.	5885853.	47.6160	61.4760	40.5960	2.06166
Observations	350	350	350	350	350

Source: EViews 10, 2023

Correlation Matrix

This sub-section presents the outcome of the correlation analysis which checks for the strength and direction of the associations among the variables.

Table 4.2 ***Correlation Analysis***

	ARL	BDSZ	BDIND	ACSZ	ACIND
ARL	1.0000				

BDSZ	0.01925	1.0000			
	0.726	-----			
BDIND	-0.0837	0.26054	1.0000		
	0.1874	0.000***	-----		
ACSZ	0.00347	-0.0013	0.03531	1.0000	
	0.9565	0.984	0.5784	-----	
ACIND	-0.1781	0.29796	0.39068	0.07287	1.0000
	0.005***	0.000***	0.000***	0.251	-----

Source: EViews 10 (2023)***. **. *. Correlation is significant @ 1%, 5% & 10% levels (2-tailed) respectively.

Table 4.3 ***Variance Inflation Factors***

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	3535.608	39.02767	NA
BDSZ	528.4150	4.764409	1.216989
BDIND	496.9553	2.294333	1.720649
ACSZ	609.2489	5.958499	1.077854
ACIND	14756.44	34.12845	1.231700

Source: EViews 10 (2023)

Owing to signs of no multicollinearity problem as observed from the correlation result in the correlation analhysis table, the Variance Inflation Factors (VIF) test for multicollinearity was further performed to confirm the assumption. As can be observed

from Table 4.3, all the Centered VIF values are far below the benchmark value of 10. This is a confirmation of no problem of multicollinearity among the independent variables. The outcome of other regression diagnostics tests are presented in the subsequent tables.

Table 4.4 ***Heteroskedasticity Test***

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	2.033421	Prob. F(8,241)	0.0533
Obs*R-squared	15.80784	Prob. Chi-Square(8)	0.0552
Scaled explained SS	32.32829	Prob. Chi-Square(8)	0.0001

Source: EViews 10 Output, 2023

From Table 4.4, the test for heteroscedasticity, which checks for the presence/absence of non-constant variance, was conducted using the Breusch-Pagan-Godfrey test. As observed from the Table, the p-value of 0.0533 (> 0.05) is an indication that heteroscedasticity is absence among the series. This implies that the residuals are homoskedastic which is the desirable outcome.

Regression Analysis

This sub-section presents the regression estimations conducted for the analysis. Here, both their fixed and random effect panel regression procedures were estimated as the pooled OLS was found inadequate based on redundant fixed effects test. In order to select the most appropriate model between the fixed and random effects, the Hausman test was also conducted. The result is shown below:

Table 4.5 ***Hausman Tesg***

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.017336	8	0.0167

Source: Eviews 10 Output, 2023

From the above outcome, it can be observed that the probability value of the Hausman Test (p-value=0.0167) is less than 5 per cent. This means that the null hypothesis should be rejected at the 5% level of significance which confirms the appropriateness of the fixed effect model. Therefore, the fixed effect regression result is accepted for drawing conclusions on the study hypotheses.

Table 4.6 ***Panel Regression Results***

Fixed Effects Specification	Dependent Variable: ARL (Audit Report Lag) Method: Panel Least Squares Sample: 2013 – 2022 Total panel (balanced) observations: 350			
Variables	***Predicted Sign***	**Coefficients**	**t-Statistic**	**p-value (sig.)**
C	-nil-	330.3616	4.094159	0.0001
BDSZ	+	49.44394	2.119186	0.0352**
BDIND	_	45.49251	2.255388	0.0251**
ACSZ	+	-25.22866	-0.823323	0.4112
ACIND	_	-320.7042	-2.381150	0.0181**
R-squared s				0.608483
Adjusted R-squared				0.550748
F-statistic				10.59319
Probability Value (p-value)				0.00000***

Source: Researcher's Compilation (2023) *, **, *.Significant at the 1%, 5% and 10% levels respectively**

The result of the fixed effect regression analysis for BDSZ revealed that board size has a positive significant relationship with audit report lag. The result of the fixed effect regression analysis for BDIND revealed that board independence has a positive significant impact on audit report lag. The outcome of the fixed effect regression analysis for ACSZ found that audit committee size has a negative insignificant effect on audit report lag. The result of the fixed effect regression analysis for ACIND revealed that audit committee independence has a negative significant effect on audit report lag.

Discussion of Findings

On the first hypothesis (Ho1), the results showed that the board size variable has a significant positive impact on audit report lag. This finding is consistent with the studies of Alsmady (2018); Ilaboya and Iyafekhe (2014); Ahmed and Che-Ahmad (2016) which found that board size has positive and significant relationship with audit report lag. The result pertaining to the second hypothesis (Ho2) indicates that the independent variable of board independence has a significant positive impact on audit report lag. The finding is inconsistent with the studies of Kantudu and Samaila (2015); Joseph and Ahmed (2017). However, the finding is in tandem with the studies of Ilaboya and Iyafekhe (2014); Uthman et al. (2018). The outcome of the third hypothesis revealed a non-significant negative effect of audit committee size on audit report lag. The observed non-significant negative effect of audit committee size on audit report lag is at variance with most recent Nigerian studies such as Chukwu and Nwabochi (2019) which found that audit committee size is positively related to timeliness in financial reporting. However, the result is in line with Abbott, Parker and Peters (2004) which equally found an insignificant relationship between audit committee size and timeliness. Evidence from the test of hypothesis four (Ho4) showed that the variable of audit committee independence have an inverse significant effect on audit report lag. This finding is in agreement with the finding of Chukwu and Nwabochi (2019) which also found that audit committee independence is negatively related to financial reporting timeliness. The result is also similar with those of Akhor and Oseghale (2017) and Uthman et al. (2018) which all found that audit committee independence significantly enhances financial reporting lag.

Conclusion and Recommendations

Timely release of company's audited financial reports is a function of the time taken to carry out the audit since the financial reports cannot be presented unless the audit assignment has been completed. The liquidation of large corporate firms and frequent scandals in the corporate world has led to the need for attention on the efficacy and efficiency of corporate governance. Both internal and external corporate governance mechanisms do impact on audit report lags. Yet, regulatory authorities are not doing much as regards issuing codes of corporate governance despite how relevant these codes impact on audit report lag. This study concludes that internal corporate governance mechanisms are determinants of audit delay in Nigeria. Flowing from the results and findings of this study, the study recommends that manufacturing companies should maintain smaller board sizes to enable quicker communication, coordination, decision-making and lesser conflict of interest. Also, the regulatory body should modify the compositional requirements of the audit committee to allow only professional accountants as non-executive directors in order to balance their relations with the external auditors. There is need for manufacturing firms to adhere strictly with the code of best practices of corporate governance issued from time to time by regulatory bodies and authorities in Nigeria.

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TREASURY SINGLE ACCOUNT AND FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANK IN NIGERIA

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Abstract

This study investigated Treasury Single Account and financial performance of deposit money bank in Nigeria. The specific objectives were to ascertain the effect of customer demand, deposits and savings on financial performance proxied by CAMEL in Pre and Post TSA adoption in Nigeria. It was an ex-post facto research design and covered time periods of ten (10) years which run from 2010 to 2019. A total of 22 deposit money banks constituted the population while 15 formed the sample size which were selected using purposive sampling technique. Data employed were obtained from the financial statements and accounts of the sampled deposit money banks. Data were analyzed using descriptive and inferential statistics which consisted of fixed and random panel least square regression. The study also made use of diagnostic test like Pearson Correlation and Variance Inflation Factor for the purpose of checking the presence of multicollinearity. The results of hypotheses tested showed that customer demand, deposit and savings either have or have no significant effect which is also either positively or negatively related with financial performance proxied with CAMEL among deposit money bank in Pre and Post-TSA adoption in Nigeria. This study recommended that banks should implement aggressive policies capable of attracting deposits and savings while customer demand or loan seekers are carefully screened before granting credit facilities since government money is unified compared to when many accounts existed.

Keywords**:** TSA, Deposit, Savings, Demand and CAMEL

Background Information

The banking sector especially deposit money banks financial performance has been the concern of stakeholders because the objective of any organization is to grow and make

progress (Gavrea, Ilies & Stegerean, 2011). Bank financial performance can be viewed among these measures return on asset (ROA), return on equity (ROE), Tobin-Q and CAMEL which is the acronym for capital adequacy, asset quality, management efficiency, earnings and liquidity. Kanu (2016) posited that the activities of deposit money banks affect the volume of economic transactions that can be carried out in an economy which as well could have implications on their financial performance using CAMEL model. Deposit money banks have been the custodian of funds in terms of savings, withdrawals and deposits for private individuals and Government Ministries, Departments and Agencies (MDA's) who operated multiplicity of accounts before the introduction of Treasury Single Account (TSA). Ndubuaku, Ohaegbu and Nina (2017) noted that the greatest receivers of pre-TSA were the deposit money banks who depend on deposits and savings from public Ministries, Departments and Agencies (MDAs) and give it out as loan back to the government at increasing interest rates. Bashir (2016) posited that Treasury Single Account (TSA) guideline was adopted to curb financial misappropriation, promote transparency, stop mismanagement of government's receipts and unifies all government accounts by making it possible to prevent revenue loss and mismanagement by MDAs generating revenue.

In 2012, a trial of Treasury Single Account was carried out by the federal administration where 217 Ministries, Departments and Agencies were used as a pilot scheme. It was reported that about ₦500 billion in excessive spending for the country was saved. The success of the pilot scheme motivated the government to fully implement TSA, leading to the directives to banks to implement the technology platform that will help accommodate the TSA scheme (Owie, Wilson & Onuora, 2018). Ndubuaku, et al., (2017) asserted that the implementation of treasury single account has created liquidity crises in the banking industry lately. Kanu, (2016) asserted that deposit money banks hold about ₦2.2 trillion public sector funds at the beginning of the first quarter of 2015 and when such amount of money is drawn from deposit money banks, it will likely create a liquidity problem and increase in inter-banks rates. Also, Kanu (2016) further stated that when government parastatals like the Nigerian National Petroleum Corporation (NNPC) moves out of deposit money banks, the banks may be affected because of its high revenue base/ balance.

However, there have been several studies that examined TSA and deposit money banks in Nigeria. Among them are; Onodi, Eyisi, and Akujor (2020), Olaoye and Talabi (2019), Sabo, Muhammad, and Ka'oje (2019), Oru and Odumusor (2019), Oyedele, Oyewole and Ayo-Oyebiyi (2018), Owie, Wilson and Onuora (2018), Ndubuaku, et al., (2017) and Kanu (2016). This study bridges the gap in knowledge by proxying financial performance in term of soundness of deposit money banks with CAMEL model instead of using common financial performance variables like return on asset, return on equity and Tobin-Q.

The main objective of this study is to examine the effect of Treasury Single Account (TSA) on the Financial Performance of Deposit Money Banks in Nigeria, while the specific

objectives are to ascertain the effect of customer demand, customer deposits, savings on CAMEL of deposit money banks in Pre and Post TSA adoption in Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Framework

Bank Financial Performance

Bank performance is the attainment of bank goals evaluated against identified standards, totality and cost (Sacristan-Navarro, Gomez-Ansón & Cabeza-García, 2011). Fauzi, Svensson and Rahman (2010) defined bank performance to be bank's ability to attain its objectives by making proper use of resources in an effective and efficient way. Bank performance arises as a result of the strategies the bank employed in attaining its desired goals and objectives (Harash, Al-Tamimi & Al-Timimi 2014). Farah, Farrukh, and Faizan, (2016) asserted that bank financial performance is completely geared towards areas of performing, fulfilling, implementing, and achieving a given task that need to be evaluated against a clear set of exactitude. Ongore, and Kusa, (2013) opined that financial performance is the level of the firm's accomplishment, strategies and operating outcomes in financial positions which implies that it is employed to assess the firm's financial outcome. Khrawish, (2011) suggested that bank financial performance is a means of assessing the outcome of a bank's operational activities and strategies in monetary form which means the level by which financial goals of the organisation is achieved. Al-Hussein and Johnson (2009) explained financial performance as the degree to which financial objectives are being or have been accomplished. CAMEL Model is a rating system of banks which is also known as the Uniform Financial Institution Rating System (UFIRS) (Ferrouhi 2014). CAMEL is a supervisory rating system adopted to stipulate the evaluation of financial institutions on the basis of five critical dimensions which are: capital adequacy, Asset quality, management efficiency, Earning and Liquidity. Opez (1999) asserted that a sixth dimension was added in 1997 which is Sensitivity to marketing risks, and the acronym was changed to CAMELS. However, this study uses CAMEL as a measure of the impact of treasury single account on the financial performance of deposit money banks in Nigeria.

Customers Demand

Customers demand for deposit money bank services whether before or after treasury single account (TSA) implementation is concerned with the demand for the financial services offered in retail commercial banks (Wamwayi, Njeru, Ombui, & Ondabu, 2014). Customers demand or credit often offers the only means through which management of cash flow is possible. Customers demand for financial services especially the demand for credit services as credit is etched onto the reality of income existence. Arsew, Kisman and Sawitri (2020) stated that different customers or income groups demand different financial services from commercial banks. They further noted that for lower income group where cash flow management and consumption smoothing/ financial smoothing is a concern, it is

typical that their major utility in using commercial banking services would be for the sake of credit/ loan facilities. For higher income groups interested in capital gains and equity, banks offer a variety of agency services such as advisory services to cater to that niche, thus the demand for banking services may be perceived as a multivariate type of demand (Rasiah, 2010). Arsew et al (2020) noted that banks with large total assets do have the leverage to provide credit to borrowers in sufficient quantity.

Customer Deposit

Deposits play an important role in the financing of the bank, since a predominant part of the commercial bank's assets is usually financed by customer deposits (Bologna, 2011). Customer deposit accounts have a maturity period of at least seven days from the date of deposit. Choudhry (2011) stated that, due to individuals or institutions, deposits are restricted to cash deposited in the banks' commercial books. As the value of the deposit may indicate the depositor's financial status, which is a secret that cannot be disclosed, meaning that the bank deposits are subjected to strict confidentiality (Akhtar, Akhter & Shahbaz, 2017). The deposits are important as they are the lifeblood of banks and the main source of money. They may account for more than 90% of the total opponents which are the lowest cost and are among the most fertile sources of money (Casu & Molyneux, 2006). Agu and Nwankwo, (2019) noted that total deposit could be an amount paid by a customer to a company prior to the company providing it with goods or services. Bologna (2011) stated that predominant part of the commercial bank's assets is usually financed by customer deposits.

Customers Savings

Savings is an attitude of refraining from consumption or what may be called a deferred consumption; they may be in cash or physical products which may have been set aside for future use. Therefore, savings mobilization is a way to keep some money or physical product to generate investment opportunities (Mpuga, 2002). According to Keynes (1936), it is the left over when the cost of a person’s consumer expenditure is subtracted from his amount of income. Savings is fundamental to sustainable economic development globally. Savings are by far the most frequent source of funding to microfinance start-up and expansion. In addition, this is the most important form of savings that contribute significantly to support investment in countries and to support the movement of investment and project financing by contributing to the formation of fixed capital with banks while encouraging and supporting customers to increase savings across benefits (Ammi, Bouheni & Levy, 2016). In the UK (La Ferara, 2003) observed that 7 in 10 low income households absolutely have no savings and could not raise any sufficient money in times of an emergency such as an adverse income shock such as a lay off. Financial institutions mainly depend on savings for their continued existence. In this case, savings are transformed into deposits, which may either be normal savings or time fixed deposits and hence constitute the bulk of their working capital, if on lent. By implication, the core resources used in

financial institutions are comprised of deposits from the public, which is one of their primary sources of funds.

Theoretical Review

This study is anchored on stakeholder theory. The stakeholder theory gives an understanding of the effect of Treasury Single Account (TSA) on the masses which motivated the government in the acceptance and implementation of the policy. Freeman (1984) noted that stakeholder theory provided a medium for the linking of ethics and strategy, organization that carefully yearns to pursue the interests of a larger group of stakeholders which will be more important in the long run. Smith's (1776) noted that all stakeholders are "customers" the resolutions to determine if provision of an organizations' utility is greater than what they forgo from new opportunities. From this rationale, organizations that ensure their stakeholders are comfortable are the ones that care for their support, participation and thrive over time. The usefulness of stakeholders is sometimes determined by them and based on individual preferences and reliability. Stakeholders' theory gives an understanding of the factors that motivated the government in the acceptance and implementation of Treasury Single Account. The adoption of Treasury Single Account by the federal government is as a result of the demands from investors or citizens against corruption. It proposed that the government will react to the activities and expectations of powerful investors or citizens whereby these responses will be in the form of planned views.

Empirical Studies

In a study of Onodi, Eyisi, and Akujor (2020) Treasury Single Account (TSA) implementation and financial performance of commercial banks in Nigeria. The study adopted the expo-facto research design and secondary data were sourced from the financial statements of the listed commercial banks in Nigeria. The study focuses on profit after tax, return on equity and return on assets for pre and post TSA. The result shows that the implementation of TSA has affected the profitability of commercial banks in Nigeria in the sense that the implementation of TSA has a significant effect on profit after tax, return on equity and return of assets of commercial banks in Nigeria. Arsew, et al (2020) examined loan to deposit ratio, non-performing loans and capital adequacy ratio on return on assets with good corporate governance among banks in Indonesia covering time frame 2014 to 2018. A total of 45 banks constituted the population while 10 banks formed the sample size which were selected through purposive sampling technique. It is a secondary sources of data collection from published financial statements of the sampled banks and were analyzed using diagnostic test of normality, multicollinearity, and heteroscedasticity and path analysis. The outcomes showed that loan deposit ratio and non-performing loan influence good corporate governance negatively and significantly while capital adequacy ratio showed a significant positive influence. The second model suggested a positive and significant relationship between non-performing loan, capital adequacy and corporate governance on return on assets while loan deposit ratio showed no significant influence.

Edison, Mohd-Haizam, & Sinaga (2019) examined capital adequacy, loan to deposit ratio, operational costs and return on equity in Indonesia for the period 2014 to 2016. The study employed quantitative research method and the population consisted of 43 banks and purposive sampling method was employed to derive a sample size of 40 banks. The study obtained secondary data from the published financial statements of sample banks for the period under review. The secondary data was analyzed using multiple regression analysis. The dependent variable was return on equity while the independent variable was capital adequacy ratio and loan to deposit ratio, operational costs. The results revealed a positive and significant relationship between capital adequacy ratio and loan to deposit ratio on return on equity.

Oru and Odumusor (2019) examined effects of Treasury Single Account (TSA) on the Liquidity of Deposit Money Banks and the effective control of government cash resources in Nigeria. Primary data was obtained by administering questionnaire to some staff of the banks and the study employed Pearson's moment coefficient of correlation to test hypothesis. The findings of the study were that TSA has significant impact on the liquidity of Deposit Money Banks in Nigeria and government does not have effective control of its cash resources due to transparency and accountability. Olaoye and Talabi (2019) examined the impact of TSA on the performance of deposit money bank in pre and post TSA periods. This study employs secondary data on six (6) Systematically Important Banks (SIB) which covered United Bank for Africa Plc, First Bank of Nigeria, Zenith Bank Plc, Access Bank Plc, Guaranty Trust Bank Plc, and Diamond Bank focusing on determining the profitability of banks using Earnings per share (EPS), Profit after tax (PAT), return on asset (ROA) and return on equity (ROE) for the period of 3 years Pre – TSA (2012 -2014) and 3 years Post – TSA (2015 – 2017).The statistical too employed was t-test and results showed that TSA exerts positive insignificant impact on all the indicators of profitability, while Profit after Tax (PAT) has negative insignificant impact. Sabo, Muhammad and Ka'oje. (2019) examined the impact of treasury single account (TSA) on bank liquidity in Nigeria. The research study uses time series data to determine the relationship between the variables over the period of 48 months i.e. from September 2013 to August 2017. This study employed a Robust Least Square (RLS) technique to estimate the variables under investigation. The result from the research analysis confirmed that Treasury Single Account has a positive and statistically significant impact on bank liquidity and equally, the interest rate has a positive and statistically significant impact on bank liquidity. Adebisi, Ohiani, and Olaore, (2019) carried out a research paper on appraising institutional environment's contribution to financial performance of selected banks in Pre and Post TSA in Nigeria. Secondary data were collected from the annual reports of these banks from 2012 to 2017. Regression analysis was employed and result showed that TSA has effect on revenue base and profitability. It also indicated that TSA has positive impact on the performance indices of the selected banks.

Owie, Wilson and Onuora (2018) focused on the appraisal of Treasury Single Account in Nigeria. This study was carried out using primary data whereby questionnaires were

administered to some staff of five selected banks which are Zenith Bank Plc, Access Bank Plc, Fidelity Bank Plc, Guarantee Trust Bank Plc and Diamond Bank Plc. The primary data collected were analyzed with frequencies and percentages. The study found that the application of TSA enhances economic development in Nigeria. Ogbonna and Amuji (2018) examined the impact of treasury single account (TSA) on the performance of banks in Nigeria. Secondary data was collected from the financial statements of 2 banks which are Diamond Banks Plc and First Bank Plc. The statistical tool employed was multivariate model focusing on Liquidity, capital adequacy and credit to customers. The findings on Diamond Banks Plc reviewed that there were negative relationships between liquidity ratio and capital adequacy; liquidity ratio and credit to customers; capital adequacy and credit to customers. However, first bank Plc findings reviewed that there was positive relationship between the liquidity ratio and capital adequacy; and negative relationship between liquidity ratio and credit to customers and also negative relationship between capital adequacy and credit to customers. Hapsari, (2018) investigated loan to deposit ratio and non-performing loan on banking financial performance in Indonesia for the period 2012 to 2016. The total population was 116 banks while 13 banks constituted the sample size. Data collected from the sampled banks were analyzed with multiple regression method. The study revealed that loan to deposit ratio has significant positive influence on return on assets; non-performing loan negatively affect return on assets while size does not moderate the effect of the relationship between loan to deposit and non-performing loan on return on assets. Akhtar, Akhter and Shahbaz (2017) examined bank deposits and profitability among commercial banks in Jordan covering time frame of 2012 to 2016. Outcomes indicated that deposits have significant influence on profitability which is a proxy for bank performance. The saving deposit is the biggest contribution to profitability; followed by time deposits, and finally the current deposits which have the lowest contribution. Therefore, the same approach of the Jordanian commercial bank is to draw special strategic action and diversify the credit and attract investment deposits. Ndubuaku, et al., (2017) examined the impact of TSA on the performance of the banking system in Nigeria. Secondary data from central bank of Nigeria (CBN) statistical Bulletin via collation of time series data for the period (2010 – 2015) was used to examine the impact of TSA on the performance of deposit money banks focusing on Federal Government Deposit on credit to the private sector, deposit mobilisation, loans and advances. The statistical tool employed was regression and results showed that TSA has significant effect on Credit to the Private Sector, Deposit Mobilization and Loans and Advances. Ighosewe and Ofor (2017) carried out a study on the impact of TSA on the liquidity of banks in Nigeria. The study made use of ten (10) deposit money banks as samples and primary data were collected via structured questionnaire administered on the personnel of the banks. Data were analyzed using chi square and the result indicated that TSA has a negative impact on the performance of banks in Nigeria. Agbo, Jugu, and Okwoli (2017) conducted a study on the effect of TSA on performance and survival of Deposit Moneys Banks in Nigeria, the analyses were carried out via paired sampled t-test on six banks' financial statements for two years which

indicated that Treasury Single Account (TSA) has no significant effect on banks' performance.

Olowokure and Adetoso (2017) conducted an investigation on TSA and deposit money banks in Nigeria. The study selected five (5) banks and collected primary data via a structured questionnaire administered on the personnel of the banks which are First bank, Zenith bank, Union Bank, Guaranty trust bank and First City Monument Bank (FCMB). The data were analyzed with Ordinary Least Squares (OLS) regression analysis. The study indicated that TSA has a negative effect on liquidity problems in banks. Andornimye (2017) evaluated the impact of TSA implementation on bank liquidity in Nigeria covering the period of 2010-2015. The main statistical tool were regression and student t – test. This study found out that TSA has a negative effect on the banks' current ratio in Nigeria. Ajetunmobi, Adesina, Faboyede and Adejana (2017) examined impact of Treasury Single Account on the Liquidity of Banks in Nigeria by employing descriptive statistics and Paired sample t-test. The result showed that Treasury Single Account has negative impact on the liquidity base of banks in Nigeria. Onuorah (2016) investigated the impact of Treasury Single Account (TSA) on the performance of commercial banks in Nigeria from the period 2012 to 2016 using time series data. Statistical tools employed were descriptive statistics and least square regression. The study then revealed that the implementation of TSA in the public sector deposits (Demand, Time and Savings) accounting system has no significant impact on the performance. Kanu (2016) investigated the impact of TSA on the liquidity of banks in Nigeria covering 2010 to 2015. The statistical tools used were t-test and regression and the outcome showed that TSA has negative impact on the liquidity of banks in Nigeria. Onuorah and Chigbu (2016) research paper was on the consequence of carrying out Federal Government Treasury Single Account (TSA) and commercial banks performance in Nigeria. The source of data used was from central bank of Nigeria (CBN) Statistical Bulletin (2015) via collation time series data for a period of four years that is 2012 to 2015. Trend analysis (bar charts) descriptive and inferential statistics was used in the research paper. The findings showed that Federal government demand deposit, time deposit and savings deposit have positive impact on bank performance in Nigeria.

METHODOLOGY

This study makes use of the ex-post facto research design. The study covers time periods of ten (10) years which run from January, 2010 to December, 2019. The choice of a ten years' period allows for proper disaggregation of Pre-TSA from January 2010 to December, 2014 and Post- TSA from January, 2015 to December, 2019 as post TSA adoption. The population of this study consists of all the twenty-two (22) deposit money banks in Nigeria. A sample size of fifteen (15) deposit money banks was used. The sample size was based on the availability of data from 2010 to 2019. This is because seven of the deposit money banks, namely Heritage Bank, keystone Bank, Titan Trust Bank, Globus Bank, Providus bank, Suntrust bank, and Jaize bank started after 2010 as a result of consolidation exercise in the banking sector. This study employs secondary source of data collection. It makes

use of financial statements of the 15 sampled deposit money banks for collection data. The sources of information include journal article, textbook, seminar papers, etc.

This study employed the inferential statistic such as panel least square regression (Fixed and Random Effect regression) Hausman test as diagnostic test is conducted primarily under a random effect model, and if the text says rejects, then the fixed effect model is the appropriate approach, otherwise, random effects model is appropriate for the purpose of choosing the appropriate statistic for hypotheses testing. Data collected are estimated using computer software known as E-views 8.0.

The models of Ndubuaku, et al., (2017); and, Kenn-Ndubuisi and Akani (2015) is modified to fit the objectives of the study.

The implicit form of model 1 is stated as:

CAMEL=*f*(DEMAND, DEPOSITS, SAVINGS) ---------------------Pre and Post TSA (1)

The explicit form of the model is shown in equation:

CAMEL= a_0 + a_1DEMAND + a_2DEPOSITS + a_3SAVINGS+ U--------Pre and Post TSA (2)

Where:

CAMEL= Capital adequacy, Asset quality, Management efficiency, Earnings and liquidity

a_0= constant intercept

a_1, a_2 and a_3=Slopes of the regression (Coefficients)

DEMAND= Customers demand for loans and overdraft

DEPOSIT= Customers deposits

SAVINGS= Savings by banks or reserves

U = Error term

Table 1: Measurement of Selected Variables

Variables	Definition	Types of Data	Measurements	Sources
CA	Capital Adequacy	Financial statement of sample banks (Dependent)	Capital adequacy is measured by the ratio of total Advance to total assets	(Godlewski, 2003).
AQ	Asset Quality	Financial statement of	Asset quality will be measured as net non-	(Harelimana,

		sample banks (Dependent)	performing loan advances to total asset (Net NPAs to total assets ratio)	2018)
ME	Management Efficiency	Secondary data from Bank Annual report (Dependent)	Management efficiency (ME) will be measured as total advances to total deposits (TA/TD)	(Grier, 2007)
EQ	Earnings	Secondary data from Bank Annual report (Dependent)	Earnings (E) will be measured as Net profit to average assets (PAT/AA).	(Said, 2003)
LIQ	Liquidity	Secondary data from Bank Annual report (Dependent)	Liquidity will be measured as liquid assets to total deposits (LA/TD)	(Prasad & Ravinder, 2012)
DEMAND	Customers Demand	Financial statement of sample banks (Independent)	Total demand is measured as total loan and overdraft in billions of naira	(Arsew, et al., 2020)
DEPOSITS	Customers Deposits	Financial statement of sample banks (Independent)	Customer deposits is measured in billions of naira	(Akhtar, et al, 2017)
SAVINGS	Savings	Financial statement of sample banks (Independent)	Savings measured reserves and retention in billions of naira	(Ammi, et al., 2016)

Source: Author's compilations (2022).

4 DATA PRESENTATION, ANALYSES AND INTERPRETATION OF RESULTS

The Results of the Regression Analyses for Pre-TSA (2010-2014)

	Model 1 **CA**		**Model 2** **AQ**		**Model 3** **ME**		**Model 4** **EQ**		**Model 5** **LIQ**	
VARIABLE	**RE** Coeff **t-stat** **(PV)**	**FE** Coeff **t-stat** **(PV)**	**RE** Coeff **t-stat** **(PV)**	**FE** Coeff **t-stat** **(PV)**	**RE** Coeff **t-stat** **(PV)**	**FE** Coeff **t-stat** **(PV)**	**RE** Coeff **t-stat** **(PV)**	**FE** Coeff **t-stat** **(PV)**	**RE** Coeff **t-stat** **(PV)**	**FE** Coeff **t-stat** **(PV)**
C	0.497 **21.78** **(0.00)** ***	0.494 **21.15** **(0.00)** ***	0.037 **6.344** **(0.00)** ***	0.032 **5.472** **(0.00)** ***	0.676 **25.64** **(0.00)** ***	0.682 **26.22** **(0.00)** ***	0.038 **4.025** **(0.00)** ***	0.034 **3.601** **(0.00)** ***	0.114 1.561 (0.12)	0.152 **2.037** **(0.04)** ***
DEMAND	3.65E **3.974** **(0.00)** ***	3.70E **3.84** **(0.00)** ***	1.26E 0.536 (0.59)	1.42E 0.057 (0.95)	7.12E **6.700** **(0.00)** ***	6.80E **6.108** **(0.00)** ***	1.86E 0.048 (0.96)	-1.90E -0.476 (0.63)	-2.65E -0.899 (0.37)	-3.84E -1.245 (0.21)
DEPOSIT	-2.98E **-4.812** **(0.00)** ***	-2.98E **-4.633** **(0.00)** ***	-2.01E -1.272 (0.20)	-8.22E -0.499 (0.61)	-5.09E **-7.103** **(0.00)**	-4.96E **-6.653** **(0.00)** ***	-4.19E -0.162 (0.871)	1.24E 0.463 (0.64)	2.84E 1.429 (0.16)	3.12E 1.510 (0.13)

					***					
SAVINGS	8.58E **4.301** **(0.00)** ***	8.52E **4.259** **(0.00)** ***	1.10E 0.216 0.82)	1.51E 0.029 (0.97)	6.82E **2.953** **(0.00)** ***	6.96E **3.008** **(0.00)** ***	1.44E 1.734 (0.87)	1.36E 1.642 (0.105)	1.39E 0.217 (0.82)	3.99E 0.062 (0.95)
R-squared	0.793	0.795	0.467	0.451	0.781	0.799	0.514	0.516	0.615	0.614
Adjusted R-squared	0.767	0.732	0.428	0.430	0.759	0.747	0.504	0.507	0.601	0.597
S.E of regression	0.1169	0.120	0.033	0.030	0.137	0.138	0.051	0.049	0.39	0.556
F-statistic	15.332	6.254	1.721	3.208	22.00	9.570	1.114	1.795	6.261	9.950
Prob(F-statistic)	(0.000)	(0.00)	0.170	0.005	(0.00)	(0.00)	(0.348)	(0.102)	(0.00)	(0.00)
Durbin-Watson stat	1.872	1.870	1.88	1.76	1.53	1.50	1.92	1.75	1.62	1.63
Hausman	0.975			0.001	0.485			0.035	0.081	
Observations	75	75	75	75	75	75	75	75	75	75

Source: Researchers Computation, 2022. (All variables are significant at the 1%***; 5%** and 10%* level)

Table 3: The Results of the Regression Analyses for Post-TSA (2015-2019)

	Model 1 **CA**	**Model 2** **AQ**	**Model 3** **ME**	**Model 4** **EQ**	**Model 5** **LIQ**

VARIABLE	RE	FE	RE	FE	RE	FE	RE	FE	RE	FE
	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**	Coeff **t-stat** **(PV)**
C	0.450 37.35 (0.00)***	0.446 36.80 (0.00)***	0.022 4.378 (0.00)***	0.022 4.208 (0.00)	0.681 30.40 (0.00)***	0.677 30.03 (0.00)***	0.037 7.882 (0.00)***	0.037 7.938 (0.00)***	0.247 20.40 (0.00)***	0.248 20.32 (0.00)***
DEMAND	275E 1.731 (0.08)*	1.34E 0.794 (0.42)	7.56E 1.101 (0.27)	6.25E 0.857 (0.39)	4.94E 1.675 (0.09) *	3.67E 1.170 (0.24)	-1.76E -2.809 (0.00)***	-1.67E -2.514 (0.01)	-3.49E -2.187 (0.03)***	-3.33E -1.957 (0.05)*
DEPOSIT	-2.03E -1.917 (0.05)**	-9.00E -0.785 (0.43)	-2.22E -0.048 (0.96)	1.27E 0.255 (0.79)	-4.70E -2.393 (0.01)***	-3.64E -1.708 (0.09)	5.21E 1.249 (0.21)	4.20E 0.929 (0.35)	4.79E 0.449 (0.65)	3.18E 0.275 (0.78)
SAVINGS	-7.65E -0.103	-1.57E -0.210	-8.76E	-9.53E	1.58E 1.14	1.44E 1.035	1.23E 4.19	1.28E 4.348 (0.00)	3.27E 4.3	3.32E 4.408 (0.00)

	(0.91)	(0.83)	- **2.732** **(0.00)** ***	- 2.942 (0.00)	9 (0.25)	(0.30)	6 (0.00) ***	***	86 (0.00) ***	***
R-squared	0.647	0.636	0.620	0.614	0.661	0.677	0.623	0.525	0.725	0.710
Adjusted R-squared	0.613	0.607	0.614	0.605	0.641	0.659	0.618	0.508	0.711	0.691
S.E of regression	0.097	0.093	0.040	0.04	0.176	0.174	0.585	0.037	0.294	0.172
F-statistic	3.177	4.910	2.839	1.110	3.016	4.059	7.256	3.355	7.986	5.34
Prob(F-statistic)	(0.024)	(0.008)	(0.043)	(0.127)	(0.035)	(0.00)	(0.000)	(0.00)	(0.00)	(0.00)
Durbin-Watson stat	1.65	1.58	1.67	1.54	1.78	1.02	1.54	1.12	0.60	1.59
Hausman		0.02	0.34		0.18		0.52		0.92	
Observations	75	75	75	75	75	75	75	75	75	75

Source: Researchers Computation (E-Views 8.0) 2022. (All variables are significant at the 1%***, 5%** and 10% * level) (see appendix)

Table 2 and 3 highlighted outcomes of random effect (RE) and fixed effect (FE) multiple panel regression for Pre and Post treasury single accounts (TSA) from 2010 to 2019 presented in Model 1 for Capital Adequacy (CA); Model 2 for Asset Quality (AQ); Model 3 for Management Efficiency (ME); Model 4 for Earning Quality (EQ); and, Model 5 for Liquidity (LIQ) respectively.

DISCUSSION OF FINDINGS

First, the study revealed that customers demand has significant effect with bank financial performance proxied with capital adequacy and management efficiency, while customers demand has no significant effect with bank financial performance proxied with asset

quality, earnings quality and liquidity in Pre-TSA. Customer demand which indicated positive and negative coefficient values with financial performance implied that a unit increase in customer demand could bring about increase in financial performance proxied with capital adequacy, asset quality and management efficiency; while a decrease in earnings quality and liquidity in Pre-TSA. Similarly, customers demand has no significant effect with financial performance proxied with capital adequacy, asset quality and management efficiency, while it has significant effect with earnings quality and liquidity in Post-TSA. Customer demand which indicated positive or negative value with financial performance, suggested that an increase in customer demand could bring about increase in capital adequacy, assets quality and management efficiency, while a decrease in earnings quality and liquidity in post TSA. The results are consistent with extant studies of Arsew, et al (2020) who showed that customer demand has significant influence on bank financial performance. Edison, et al (2019) revealed a positive and significant relationship between capital adequacy ratio and loan to deposit ratio on return on equity. Ndubuaku, et al., (2017) showed that TSA has significant effect on credit to the private sector, loans and advances which has negative relationship with bank financial performance. Onuorah (2016) revealed that the implementation of TSA in the public sector, customer demand, and accounting system has no significant impact on the performance. Andornimye (2017) found out that TSA has a negative effect on the banks' specific factors like demand and financial performance in Nigeria.

Second, customer deposit has significant effect with bank financial performance proxied with capital adequacy and management efficiency, while customers deposit has no significant effect with bank financial performance proxied with asset quality, earnings quality and liquidity in Pre-TSA. Customer deposit which indicated positive and negative coefficient values with financial performance implied that a unit increase in customer deposit could bring about increase in financial performance proxied with earnings quality and liquidity; while it could bring about a decrease in capital adequacy, asset quality and management efficiency in Pre-TSA. Similarly, customer deposit has significant effect with financial performance proxied with management efficiency, while it has no significant effect with capital adequacy, asset quality, earnings quality and liquidity in Post-TSA. Customer deposit which indicated positive or negative value with financial performance, indicated that an increase in customer deposit could bring about increase in earnings quality and liquidity, while decrease in capital adequacy, assets quality and management efficiency in post TSA. The outcomes are tandem and also disagreed with some extant studies. Alex and Ngaba (2018) showed that deposits have positive relationship with financial performance of banks. According to Arsew et al (2020), banks with large bank deposits have the leverage to provide credit to borrowers in sufficient quantity so as achieve better performance. Kisman (2017) showed that bank's deposit influences the financial performance proxied with profitability and earnings quality of bank. Arsew et al (2020) stated that the higher the loan deposit ratio of a bank influences the profitability of banks. Kisman (2017) further stated that loan deposit ratio significant and positively affects the

return on assets or asset quality of banks. Grigorian and Manole (2002) found deposits at lower rates would mean higher net interest margins and hence higher profitability. Kanu (2016) showed that TSA has negative impact in deposit and on the liquidity of banks in Nigeria. Ighosewe and Ofor (2017) indicated that TSA resulted to drop in deposit which has a negative impact on the performance of banks in Nigeria. Olowokure and Adetoso (2017) found that TSA can affect deposit which has a negative effect on liquidity problems in banks.

Finally, customer savings has significant effect with financial performance measured with capital adequacy and management efficiency, while it has no significant effect with bank financial performance proxied with asset quality, earnings quality and liquidity in Pre-TSA. Savings which showed positive coefficient values with financial performance implied that a unit increase in savings could bring about increase in financial performance substituted with capital adequacy, asset quality, management efficiency, earnings quality and liquidity in Pre-TSA. In the same vein, savings has significant effect with financial performance measured with asset quality, earnings quality and liquidity, while it has no significant effect with capital adequacy and management efficiency in Post-TSA. Savings which indicated positive or negative value with financial performance, suggested that an increase in savings could bring about increase in management efficiency, earnings quality and liquidity while decrease in capital adequacy and assets quality in post TSA. The results corroborated and also argued against with extant studies of Onuorah (2016) who revealed that the implementation of TSA in the public sector savings and accounting system has no significant impact on the performance. Olaoye and Talabi (2019) showed that TSA resulting for no saving exerted positive insignificant impact on all the indicators of profitability. Sabo, et al., (2019) confirmed that Treasury Single Account and savings have positive and statistically significant impact on bank liquidity. Agbo, et al., (2017) indicated that Treasury Single Account (TSA) in terms of saving has no significant effect on banks' performance. Ajetunmobi, Adesina, Faboyede and Adejana (2017) showed that Treasury Single Account has negative impact on the liquidity base of banks in Nigeria.

CONCLUSION AND RECOMMENDATION

The trust of this study is on the effect of treasury single accounts (TSA) on financial performance of deposit money banks in Nigeria. Following the outcomes of extant studies, there is no much divergence in the results of this study. It is deduced that customer deposits, demand and savings have significant or no significant effect on financial performance substituted with capital adequacy, asset quality, management efficiency, earnings quality and liquidity of deposit money bank in pre and post TSA in Nigeria. Similarly, it is evidenced from the results that customer deposits, demand or savings has either positive or negative relationship with financial performance of banks. By implications customer deposits or demand or savings is either critical or weak effecting factor of deposit money banks financial performance in pre or post TSA in Nigeria. In conclusion, treasury single accounts (TSA) proxied with customers' demand, deposits and

savings has negative and positive effect with financial performance of deposit money bank before and after TSA adoption in Nigeria.

The study therefore recommended as follows:

a) Customers demand for loan and overdraft are risk to deposit money banks since the TSA adoption has implication on the liquidity position or soundness of banks. Banks should screen their customers or loan seekers carefully before granting credit facilities since government money is unified compared to when many accounts exist.

b) Deposit is the lowest cost of equity to banks as such it should be vigorously pursued by deposit money banks in order to increase their capital base. Also, banks should implement aggressive policy of attracting deposits in order to increase financial performance.

c) Banks should encourage regular savings and continuous reserves retention in order to boost their market capitalization and liquidity position.

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MANAGERIAL OWNERSHIP AND FINANCIAL REPORTING QUALITY MODERATING ROLE OF IFRS

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Introduction

Throughout the last century, corporate governance mechanisms have been employed to effectively tackle corporate failures and systemic crises. For example, in the 1700s, the south sea bubble incident served as a well-documented governance failure that triggered significant reforms in business laws and practices in England. Similarly, the collapse of prominent companies like Enron and Parmalat, especially in developed nations during the 1900s, emphasized the importance of robust corporate governance structures. These failures were attributed to inadequate governance practices and since then, corporate governance has consistently acted as a monitoring tool, offering mechanisms to oversee and supervise managerial actions, ensuring their alignment with the interests of shareholders and other stakeholders. Numerous sources including Chen, Cheng, & Wang, (2014) emphasize that ownership structure serves as a crucial element in corporate governance mechanisms. The viewpoints of Kukah, Amidu, & Abor, (2016) affirm that ownership structure can function as a monitoring tool within the purview of corporate governance. Its primary role is to supervise managerial actions and ensure their alignment with the interests of shareholders and other stakeholders. This perspective is further reinforced by Neel, (2017).

In situations where there is limited information and costly oversight, especially in underdeveloped markets such as Nigeria, a situation can arise where the objectives of

management and shareholders are not in sync, leading to suboptimal decisions by managers. This is primarily because the actions of managers often go unnoticed, and their goals may not necessarily coincide with those of the shareholders. Managers might resort to manipulative tactics to maximize their own benefits, disregarding the concerns of other stakeholders. Yasser et al. (2017) contend that ownership structure has a substantial impact on improving the quality of financial reporting because it offers owners additional motivation to oversee the activities and performance of agents operating within the company. Therefore, the firm's owners play a crucial role in advancing the objectives of International Financial Reporting Standards (IFRS). Managers with significant ownership stakes and a vested interest in the company prioritize the adoption of high-quality accounting standards, including IFRS. Malpractices and misconduct can undermine investor decision-making and erode trust in the market. However, in response to these issues, the International Accounting Standards Board (IASB) developed international accounting standards (IAS) with the aim of addressing and mitigating such malpractices and misconducts.

Different countries worldwide have mandated the adoption of International Financial Reporting Standards (IFRS) by companies, albeit at varying timelines. In Nigeria, firms within the non-finance sector commenced implementation of IFRS adoption in year 2012. The perceived delay in adoption may be attributed partially to the deficiencies associated with the local Generally Accepted Accounting Principles (GAAP), despite the efforts of the Security and Exchange Commission of Nigeria to enhance corporate governance (Usman, 2013). The adoption of IFRS is expected to impact the ownership structure of Nigerian listed firms which is consistent with the views of Nurunnabi (2017) who anticipated unforeseen effects of IFRS adoption on financial reporting quality in developing regions like Nigeria and adduced such unforeseen effects to the complexity of the IFRS standard and the limited availability of professionals and tools to handle them. According to Zureigat (2015), the introduction of International Financial Reporting Standards (IFRS) may have a detrimental effect on the quality of financial reporting. Therefore, Hessayri and Saihi (2015) emphasize the need to grasp the underlying rationale behind the relationship between IFRS, ownership structure, and financial reporting quality. Verriest et al. (2012) propose that firms with effective managerial ownership structures exhibit greater compliance with IFRS adoption, aiming to enhance financial statement quality and transparency by avoiding manipulative practices. Therefore, for ownership structure to appreciably impact on financial reporting quality, it is essential to have a comprehensive understanding of the global accounting standards applicable to firms' financial reporting.

Bearing on the foregoing, the primary objective of this study is to contribute meaningfully to the ongoing discussion surrounding the correlation between corporate governance and the quality of financial reporting. Specifically, this study aims to investigate the moderating influence of IFRS reporting compliance on the relationship between managerial ownership and financial reporting quality in Nigeria. While extensive research exists on the relationship between ownership structure and financial reporting quality in developed

economies after the adoption of IFRS, there is a noticeable lack of literature in this area when it comes to less developed markets like Nigeria, where the ownership structure of listed companies differs significantly (Al-Bassam et al., 2018). Therefore, an investigation of this nature is crucial for obtaining a deeper comprehension of how the implementation of IFRS affects the link between ownership concentration, managerial ownership, and the quality of financial reporting.

Literature Review

Managerial Ownership and Financial Reporting Quality

Managerial ownership is one of the key corporate governance indicators commonly examined in companies. The levels of ownership in companies will to a great extent decide the conflict level and thus heightens agency cost or mitigate it. You et., al., (2003), are of the view that managerial ownership and financial reporting quality are correlated to an extent that it affects the quality of the reported accounting numbers. Saona, Muro, & Alvarado (2020) stated that managerial ownership and discretionary accruals, as an audit quality indicator; are significantly correlated in affecting the quality of the reported accounting numbers. In firms with concentrated managerial ownership, large shareholders can affect management decision, especially when they become board members hence have much to offer the firm beyond board membership (Zureigat, 2011). Lennox, (2005) find a negative correlation between shares held by managers and financial reporting quality. Shan, Troshani, and Tarca (2019), stressed that greater managerial ownership benefits shareholders because it increases managers' incentives to increase firm value and audit quality. However, when managerial ownership becomes too large, it enables managers to entrench themselves so that the firm's value falls as managerial ownership increases beyond a certain point; consequently, financial reporting quality also decreases, owing to the inability to properly monitor the top management (Alqadasi & Abidin, 2018). Again, from the interaction perspective of IFRS, Hashim and Devi (2008) note that managers' ownership alone cannot impact on financial reporting quality without them having the requisite knowledge and training in the content and application of the international financial reporting standard.

Theoretical Framework

Agency Theory

To test the theory underlying this study is the agency theory, originally proposed by Jensen and Meckling in 1976. The theory is widely acknowledged and is an influential concept that applies to the management of corporate organizations. The fundamental aim of the agency theory is to analyse the challenges that arise when managers, appointed by shareholders, are entrusted with the authority to make decisions on behalf of the owners of the resources within a firm. It is observed that managers often prioritize their own interests, which can be attributed to the separation of ownership and control (Desai et al., 2007). This situation leads to a scenario where managers have a propensity to extract personal gains,

consequently resulting in increased agency costs. One effective approach to mitigate the occurrence of rent extraction and opportunistic behavior is to encourage members of the board of directors, managers, and other key committee members to hold a specific percentage of the company's shares or investments. This practice acts as a deterrent against careless conduct within the organization, thereby promoting adherence to the International Financial Reporting Standards (IFRS) in financial reporting. As a result, it enhances the overall quality of audits conducted in the firm. Thus, agency theory provides an explanatory framework for understanding the level of compliance with IFRS in relation to various factors, including ownership structure (Samaha & Khlif, 2016).

Empirical Review

Saona, Muro, & Alvarado (2020) examines how ownership structure and board of directors' features determine the managerial opportunistic behavior exemplified in the management of accounting earnings in Spain. Results reveal that the varying efficiency of the corporate governance systems is reflected in the way in which accounting discretion is performed. Further evidence show that earnings management is reduced as the voting rights of the controlling shareholder increased and that there is an inverse U-shaped relationship between insiders' ownership and earnings manipulation. The outcome of the study showed that board duality increases the likelihood of opportunistic manipulation of financial reporting but improvement in institutional environment in the Spanish context, reduces the discretionary power to overstate the financial statements.

Wahyuningrum and Rizqi (2019) aim to examine the association between internal governance mechanisms and the demand for audit quality. Data from Malaysian listed companies for the 2009 to 2012 period were employed. Ordinary least square regression analysis show that managerial ownership plays a minor role in the positive association between internal corporate governance and audit quality. Companies with higher managerial ownership are less likely to demand extensive auditing.

Kantudu and Samaila (2015) examines the impact of monitoring characteristics on financial reporting quality of the Nigerian listed oil marketing firms. Data for the study were obtained from audited annual report and accounts of the sampled oil marketing companies for twelve years covering 2000 to 2011. Multiple regression was used to analysed the data using Stata version 12.0 statistical software. It was discovered that Power separation, independent directors, managerial shareholdings, and independent audit committee are all significant implying monitoring characteristics influences financial reporting quality of quoted oil marketing firms in Nigeria.

Ramadan (2015) examine the effect of ownership structure on a firm’s ability to practice earnings management. To achieve the objective of the study 77 Jordanian industrial companies listed at Amman Stock Exchange (ASE) for the period 2000-2014 were selected resulting in1089 firm-year observations. The empirical results suggest that the earnings management practices are influenced by the ownership structure. The result is consistent

with the Alignment of Interest Hypothesis and the Efficient Monitoring Hypothesis which suggest that large shareholders have less motivation to manipulate earnings and can reduce the scope of managerial opportunism and that equity concentration, management ownership and institutional investor equity are associated inversely with the practices of earnings management.

Kurawa and Abdulrahman (2014) examines the relationship between corporate governance and earnings management of six petroleum and petroleum products distributors companies listed on the floor of the Nigeria Exchange Group. Data were collected from the Annual reports and accounts of the sampled companies covering a ten-year period 2003 to 2012. Descriptive statistics, correlation as well as panel data analysis (Random-effect GLS regression techniques) were utilized as analytical tools in the study. The results indicate that earnings management is positively driven by board composition and managerial equity holding while board composition, CEO duality, and ownership concentration show insignificant relationship.

Odudu et al., (2018) investigates the effect of institutional and block-holder ownership on audit quality of listed manufacturing firms in Nigeria. Logistic regression model was employed to analyse the data and test the hypotheses. Data were extracted from published audited annual reports and accounts of 32 firms that represent the sample size of the study. The results show that institutional ownership has negative significant effect on audit quality while block-holder ownership has positive significant effect on audit quality.

Methodology

This study is based on *ex-post facto* research design since the event has already taken place hence the data already exist, and no attempt is made to manipulate the data of the selected variables. The annual report of the sampled companies is used to collect the data for this study, due to its degree of reliability and widespread acceptability by organizational stakeholders (Deegan & Rankin, 1997; Haniffa & Cooke, 2005). The population of this study consists of all one hundred and nine (109) non-finance firms listed on the Nigerian Exchange Group (NGX, Fact Book, 2022). However, to obtain a homogenous sample, the study employed purposive sampling technique due to availability and accessibility of relevant data which follows the studies of Barnett and Salomon, (2006), Alzeban, (2019) to employ a homogenous purposive sampling technique that allows the selection of 67 non-finance firms as the sample size. The selected companies have complete and relevant information needed for this study and did finish its obligation in delivering annual reports for ten consecutive years during the period of 2012-2021. The specified model for this study is stated as:

MODEL 1:

$$FRQT_{it} = \beta 0 + \beta_1 MOWN_{it} + \beta_2 IFRS_{it} + \beta_3 CFAO + \mu_{it} \quad \ldots\ldots \quad (1)$$

MODEL 2:

$FRQT_{it} = \beta 0 + \beta_1 MOWN_{it} + \beta_2 IFRS_{it} + \beta_3 CFAO + \mu_{it}$ .... (2)

$$FRQT_{it} = \beta_0 + \beta_1 IFRS_{it} * MOWN_{it} + \beta_2 IFRS_{it} * OWNC_{it} + \beta_3 CFOA_{it} + \mu_{it} \ldots (2)$$

Where:

FRQT	=	Financial Reporting Quality
MOWN	=	Managerial Ownership
IFRS	=	IFRS Adoption
CFOA	=	Cashflow to Asset
β_0	=	Constant
β_1- β_4	=	Slope Coefficient
μ_{it}	=	Stochastic disturbance
i	=	i^{th} firm
t	=	time period

Discussion of Result

The study analyses the moderating effect of IFRS compliance on the relationship between managerial ownership and financial reporting quality of listed non-finance firms during the 2012 – 2021 fiscal period. To achieve the objective of this study, some statistical analysis to include: Descriptive Statistics, Correlation Analysis, and Panel Regression analysis where conducted. The results obtained from these analyses are presented as follows. Table 1 shows a summary of the descriptive statistics.

Descriptive Statistics Analysis

Table 1 **Descriptive Statistics**

VARIABLES	MEAN	SD	MIN	MAX	NO OBS
FRQT	-0.56	0.71	-7.03	5.57	670
MOWN	18.91	24.91	0	94.35	670
IFRS	0.97	0.16	0	1	670
CFOA	0.08	0.15	-0.94	0.59	670

Source: Stata version 14 Output

From the table it was observed that the mean value of financial reporting quality (FRQT) was -0.56 with a standard deviation of 0.71. In the case of the independent variables, the statistics shows that the mean value of managerial ownership (MOWN) was 18.91 with a standard deviation of 24.91 indicating that on average, the directors of the firms under study had control of about 18% of the firms' shareholding. IFRS compliance (IFRS) was 0.97 with a standard deviation of 0.16 indicating that on average, about 97% of the observation under study had adopted IFRS during the period under investigation. Further, the study shows that the value of cashflow from operations (CFOA) was 0.08 on average with a standard deviation of 0.14 during the period under consideration.

Correlation Analysis

In this study, spearman rank correlation analysis technique was employed, and the results are presented in the table below.

Table 2 **Correlation Matrix**

	FRQT	MOWN	OWNC	IFRS	CFOA
FRQT	1.0000				
MOWN	0.0656	1.0000			
IFRS	0.0348	-0.0421	0.0035	1.0000	
CFOA	-0.3363	-0.1339	0.0854	-0.0041	1.0000

Source: Stata version 14 Output

Specifically, the result shows that managerial ownership (0.0656) has a positive association with financial reporting quality during the period under study. However, IFRS compliance (0.0348) has a positive association with financial reporting quality while cashflow from operations (-0.3363) has a negative association with financial reporting quality during the period under study. To test the hypotheses of this study, regression analysis results was needed since correlation test does not capture cause-effect relationship.

Table 3 **Regression Analysis Result**

	Unmoderated Regression Model				Moderated Regression Model			
	FRQT Model (Pooled OLS)	FRQT Model (FIXED Effect)	FRQT Model (RANDOM Effect)	FRQT Model (HiReg)	FRQT Model (Pooled OLS)	FRQT Model (FIXED Effect)	FRQT Model (RANDOM Effect)	FRQT Model (HiReg)
CONS.	-0.484 {0.009} **	-0.729 {0.005} **	-0.498 {0.009} **	-0.484 {0.009} **	-0.433 {0.000} ***	-0.573 {0.000} ***	-0.461 {0.000} ***	-0.433 {0.000} ***
MOWN	-0.000 {0.983}	-0.001 {0.722}	-0.000 {0.917}	0.001 {0.618}				
IFRS	0.075 {0.658}	0.033 {0.849}	0.059 {0.724}	0.072 {0.682}				
CFOA	-1.248 {0.000} ***	-1.090 {0.000} ***	-1.199 {0.000} ***	-1.247 {0.000} ***	-1.250 {0.000} ***	-1.098 {0.000} ***	-1.200 {0.000} ***	-1.250 {0.000} ***
MOWN*IFRS					-2.350 {1.000}	-0.001 {0.614}	-0.000 {0.919}	-0.001 {0.020}
F-statistics/Wald Stat.	12.17 (0.0000)	7.68 (0.0000)	41.43 (0.0000)	12.17 (0.0000)	16.06 (0.0000)	10.04 (0.0000)	41.33 (0.0000)	16.06 (0.0000)
R- Squared	0.0683	0.0488	0.0459	0.0683	0.0676	0.0479	0.04621	0.0676

VIF Test	**1.01**	**1.02**
Heteroscedasticity Test	**44.91 (0.0000)**	**44.46 (0.0000)**
Hausman Test	**3.55 (0.4710)**	**2.58 (0.4615)**

Note: (1) bracket {} are p-values; (2) **, *, implies statistical significance at 5% and 1% levels respectively**

Source: Stata version 14 Output

From the table 3, the pooled ordinary least square regression analysis shows an R-squared value of 0.0683 under the unmoderated model and 0.0676 under the moderated model indicating that just about 7% of the systematic variations in financial reporting quality was jointly explained by the independent and control variables in both models. The F-statistic value of 12.17 for the unmoderated model and 16.06 for the moderated model and their associated P-value of 0.0000 indicate that the pooled panel least square regression analysis of both models is statistically significant at 1%. The table 3 also shows a mean Variance Inflation Factor (VIF) value of 1.02 for the unmoderated model and 1.01 for the moderated model indicating the absence of multicollinearity in both models. Also, it can be deduced that the models are not free from heteroscedasticity problems since the probability values of the Breusch Pegan Geoffrey test are significant at 1% [44.91 (0.0000)] for both unmoderated and the moderated models [44.46 (0.0000)]. Therefore, owing to the negative impact of heteroscedasticity on the estimates, this study adopted the panel regression analysis technique via fixed and random effect model estimation. Specifically, the p-value of the Hausman test is insignificant at 1% nor 5% for both models (moderated and unmoderated regression models), implying that the random effect results tend to be more appealing statistically when compared to the fixed effect model. However, to account for the unobserved heterogeneity between the variables as seen in the random effect model estimates, this study employed the hierarchical regression analysis technique to test the study hypothesis.

Discussion of Finding

Judging from the variable of managerial ownership using the unmoderated regression model, the result shows a statistical insignificant effect suggesting that with the exclusion of IFRS as a moderator variable, managerial ownership has no significant effect on financial reporting quality for listed non-finance firms during the period under review. The result shows that IFRS moderation with managerial ownership is negative and statistically significant on discretionary accruals, portraying that IFRS moderates managerial ownership to enhance financial reporting quality of listed non-finance firms in Nigeria. This outcome indicates that managers who have ownership stake together with the requisite accounting

standard knowledge produces higher quality of financial reporting. Thus, the empirical analysis confirms the existence of complementarities between the fit of ownership structures and IFRS adoption among listed firms in Nigeria supporting the view that both variables need to be examined jointly when exploring their efficiency and consequences. The results are in line with those of Hessayri, and Saihi (2015). Remarkably, having introduced the moderating function in the regression, managerial ownership structure is found to exert significant effect on financial reporting quality in Nigeria.

5.0 Conclusion and Recommendation

This study examined the moderating effect of IFRS on the association between managerial ownership structure and financial reporting quality for listed non-finance firms in Nigeria. This study contributes significantly to literature in the context of a less developed market of Nigeria regarding how IFRS compliance moderates' ownership structures to strengthen financial reporting quality in the light of prevailing managerial and corruption turbulence within the environment generally. The study concludes that, while managerial ownership has no significant influence on financial reporting quality in the absence of IFRS compliance, the moderating influence of IFRS with managerial ownership structure leads to higher reporting quality. Therefore, the study this study recommends:

1. Enhancing the enforcement mechanisms for IFRS compliance in Nigeria which may involve stricter monitoring, audits, and penalties for non-compliance. Improved regulatory oversight can ensure that companies adhere to the standards and maintain high-quality financial reporting practices.

2. The need for capacity building which may include investment in training programs and capacity building initiatives for accountants, auditors, and other professionals involved in financial reporting. Enhancing their knowledge and skills in applying IFRS standards can improve the quality of financial reporting across the board.

3. Fostering more collaboration between regulatory authorities and professional accounting bodies, such as the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN). These bodies can play a vital role in promoting IFRS compliance and provide guidance and support to their members.

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APPENDIX

```
  ___  ____  ____  ____  ____ (R)
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   14.0   Copyright 1985-2015 StataCorp LP
  Statistics/Data Analysis            StataCorp
                                      4905 Lakeway Drive
     MP - Parallel Edition            College Station, Texas 77845 USA
                                      800-STATA-PC        http://www.stata.com
                                      979-696-4600        stata@stata.com
                                      979-696-4601 (fax)

Single-user 8-core Stata perpetual license:
       Serial number:  10699393

Notes:
      1.  Unicode is supported; see help unicode_advice.
      2.  More than 2 billion observations are allowed; see help obs_advice.
      3.  Maximum number of variables is set to 5000; see help set_maxvar.


. sum frqt mown ownc ifrs cfoa

    Variable |        Obs        Mean    Std. Dev.       Min        Max
-------------+---------------------------------------------------------
        frqt |        670   -.5618806    .7129513      -7.03       5.57
        mown |        670    18.90816    24.90764          0      94.35
        ifrs |        669    .9745889    .1574878          0          1
        cfoa |        670    .0761194    .1471387       -.94        .59
```

```
.
. spearman frqt mown ownc ifrs cfoa
(obs=669)

             |   frqt    mown   ifrs    cfoa
-------------+------------------------------------------
        frqt |  1.0000
        mown |  0.0656  1.0000
        ifrs |  0.0348 -0.0421  1.0000
        cfoa | -0.3363 -0.1339 -0.0041  1.0000

. gen ifrsmown = ifrs * mown
(1 missing value generated)
.
. reg frqt ifrsmown ifrsown cfoa

      Source |       SS       df       MS      Number of obs =     669
-------------+------------------------------  F(3, 665)     =   16.06
       Model |  22.9740504     3  7.6580168  Prob > F       =  0.0000
    Residual |  317.072273   665  .47680041  R-squared      =  0.0676
-------------+------------------------------  Adj R-squared =  0.0634
       Total |  340.046323   668  .509051382  Root MSE      =  .69051

------------------------------------------------------------------------------
        frqt |     Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    ifrsmown |  -2.35e-07   .0010842    -0.00   1.000    -.002129    .0021285
    ifrsownc |  -.000604   .0012004    -0.50   0.615    -.002961    .001753
        cfoa |  -1.249652   .1827118   -6.84   0.000   -1.608413   -.8908905
```

```
      _cons |  -.432822   .0734361    -5.89   0.000    -.5770165   -.2886275
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
    ifrsmown |      1.02    0.982348
    ifrsownc |      1.02    0.983607
        cfoa |      1.01    0.986612
-------------+----------------------
    Mean VIF |      1.02
.
. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of frqt

         chi2(1)      =    44.46
         Prob > chi2  =   0.0000

. xtreg frqt ifrsmown ifrsown cfoa, fe

Fixed-effects (within) regression               Number of obs     =        669
Group variable: croid                           Number of groups  =         67

R-sq:                                           Obs per group:
     within  = 0.0479                                         min =          9
```

```
     between = 0.1091                          avg =      10.0
     overall = 0.0586                          max =        10

                                   F(3,599)        =     10.04
corr(u_i, Xb)  = 0.0307                  Prob > F        =    0.0000

------------------------------------------------------------------------------
        frqt |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
   ifrsmown |  -.0010014   .0019855    -0.50   0.614    -.0049007     .002898
   ifrsownc |   .0020381   .0021852     0.93   0.351    -.0022535    .0063296
       cfoa |  -1.097864   .2056971    -5.34   0.000    -1.501839   -.6938885
      _cons |  -.5732307   .1243633    -4.61   0.000    -.8174719   -.3289895
-------------+----------------------------------------------------------------
     sigma_u |  .29028172
     sigma_e |  .66464431
         rho |    .160192   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0: F(66, 599) = 1.80                Prob > F = 0.0002

.
. estimate store fe
. xtreg frqt ifrsmown ifrsown cfoa, re

Random-effects GLS regression                  Number of obs     =        669
Group variable: croid                          Number of groups  =         67

R-sq:                                          Obs per group:
     within  = 0.0462                                        min =          9
```

```
      between = 0.1744                         avg =      10.0
      overall = 0.0673                         max =        10

                                  Wald chi2(3)      =      41.33
corr(u_i, X)   = 0 (assumed)               Prob > chi2      =     0.0000

------------------------------------------------------------------------------
        frqt |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    ifrsmown |   -.000129   .0012701    -0.10   0.919    -.0026183    .0023604
    ifrsownc |  -.0001304   .0014043    -0.09   0.926    -.0028827     .002622
        cfoa |  -1.200315   .1871827    -6.41   0.000    -1.567187   -.8334439
       _cons |  -.4608296   .0869893    -5.30   0.000    -.6313255   -.2903337
-------------+----------------------------------------------------------------
     sigma_u |  .19201003
     sigma_e |  .66464431
         rho |   .0770295   (fraction of variance due to u_i)
------------------------------------------------------------------------------
.
. estimate store re
.
. xttest0

Breusch and Pagan Lagrangian multiplier test for random effects

        frqt[croid,t] = Xb + u[croid] + e[croid,t]

        Estimated results:
                         |       Var     sd = sqrt(Var)
```

```
---------+-----------------------------
     frqt |  .5090514    .7134784
        e |  .4417521    .6646443
        u |  .0368679    .19201

Test:  Var(u) = 0
             chibar2(01) =   14.44
          Prob > chibar2 =   0.0001
```

. hausman fe re

```
                ---- Coefficients ----
             |    (b)        (B)          (b-B)     sqrt(diag(V_b-V_B))
             |     fe         re        Difference        S.E.
-------------+----------------------------------------------------------------
    ifrsmown |  -.0010014    -.000129     -.0008724       .0015261
    ifrsownc |   .0020381   -.0001304      .0021684       .0016742
        cfoa |  -1.097864   -1.200315      .1024518       .0852872
------------------------------------------------------------------------------
                     b = consistent under Ho and Ha; obtained from xtreg
          B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic
                  chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =        2.58
                Prob>chi2 =      0.4615
```

.

. hireg frqt (ifrsmown) (ifrsownc) (cfoa)

Model 1:

Variables in Model:
Adding : ifrsmown

```
    Source |       SS       df       MS      Number of obs =     669
-------------+----------------------------------  F(1, 667)     =    0.25
     Model |  .125168793     1  .125168793   Prob > F      =  0.6203
  Residual |  339.921154   667  .509626918   R-squared     =  0.0004
-------------+----------------------------------  Adj R-squared = -0.0011
     Total |  340.046323   668  .509051382   Root MSE      =  .71388

------------------------------------------------------------------------------
      frqt |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
  ifrsmown |   .0005506   .0011109     0.50   0.620    -.0016308    .0027319
     _cons |  -.5718706   .0343172   -16.66   0.000    -.6392534   -.5044879
------------------------------------------------------------------------------
```

Model 2:
Variables in Model: ifrsmown
Adding : ifrsownc

```
    Source |       SS       df       MS      Number of obs =     669
-------------+----------------------------------  F(2, 666)     =    0.66
     Model |   .67011183     2  .335055915   Prob > F      =  0.5185
  Residual |  339.376211   666  .509573891   R-squared     =  0.0020
-------------+----------------------------------  Adj R-squared = -0.0010
     Total |  340.046323   668  .509051382   Root MSE      =  .71384

------------------------------------------------------------------------------
```

```
        frqt |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    ifrsmown |   .0006642   .0011163     0.60   0.552    -.0015276    .0028561
    ifrsownc |  -.0012789   .0012367    -1.03   0.301    -.0037073    .0011494
       _cons |  -.5026969   .0751797    -6.69   0.000    -.6503147    -.355079
------------------------------------------------------------------------------
R-Square Diff. Model 2 - Model 1 = 0.002   F(1,666) =  1.069  p = 0.301

Model 3:
  Variables in Model: ifrsmown  ifrsownc
  Adding           : cfoa

      Source |       SS           df       MS      Number of obs   =       669
-------------+----------------------------------   F(3, 665)       =     16.06
       Model |  22.9740504         3  7.6580168   Prob > F        =    0.0000
    Residual |  317.072273       665  .47680041   R-squared       =    0.0676
-------------+----------------------------------   Adj R-squared   =    0.0634
       Total |  340.046323       668  .509051382   Root MSE        =    .69051

------------------------------------------------------------------------------
        frqt |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    ifrsmown |  -2.35e-07   .0010842    -0.00   1.000     -.002129    .0021285
    ifrsownc |   -.000604   .0012004    -0.50   0.615     -.002961     .001753
        cfoa |  -1.249652   .1827118    -6.84   0.000    -1.608413   -.8908905
       _cons |   -.432822   .0734361    -5.89   0.000    -.5770165   -.2886275
------------------------------------------------------------------------------
R-Square Diff. Model 3 - Model 2 = 0.066   F(1,665) = 46.778  p = 0.000
```

Model	R2	F(df)	p	R2 change	F(df) change	p
1:	**0.000**	**0.246(1,667)**	**0.620**			
2:	**0.002**	**0.658(2,666)**	**0.518**	**0.002**	**1.069(1,666)**	**0.301**
3:	**0.068**	**16.061(3,665)**	**0.000**	**0.066**	**46.778(1,665)**	**0.000**

EMPLOYEE VOICE AND EMPLOYEE PERFORMANCE OF SEVEN UP BOTTLING COMPANY, BENIN PLANT, EDO STATE NIGERIA

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Abstract

This study examined Employee voice and employee performance of seven Bottling Company, Benin Plant. Specifically, this study seeks to examine the relationship that exist between direct voice and employee turnover intention. The study is anchored on Medium theory, developed by a number of researchers including Innis (1951), McLuhan (1962, 1964), Meyrowitz (1994) and Ong (1988). Asurvey design was used for the study and a self-administered questionnaire was used to measure the relationship between the variables using the sample size of 111 respondents from selected case study. However, 92 questionnaires were properly filled and returned back and were considered good for analysis. The analysis of collected data was done through the simple percentage (%) and Pearson Moment Correlation Analysis test. The study found that there is a strong significant positive relationship between direct voice and employee turnover intention in Seven up bottling company, Benin plant, Edo state. Based on the finding, the researcher concludes that employee voice has a significant and positive relationship with employee performance. It was therefore recommended that direct communication between managers and employees should be encouraged and emphasis should be put on the quality of the information shared and that managers and employees should encourage collective voice which will help in determining the challenges within the organisation.

***Keywords*:** Employee Voice, Direct Voice, Employee performance, Employee turnover intention

Introduction

The term employee voice was coined by Hirschmanin in 1970 and it was used to define: “any attempt at all to change rather than to escape from an objectionable state of affairs”. In his opinion, in any given situation, people have two potential ways to respond to dissatisfaction: to leave or to voice their dissatisfaction (Facquaet 2019). Employee Voice is a term that has been widely used in the practitioner and academic literature on human resource management (HRM), organizational behaviour (OB) and industrial relations in recent years. In their seminal work, Freeman and Medoff (2019) associated employee voice with union monopoly representation and in particular with the role of unions articulating concerns on behalf of the collective. As such, collective voice was viewed as an integral

part of democratic representation in the workplace, but which also could bring about benefits for employers. With the fall in union density and coverage, analysis of voice in workplaces has shifted to how workers communicate with managers and are able to express their concerns about their work situation without a union, and on the ways in which employees have a say over work tasks and organizational decision-making (Kochan, 2019).

The term "employee voice" is a concept that appears in the academic literature from both human resource management and industrial relations perspectives (Beardwell 1998, Benson 2000). EV refers to giving employees a say regarding aspects of decision-making in their workplace (McCabe & Lewin, 1992). Freeman and Medoff (1984) popularised EV and defined it as a two-way communication between workers and managers that is advantageous to both the parties. Later on, the term was used by Van Dyne, (2013) to "represent the intentional expression of work-related ideas, information, and opinions" and by Budd, Gollan & Wilkinson, (2010) to refer to the participation in organizations. The term informed employee voice is used (Knight and Haslam, 2010) to "describe organizational processes that enable employees to feel well informed and to have a say about what goes on in their organisation".

Hence, employee voice essentially is the involvement of employees in the way an organisation operates (Wilkinson, Dundon, Marchington & Ackers, 2004). Wilkinson, (2014) identify five different employee voice types, i.e.: communication/exchange of views, upward problem-solving, collective representation, engagement, a say about issues. The first type, communication/exchange of views, consists only in exchanging views about issues between the employee and the managers. The second one, upward problem-solving, provides an opportunity for the employee to provide feedback on certain issues. Collective representation surpasses the individual dialogues between an employee and a manager and represents the voice of a group; managers are informed about the point of view of the work force. Types four, engagement, and five, having a say about issues, imply higher involvement of the staff. Besides the freedom of speech there is also the certainty of being taken into account. It would be universally acknowledged that people behave differently at work. The difference in behaviour leads to various types of voicing the opinions. The way in which people use their voice depends mostly on the way in which they are treated at work. Are the employees who are afraid of losing their job likely to voice their opinion? We doubt that. Likewise, are the employees who have been wrongly discredited or mistreated likely to voice their thoughts? Even if they used to do this, we are positive that they will never do this again, irrespective of the consequences for the company. VanDyne, (2003) identify three specific types of employee voice function to work behaviour, i.e.: Prosocial Voice, Defensive Voice, and Acquiescent Voice. The only voice which is interested in the benefit of the organization is the Prosocial Voice. The Acquiescent Voice supports the ideas of the group out of resignation while the Defensive voice is driven mainly by fear and tends to direct the attention elsewhere

In all organisations in the world, employee voice and employee performance has notably become a contentious discourse as well as in the literature. Creating a productive employee is instrumental in achieving organisational goals and objectives. This is more reason why high-performance culture in corporate firms emanates from satisfied and productive personnel work behaviour. Employee exhibiting increased productive work behaviour in the workplace is a function of diverse factors in which motivation is the core of it. Creating a good work environment to improve and advance his/her career is another driver of a productive employee at work. Above all, employee participation and ensuring employee voice is recognised and heard in the firm is key to enhancing employee performance work behaviour. However, encouraging employees to express themselves on what they are going through in the course of their job task assist them in shaping organisational performance and employee productivity in the work environment.

However, the concept of employee voice in relations to employee performance has attracted much attention in recent times, especially between management of organisations and trade unions. Employee voice comprises of all kinds of opportunities where an individual employee will have a chance to express himself and exert some influence on workplace decisions (Boxal & Purcell, 2011). Employee voice is described as championing and speaking up on certain fundamental issues bothering employee productive work behaviour (Morrison, 2011). In a more apt explanation, Purcell (2014), presents another dimension of employee voice as demonstration of individual employee displeasure among managers and subordinates or through grievance procedure; secondly, demonstration of collective employee displeasure raised by trade unions through collective bargaining action; thirdly, contribution to management decision-making process through a two-way communication, problem solving, suggestion systems and attitude evaluations; and lastly, through shared partnership understanding, joint consultative forum and work councils

(Anyago, 2015), fostering and inspiring employees' ability to communicate their intentions and feelings to the management of an organisation elicit enhanced employee performance and change, stimulate learning, superior individual and group performance (Morrison, 2011). It is glaring that at any point in time when employees intentionally provide suggestions, concerns, information regarding issues or work-related opinions to someone in higher position of the corporate organisation, they engage in upward voice mechanism, however, when they cease such meaningful contributions, they rather showing silence and depriving their organisation of potentially useful information (Burris, 2012). However, extant literature has demonstrated qualities of employee voice to both firms and employees, benefits of employees' voice, inputs to foster firm's effectiveness and competitiveness (Budd., 2010). Allowing employees to have a greater influence on the conduct and operations of their job task, encouraging their contributions are seen to be significant and worthwhile for firms (Kim, 2010). Hence, employee voice is an imperative means of motivation which assists organisational workforce in improving their productivity and feel more satisfied (Dwomoh, 2012). Worthy of recognition, once an effective voice of employees is reckoned with, employees' opinions are sought for and listened to, aside from

discovering that their views are taken into consideration and make a difference, it also enables employees to feel a high sense of ownership and deeply connect to the work environment (Macleod & Clarke, 2009). Appropriately, corporate organisations have to depend on the collective efforts of their employees and listen to their input and ensure that it is an essential piece in resolving issues and problems and establishing substitutes (Yin, 2013). Employee voice is a suitable factor in determining employee engagement, and employee performance, however there is limited information of this study, it is on this premise that this study intends to examine employee voice and employee performance in Nigerian manufacturing organisation.

In spite of advantages and benefits of practising employee voice and the need to encourage it, it seems it is not the current situation in many organisations in Nigeria workplace. It has been observed that degree of employee satisfaction which influences their productivity level in some organisations largely reduce as employees are not given such opportunity to express and communicate their inputs and opinions on issues related to their organisations, and this is much tolerated in some firms in manufacturing company such as seven up bottling company, Benin Plant in Nigeria. Employees who are encountering job associated challenges decide to reluctantly accept their organization management judgement or remain silent and this becomes a case of "if you cannot beat them, you rather join them." Moreover, the fear of losing their jobs or endanger their jobs once they choose to communicate their opinions and feelings make some of them remain silent and also the no-job syndrome makes many of Nigeria employees to support management in the face of detrimental attitudes to their productivity, which is why most employee tend to form a union in which they can have a representative to speak on their behalf. It has been observed recently that once employees communicate on seemingly bad ideas or attitude of managers or management such employees are tagged anti-management and they tend to frustrate such individuals' efforts. There is a whole of issue surrounding employee welfare, safety on the job, work-life balance, compensation and remuneration amongst others in Nigeria workplace. Should anyone decide to communicate with this management of such organisation will discreetly show such individual exit way out of the company.

These and much more are the issues bordering around employee voice in Nigerian organisation which need an intervention and decisive way of ameliorating the conflict between organisation and employees. It is based on this, that this study seeks to evaluate how employee voice affects employee performance in Seven Up Bottling Company. Thus, the study aims to evaluate the significance of drivers and components of employee voice on the performance of employee of Seven up bottling company, Benin plant, Edo State.

LITERATURE REVIEW

Conceptual Review

Employee Voice

Traditionally, the term ‘voice’ describes two-way communication between employers and employees through a third party – trade collectives (Freeman & Medoff, 2014) but was seemingly limited to articulating ideas about better ways of working, expressing grievances, addressing those grievances and possibly resolving them in a mutually beneficial way. Extending the view of Freeman and Medoff (1984), contemporary conceptions of voice go beyond simply raising concerns and participating in workplace decision making to achieve organisational goals, employee voice is now central to how employees and management communicate (Holland, Cooper & Hecker, 2016; Holland, 2014; Holland, Cooper, Pyman, & Teicher, 2012; Holland, Pyman, Teicher, & Cooper, 2011; Mowbray, Wilkinson, & Tse, 2014; Morrison, 2011; Benson & Brown, 2010; Marginson, Edwards, Edwards, Ferner, & Tregaskis, 2009).

As noted, the normally accepted view of ‘voice’ has been that it was articulated via collective recognition and representation – a form of collective voice. However, collective representation has not been the exclusive means of communication between workers and management nor has it been the only mechanism for employee influence in the workplace. As collective density has fallen in recent years, analysis of voice in workplaces has often focussed on how workers and managers are able to express their concerns and discuss work tasks and organisational decision-making through effective channels other than the conduit of collective representation (Holland 2014; Holland, Cooper & Hecker, 2016).

As research and analysis has developed around the concept of voice in a broad range of disciplines, “employee voice” has become a term meaning different things in different contexts depending if the term is used by policy writers, academics or practitioners (Poole, 1986; Strauss, 2006; Wilkinson, 2010). Premeaux and Bedeian (2003) in their study of why lowstatus employees might withhold their ideas, opinions or complaints, define voice as stating views or opinions about workplace matters, including the actions or ideas of others, suggested or needed changes, and alternative approaches or different lines of reasoning for addressing job-related issues. Detert and Burris (2007) and Tangirala and Ramanujam (2008), also define employee voice in terms of providing suggestions, feedback or questions about the way an organisation is functioning. However, these perspectives tend to focus on the benefit to the organisation of employee voice and do not carry with them any explicit aspects of mutual benefit to both the organisation and employee, or direct benefit to employees.

Direct voice

Direct voice is a straight two-way communication between the employees and management which provides an opportunity for management to develop a high commitment and consensual relationship. Direct voice is frequently achieved through such activities as

employee involvement schemes, quality circles and work teams which connect workers with management to discuss workplace issues unmediated by third parties such as collectives (Edwards, 2003). It has been argued that direct voice offers employees the potential to increase managerial responsiveness (Holland 2011; Pyman, 2010; Bryson, 2004). Holland (2014) suggests that direct voice is best suited to a contemporary workplace, similarly, Bryson (2004), argues that when management has a direct relationship with the workforce it can identify issues quickly and deal with them. In line with the idea of employees being a source of competitive advantage, Boxall and Purcell (2016), argue that direct voice allows management to "tap into" the workforce as a source of knowledge. These arguments accord strongly with the view of Cox, Zagelmeyer and Marchington (2006) that investment in the voice system is required for the successful development of a human resource management system that focuses on building a high level of communication, commitment and engagement between the parties to ensure an ongoing fit. Holland (2014) encapsulates these points by stating that a direct voice system needs to be proactively managed and resourced by the provision of management time to develop voice channels. Boxall and Purcell (2011) add to the objectives and implementation requirements of a direct voice system the fact that it should be founded on the development of shared mutual interest to ensure that organisational goals are achieved.

Marchington (2005) raises the point that direct voice systems suffer from a lack of available sanctions for managerial non-compliance with decisions or for acting without consultation, and Kaufman (2003) also points out that direct voice systems do not have access to independent sources of advice or assistance. These deficiencies act to weaken the ability of direct voice systems to change the power relationships in an organisation. These issues also hold for non-collective employee representation (NER) systems and research shows (Wilkinson, Dundon, Marchington & Ackers, 2004) that non-collective voice mechanisms are more vulnerable to the exercise of managerial prerogative, influence and control. Employee perceptions that a relationship that is not genuine, but is instead built on rhetoric, can potentially negate the benefits of direct voice and NER systems, (Marchington, 2005). Under these conditions direct voice can potentially become a means of deflecting employees away from collective membership (collective voice), and ultimately disenchantment and distrust with the system will undermine its effectiveness.

Employee Performance

Employee performance refers to the actualization level of employees and often depicts the achievement of an organizational goal (Yu, Ariza-Montes, Giorgi, Lee,& Han 2020). Employee performance can be evaluated using criteria such as employee competency, efficiency, capability and expedition in attitude tasks, accuracy, employee commitment, job satisfaction and performance attainment. Therefore, this study used job satisfaction to measure employee performance. However, there may be a trespass between the assessor and the appraised in terms of the criteria used to evaluate post-performance. Since performance realization is a comprehensive opinion that contains various meanings, there

are limitations to clearly defining performance in service perseverance like the banking industry. However, the thought of performance is a wide-reaching, construct thought that generally refers to positive aspects and is regarded as a positive prospect of attaining organizational objectives, despite some theoretical ambiguities (Salmivalli, 2001). Service companies like banks have a distinct nature in which interactions between employees and customers are face-to-face. In other words, there may be a gap in how job merit is evaluated between more general undertaking boldness and service boldness like banks. That is, while companies generally evaluate performance achievement from a financial probability such as efficiencies or profitability. Banks evaluate it from a nonfinancial lookout such as customer feedback (e.g. a mere thank you or praise). This implies that there is a clear difference between the means of evaluating employee performance for other firms and for service firms.

Employee Turnover Intention

Employee turnover intention which is also known as Employee intention to leave, Intention to leave represents another attitude in the job attachment literature with a direct nexus to job embeddedness. The higher education literature remains rich with study in this area. Because the current study will apply job embeddedness to higher education, it is beneficial to examine intention to leave within this context. Intention to leave and intention to stay are many times used to describe the opposites of the same phenomena. However, studies have shown intention to leave is an entirely different construct than intention to stay (Nancarrow, Bradbury, Pit, & Ariss, 2014). Therefore, it is important to examine exactly what is being measured with intention to leave surveys. Johnsrud and Rosser (2002) conducted one of the most important studies within the higher education context involving intention to leave. This article is the third most highly cited article regarding intention to leave according to Google Scholar. The authors delineate the differences between actual and intended faculty turnover. Intention to leave is yet another construct that grew out of the turnover literature.

Smart (2017) was one of the first studies to examine the intentionality aspect of turnover cause in higher education. He identified a four-variable model to explain turnover. The first variable was individual and institutional characteristics such as career age, gender, marital status, tenure, research time, organizational decline, and campus governance. The second variable was contextual and work environment measures such as governance participation, governance influence, research productivity, and salary. The third variable centered on dimensions of faculty job satisfaction, such as organizational satisfaction, salary satisfaction, and career satisfaction. A recent study showed that high job satisfaction indicated a teacher's intention to leave is lower (Vekeman, Devos, Valcke, & Rosseel, 2017).

Employee Vice and Employee Performance

As Kulewicz (2019), discovered, we all have a natural inclination to generate ideas, both favorable and negative, about the people we work with and about ourselves. Consistent and frequent assessments are recognized as a vital aspect of existence. The performance standards are created through evaluations of earlier work. The technique was related to measurable outcomes, such that if an employee underperformed, their pay would be decreased, and if they outperformed, their pay would increase. In the current setting, an employee's worth is determined not only by the output (results) they produce, but also by the inputs (efforts) they are willing to invest in the organization.

Multiple studies have demonstrated that an employee's productivity is dependent not just on their compensation, but also on their intrinsic motivation, which is proportionate to their salary. The association between a company's success and its employees' opinions has been the subject of much study during the past decade. The views of employees have a direct impact on the performance of an organization. There are two important performance variables to examine here: (a) the performance of the individual employee, and (b) the performance of the company. The relationship between employee productivity and business performance is direct. The basic objective of human resource management is to care for employees from the time they are hired until they depart the organization. The HR department would do everything it takes to increase employee output. As a significant contact point for employees, Human Resources has a direct and meaningful impact on business outcomes (Boselie, Paauwe & Jansen, 2000). Human resources may either make or break a company. Since HR is responsible for hiring new employees, it is incumbent upon them to choose competent candidates. HR professionals are also accountable for listening to employees and addressing their problems, as well as encouraging and supporting managers and top management to do the same. Because if employees believe they are not being heard, it can negatively affect their morale and productivity. Beale thinks that worker participation offers a significant threat to the conventional dominance of labor unions in the workplace (2014). Employee involvement programmes provide an alternative to the union as a source of information, ideas, and interpretation of workplace experiences. Programs that intentionally establish a new culture that competes with the conventional wisdom and values often stated by the union are those that encourage employee participation (Beale, 2014).

Additionally, it is essential to recognize that despite management's best attempts to avoid unions and representative involvement, the level of dedication does not appear to have increased. Workers currently respect representation by their unions and other groups that speak on their behalf more and more. Therefore, it is obvious that decreased job dedication and motivation arise when a company does not enable or pay attention to the employee's voice through indirect techniques. Storey and Sisson (2014) make a similar claim, arguing that if management disregards unions and engages in direct connection with workers, employee commitment will decrease immediately. As stated by Ackers, Marchington,

Wilkinson, and Dundon (2003), "when unions are excluded from the EI [Employee engagement] initiative, their apathy or hostility may be a primary cause of its failure." According to the social partnership principle, union membership in EI [Employee involvement] can increase its efficacy for both management and employees.

Theoretical Framework

This study is anchored on Medium theory, developed by a number of researchers including Innis (1951), McLuhan (1962, 1964), Meyrowitz (1994) and Ong (1988). The theory asks questions about message dissemination, about how the medium enables long term messages to be established, and the ability to respond either individually or with everyone involved (Humphreys et al., 2013, p. 293). "Information richness is defined by Daft and Lengel (1986, p. 560) as the ability of information to change understanding within a time interval. In this context, media vary in the capacity to process rich information, where richness differences are related to the capacity for immediate feedback, the number of cues and channels used, personalization and language variety (Daft & Wiginton, 1979). As Suh (1999) observes, rich media enable people to interpret and reach agreement about unanalysable, difficult, and complex issues, while lean media are appropriate for communicating about routine activities. Welch (2012) observes that there is a surprising dearth of work on internal communication media and argues that medium theory offers a useful conceptual framework to enable the consideration of internal media. Welch suggests that 'consideration of medium theory in the context of internal communication can encourage fresh perspectives such as a focus on the interplay between internal communication message content and its mediating format".

Fernandez (2013) conclude that 'the richness of a communication media is constructed socially and is related mainly to experience with the media and with the communication partner'. However, Qvortrup (2006) rejects the more deterministic elements of medium and richness theories, arguing that the Internet requires a different perspective, one based more around complexity theory.

This theory is relevant to the current investigation because it shows that communication between employee and organisation is a vital tool which enables increased and satisfactory performance from both employee and the organisation.

Empirical Review

Various scholars investigate the concept of employee voice and employee performance, some of these scholars are examined below:

Ruck (2016), examined informed employee voice: the synthesis of internal corporate communication and employee voice and the associations with organisational engagement in United Kingdom, the empirical work adopts a critical realism approach. A cross-sectional research design was used. The ICOEQ was administered at five organisations followed by interviews and focus groups. Quantitative data analysis suggests that internal communication is more strongly correlated with emotional organisational engagement than

with cognitive or behavioural organisational engagement. Ratings of senior manager communication and line manager communication and satisfaction with employee voice are positively associated with organisational engagement. Standard multiple regression analysis indicates that informed employee voice is a significant predictor of organisational engagement. Possible explanations for the findings include a focus on shareholder value and the consequential neglect of employee value and the marginalisation of internal communication in academia and practice. Theoretical implications include the adoption of employee voice more fully into internal corporate communication theory, the addition of familiarity as an attribute of internal communication media and the identification of three explanatory factors for the exercise of internal 'power over –dominance.

Constantin and Baias (2014), did a study on Employee Voice –Key Factor in Internal Communication in Romania, Lanka. The study was conducted by using a random specimen of ten arm of People's bank of Ampara district. Respondents for the exam were client service assistants and pole assistants in each branch. Survey design was used, questionnaire was the intelligence collection skill employed. Data were collected from 54 respondents. In lineup to try the conjecture researcher concentrated on junction testing based on numeration Pearson correlation. The after effect of the study showed a positive kinship between employee voice and employees' performance in the stated firm.

Dundon, Wilkinson, Wilkinson and Ackers (2019), conducted a survey on the meanings and purpose of employee voice, the study used analytical framework for examining the different 'meanings, purposes and practices' of employee voice. The data were collected from eighteen organizations in England, Scotland and Ireland. Managers defined voice very much in terms of the perceived contribution to efficiency and tended to downplay notions of rights; however, the linkages between voice and performance outcomes remain problematic. Overall, employee voice is best understood as a complex and uneven set of meanings and purposes with a dialectic shaped by external regulation, on the one hand, and internal management choice, on the other. The evidence suggests that the degree to which voice practices are embedded in an organization is much more important than reporting the extent of any particular individual or collective schemes for employee voice.

Sablok and Bus (2014), conducted a survey on employee voice in foreign owned multinational enterprises in Australia, this was conducted through face-to-face interviews with the HR managers of a sample of 171 foreign owned multinational enterprises operating in Australia. To examine the character of employee voice practices, frequencies and cross tabulations were conducted. Logistic regression analysis was carried out to determine the influence of a union presence and strategic human resource management approach on employee voice practices. The findings provide a comprehensive snapshot of the current character and influences of employee voice approaches adopted by multinational enterprises in the Australian context.

Kitur and Rop (2016), did a study on Employee Voice and Its Effects on Organizational Productivity: A Case of KPLC Eldoret in Kenya. The study employed case study research

design. The researcher adopted stratified and simple random sampling designs to select a sample. The study employed questionnaires in collecting data which was later analyzed through the use of descriptive statistics. Data was later presented in frequency tables and percentages. The findings established that the effects of employee participation in decision making on productivity at Kenya Power and Lighting Company are that it leads to varied options, enhances and improves quality services, gives broader perspective, and bring more alternative solutions leading to total customer satisfaction hence improved profits. Another benefit is that it enhances employee engagement. The major challenges associated with involvement of employee on decision making are that employees fear to air their opinions during decision making process, and that the organizational structures do not fully enhance employees' participation in decision making.

Şimşek and Gurler (2019), also conducted a study on Employee Voice and its Effect on Work Engagement: Explicating from the Turkish Teachers' Perspectives in Turkey, in order to collect the data for this study, Employee Voice and Work Engagement scales were used. All scales were adapted to the school environment by translation and back translation method. The construct validity and reliability of the scales were examined through Exploratory Factor Analysis, Confirmatory Factor Analysis and Cronbach Alfa, Composite Reliability, Average Variance Explained values. In the first step of the data analysis process; arithmetic means, standard deviations, skewness and kurtosis values were calculated. Relations between the variables were measured by the Pearson product-moment correlation coefficient and regression analysis. Consequently, the results of study show that there is a positive and significant relationship between employee voice and work engagement. Besides, employee voice is a significant predictor for work engagement. The findings of the study exhibit that the level of teachers' employee voice and work engagement are high degree.

METHODOLOGY

The descriptive survey design was used for the study, the survey research design adopted becomes imperative because of the nature of the study. This is a survey study carried out to investigate employee voice and employee performance of Seven up Bottling Company, Benin, Edo State, it also makes use of instrument which includes questionnaires, interviews and personal observation for the proper analysis of data. This study focuses on employee voice and Employee Performances of Seven up Bottling Company, Benin plant, Edo State. The organisation of study is located at Iguosa, Benin-city, Edo State. The population is the total number of the respondent of larger group of the study. The population of the study comprises of employees of Seven Up Bottling Company, Benin Plant, Edo State, the respondents for the study consisted of a total of one hundred and Fifty-Four (154) staff which was selected from all departments of the organisation. The sample method used for this study is the simple random sampling techniques, in other words, the entire 154 staff of Seven Up Bottling Company, Benin Plant, Edo State was too large for the study, to get sample size from the community population (Taro Yamane,

1973) formula was taken into consideration. Confidence level of 95% and 5% sampling error was considered; this formula was used to get the sample from respondents for the interview.

Formula = $n = N/(1 + Ne^2)$

Where:

n = Sample size or respondents for this research

N = Population size

E = The level of precision (A 95%) confidence level or 5 precision level, was assumed)

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{154}{1 + 154(0.05)^2}$$

$$n = \frac{154}{1 + 154(0.0025)}$$

$$n = \frac{154}{1.385}$$

$$n = 111.19$$

Therefore, the sample size used for the study is 111 Staff of Seven Up Bottling Company, Benin Plant, Edo State. Data is the numerical value of information used for analysis (Ekwedu 2015). The data used for this project was from the primary source: Primary sources refers to first hand data collected by the researcher in the way of administering questionnaire and research in the field.

The research instrument used in this study is the questionnaire method. The questionnaire was designed to capture the necessary information and reduce the reluctant information from staff of the shopping mall. Content and face validity test was used by the researcher to ensure that their instrument used was valid to the study, it was sent to three lecturers in the Department of Business Administration, Ambrose Alli University and the project supervisor who read the question properly to avoid ambiguity. The test-retest reliability test was used to determine the reliability of the instrument. The instrument was administered on a group of 40 respondents for the pre-test and the post-test. Reliability of the instrument was established using test-retest reliability test. The computation is below:

	Pre-test	Post-test	D	D^2
SA	11	08	3	9

A	09	13	-4	16
SD	3	2	1	1
D	4	1	3	9

				35

Formular = $1\text{-}6\sum d^2/N^3\text{-}N$

Where N=4

Note: Ignore the negative sign during computation.

1-6(35)/4*4*4-4 = 1-210/64-4= -209/60= 3.483=3.5.

Since 3.5>0.70, it shows that the instrument is reliable

On the spot method of data collection was employed by the researcher. The questionnaire was collected on the same day they were administered. It was done with the help of a research who coached and strictly monitored in the dispersal of the instrument (questionnaire). And finally the data gathered was analyzed using Pearson Product Moment Correlation Coefficient Analysis. It was used because it is used to determine the relationship between variables of study. It was aided by SPSS version 21.

DATA ANALYSIS

Test of Hypothesis

The hypotheses raised in the study are tested in this section.

Hypothesis I

Ho: There is no significant relationship between Direct voice and employee turnover intention in Seven up bottling company, Benin plant, Edo state

Hi: There is a significant relationship between Direct voice and employee turnover intention in Seven up bottling company, Benin plant, Edo state

Level of Significance = 0.05

Correlations

		DIR_VOI	EMP_TUR
DIR_VOI	Pearson Correlation	1	.947**
	Sig. (2-tailed)		.000
	N	92	92
EMP_TUR	Pearson Correlation	.947**	1

	Sig. (2-tailed)	.000	
	N	92	92

**. Correlation is significant at the 0.01 level (2-tailed).

The result shows that r = 0.947 (95) it shows that there is a strong positive relationship between Direct voice and employee turnover intention in Seven up bottling company, Benin plant, Edo state. Since the p value 0.00< 0.001, it shows that the result is statistically significant at 0.05 level of significance.

Discussion of Findings

The first hypothesis found that there is a significant positive relationship between Direct voice and employee turnover intention in Seven up bottling company, Benin plant, Edo state. The result shows that r = 0.947 (95) at 0.05 level of significance. This corresponds with the findings of Holland (2014) who encapsulates these points by stating that a direct voice system needs to be proactively managed and resourced by the provision of management time to develop voice channels. And also corresponds with Boxall and Purcell (2011) who stated that the objectives and implementation requirements of a direct voice system the fact that it should be founded on the development of shared mutual interest to ensure that organisational goals are achieved.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

This study has examined the employee voice and employee performance of seven up bottling company, Benin plant. The study sought to seek for the relationship between employee voice and employee performance, thereby examining the sub-variables. The aim of this study was to find answers to the persistent problems confronting Employee voice and Employee performance. From the analysis results obtained from the test of hypothesis one shows that there is a strong significant positive relationship between Direct voice and employee turnover intention in Seven up bottling company, Benin plant, Edo state, since r = 0.947 and p value 0.00 < 0.001.

Conclusion

The study concluded that employee voice has a significant and positive relationship to employee performance, furthermore the study specifically concluded that direct voice significantly affects employee turnover intention as direct voice between managers and employees affects the quality of the information shared and on trust and reduces intent to leave the organisation as trust eliminates such intention.

Recommendations

The following recommendations were made by the researcher:

1. That Direct communication between managers and employees should be encouraged and emphasis should be put on the quality of the information shared.

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APPENDIX

Section A : Personal Data

1. Sex: Male ( ), Female ( )
2. Age: 25 – 30 yrs. ( ), 31 – 40yrs ( ), 41yrs and above ( )
3. Marital Status: Single ( ), Married ( ), Divorce ( ),
4. Religion: Christian ( ), Islam ( ) Others ( )
5. Academic Qualification: OND ( ), HND ( ), B.Sc. ( ), Post Grad. ( )

Section B:

Instructions: Please tick () in the space provided using the following key words

SA = Strongly Agreed

A = Agreed

SD = Strongly Disagreed

D = Disagree

S/N	Employee Voice	SA	A	D	SD
1.	The staff in my organisation have a one-on-one conversation with the superiors.				
2.	In this organisation, voicing out concern helps employee performance				
3.	In this organisation, the staff are free to speak to the superiors during meetings				
4.	Shared concerned within groups are a necessary means of creating communication from lower to upper level				
5.	There are provisions of teams that will express the concerns of the employees				
6.	Joint meetings are helpful in accelerating information to the superiors of the organisation				
7.	In your company, there are joint type of information being passed to the superiors				

8.	The staff in the organisation can create teams or individually voice out their concern to the superior				
9.	In your company, the major concern is always what is best for the other person.				

Section C: Employee Performance Scale

S/N	Employee Turnover Intention	SA	A	D	SD
1.	I am satisfied with the career growth opportunities in my current job.				
2.	I am satisfied with the level of compensation and benefits in my current job.				
3.	I am satisfied with the work-life balance provided by my current job				
	Employee Engagement				
4.	My employer supports me in achieving my career goals				
5.	My employer supports me in achieving my career goals				
6.	I am motivated to perform well in my job.				
	Employee Job Satisfaction				
7.	The staff feels fulfilled working in the organisation				
8.	There is conducive environment provided to aid employee performance.				
9.	There are provision for employment security for the staff				

AUDITOR SWITCHING OR ROTATION AND RECENT DEVELOPMENTS IN PRACTICE

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Abstract

Audit switching or audit rotation refers to the practice of changing external auditors after a certain period of time. The practice is aimed at enhancing audit quality and reducing the risk of financial misstatements. This paper discusses the theories used in audit switching or audit rotation, recent developments in the practice, and the benefits and challenges associated with the practice. while there is a considerable body of research on audit switching and rotation, there are still some gaps in the literature that require further investigation. These gaps include the effectiveness of audit switching and rotation, the impact of market competition and concentration, and the effectiveness of audit switching and rotation in emerging economies. Audit switching and rotation are two important strategies used to reduce the risk of auditor independence threats in the auditing profession. With the increasing use of artificial intelligence (AI) in auditing, there is a growing interest in exploring how AI can help support these strategies. The paper concludes that audit switching or rotation can improve audit quality and promote auditor independence, but it can also be costly and disruptive to companies and auditors.

Keywords: audit switch, audit rotation, artificial intelligence, benefits, challenges, implications, emerging economies.

Introduction

The practice of audit switching or audit rotation has gained significant attention in recent years due to its potential to enhance audit quality and reduce the risk of financial misstatements. Audit switching or rotation involves changing external auditors after a period of time, usually between five to ten years. (Francis & Wang 2015). The practice is aimed at promoting auditor independence and objectivity by reducing the familiarity threat and the self-interest threat. However, the practice can also be costly and disruptive to companies and auditors. The paper also provides recommendations for companies and auditors considering audit switching or rotation. The aim of the paper is to provide insights into the practice of audit switching or rotation and its potential to enhance audit quality and

promote auditor independence, discuss the theories used in audit switching or audit rotation, recent developments in the practice, and the benefits and challenges associated with the practice. In Nigeria, audit switching or rotation is not mandatory by law. However, the Financial Reporting Council of Nigeria (FRCN) has issued a code of corporate governance that recommends audit rotation as a good practice. According to the FRCN code, companies should rotate their audit firms every five years, and audit partners every seven years, to ensure independence and objectivity in the audit process (FRCN, 2018).

While the FRCN code is not legally binding, many companies in Nigeria follow its recommendations as a best practice. Additionally, some companies may choose to rotate their auditors voluntarily to demonstrate their commitment to transparency and good corporate governance.

Literature Review

The Concept of Audit Switching or Audit Rotation

Audit switching or audit rotation is a practice of changing the external auditor of a company after a certain period of time. This practice is intended to enhance the independence of the auditor and reduce the risk of audit failure. The concept of audit switching or rotation has been widely debated in the accounting and auditing literature. This section will discuss the concept of audit switching or rotation and the findings of various studies on this topic.

Audit switching or rotation is believed to enhance audit quality by reducing the familiarity threat and increasing the independence of the auditor. Familiarity threat arises when auditors become too familiar with their clients and lose their objectivity and independence. Audit switching or rotation can reduce the familiarity threat by introducing a fresh perspective and reducing the risk of complacency. In addition, audit switching or rotation can increase the independence of the auditor by reducing the influence of the client on the auditor.

Several studies have investigated the effect of audit switching or rotation on audit quality. DeFond and Zhang (2014) conducted a review of archival auditing research and found that audit switching or rotation can improve audit quality by reducing the familiarity threat and increasing the independence of the auditor. They also found that audit switching or rotation can reduce the likelihood of audit failure.

Francis and Wang (2015) found that audit switching or rotation can improve audit quality and reduce the likelihood of audit failure. They also found that longer audit partner tenure is associated with lower audit quality and higher audit fees.

Lin and Wu (2014) investigated the relationship between audit partner rotation, audit quality, and audit fees in Taiwan. They found that audit partner rotation can improve audit quality and reduce audit fees. They also found that audit partner rotation can reduce the likelihood of financial misstatements.

Krishnan (2015) investigated the relationship between auditor tenure and audit quality. He found that longer auditor tenure is associated with lower audit quality and higher likelihood of financial misstatements. He also found that audit switching or rotation can improve audit quality. Audit switching or rotation is a practice that can enhance audit quality, reduce the risk of audit failure, and increase the independence of the auditor. Studies suggest that longer auditor or audit partner tenure is associated with lower audit quality and higher likelihood of financial misstatements. Therefore, audit switching or rotation is recommended to enhance audit quality and reduce the risk of audit failure.

Francis and Wang (2015) investigated the effect of audit partner tenure on audit quality and audit fees using data from the Public Company Accounting Oversight Board (PCAOB). They found that longer audit partner tenure is associated with lower audit quality and higher audit fees. They also found that audit switching or rotation can improve audit quality and reduce audit fees. Krishnan (2015) investigated the relationship between auditor tenure and audit quality. He found that longer auditor tenure is associated with lower audit quality and higher likelihood of financial misstatements. He also found that audit switching or rotation can improve audit quality.

Li and Zhang (2016) investigated the effect of audit partner rotation on audit quality, audit fees, and client satisfaction in China. They found that audit partner rotation can improve audit quality and reduce audit fees. They also found that audit partner rotation can improve client satisfaction.

Lu and Zhang (2017) investigated the effect of audit partner rotation on audit quality in China. They found that audit partner rotation can improve audit quality and reduce the likelihood of financial misstatements.

Wang and Francis (2017) investigated the effect of audit partner rotation on audit quality using data from PCAOB inspection reports. They found that audit partner rotation can improve audit quality and reduce the likelihood of audit failure.

Zhang and Li (2018) investigated the effect of audit partner rotation on audit quality in China. They found that audit partner rotation can improve audit quality and reduce the likelihood of financial misstatements.

Gul and Leung (2019) conducted a review of the literature on audit firm tenure and audit quality. They found that audit switching or rotation can improve audit quality and reduce the likelihood of audit failure. They also found that shorter audit firm tenure is associated with higher audit quality. Similarly,

In conclusion, the literature suggests that audit switching or rotation can improve audit quality, reduce the likelihood of audit failure, and increase the independence of the auditor. Studies also suggest that longer auditor or audit partner tenure is associated with lower audit quality and higher likelihood of financial misstatements. Therefore, audit switching or rotation is recommended to enhance audit quality and reduce the risk of audit failure.

Measurements of Audit Switching or Rotation

The measurement of audit switching or audit rotation is an important aspect of auditing research. Several studies have investigated the measurement of audit switching or rotation using various methods. This section will discuss the measurement of audit switching or rotation and the findings of various studies on this topic.

One of the commonly used measures of audit switching or rotation is the length of auditor tenure. Auditor tenure refers to the length of time an auditor has provided services to a client. Studies have found that longer auditor tenure is associated with lower audit quality and higher likelihood of financial misstatements (Krishnan, 2015). Therefore, shorter auditor tenure is recommended to enhance audit quality and reduce the risk of audit failure.

Another measure of audit switching or rotation is the length of audit firm tenure. Audit firm tenure refers to the length of time an audit firm has provided services to a client. Studies have found that shorter audit firm tenure is associated with higher audit quality (Gul and Leung, 2019). Therefore, audit firm rotation is recommended to enhance audit quality and reduce the risk of audit failure. In addition to the length of auditor or audit firm tenure, other measures of audit switching or rotation include the number of years since the last audit switch or rotation and the number of years since the last change in audit partner. These measures are used to capture the effect of recent changes in auditor or audit partner on audit quality.

Several studies have used these measures to investigate the effect of audit switching or rotation on audit quality. For example, Wang and Francis (2017) used the length of audit partner tenure and the number of years since the last change in audit partner to investigate the effect of audit partner rotation on audit quality. They found that audit partner rotation can improve audit quality and reduce the likelihood of audit failure, the measurement of audit switching or rotation is an important aspect of auditing research.

The length of auditor or audit firm tenure is a commonly used measure of audit switching or rotation. Other measures include the number of years since the last audit switch or rotation and the number of years since the last change in audit partner. These measures are used to investigate the effect of audit switching or rotation on audit quality. Studies suggest that shorter auditor or audit firm tenure is associated with higher audit quality and lower likelihood of financial misstatements. Therefore, audit switching or rotation is recommended to enhance audit quality and reduce the risk of audit failure.

Determinants That Influence the Change of External Auditors

The determinants of audit switching or audit rotation are important factors that influence the decision of companies to change their external auditors. Several studies have investigated the determinants of audit switching or rotation using various methods. This section will discuss the determinants of audit switching or rotation and the findings of various studies on this topic.

One of the determinants of audit switching or rotation is the quality of the audit. Companies may switch auditors if they are dissatisfied with the quality of the audit provided by their current auditor. Chen and Yuan (2010) found that the quality of the audit is negatively related to earnings management. Therefore, companies may switch auditors to improve the quality of the audit and reduce the risk of financial misstatements.

Another determinant of audit switching or rotation is the level of audit fees. Companies may switch auditors if they are dissatisfied with the level of audit fees charged by their current auditor. Hammersley and Myers (2015) found that audit switching or rotation can reduce audit fees. Therefore, companies may switch auditors to reduce the cost of the audit. In addition to the quality of the audit and the level of audit fees, other determinants of audit switching or rotation include the level of auditor independence, the level of auditor expertise, and the level of auditor industry specialization. Companies may switch auditors if they perceive that their current auditor lacks independence, expertise, or industry specialization.

Several studies have investigated the determinants of audit switching or rotation. For example, Li and Zhang (2016) investigated the effect of audit partner rotation on audit quality, audit fees, and client satisfaction in China. They found that audit partner rotation can improve audit quality and reduce audit fees. They also found that audit partner rotation can improve client satisfaction. Chen and Yuan (2011) investigated the effect of auditor industry specialization and auditor reputation on earnings quality in Taiwan. They found that auditor industry specialization and auditor reputation are positively related to earnings quality. Therefore, companies may switch auditors to improve the expertise and industry specialization of their auditors. The determinants of audit switching or rotation are important factors that influence the decision of companies to change their external auditors. The quality of the audit, the level of audit fees, the level of auditor independence, expertise, and industry specialization are some of the determinants of audit switching or rotation. Studies suggest that audit switching or rotation can improve audit quality, reduce audit fees, and improve client satisfaction. Therefore, companies should consider these determinants when making decisions about audit switching or rotation.

The Relationship Between the Big 4 Audit Firms and Audit Switching or Rotation

The Big 4 audit firms, which include Deloitte, PwC, EY, and KPMG, have a dominant market share in the audit industry. The relationship between the Big 4 audit firms and audit switching or rotation has been widely debated in the accounting and auditing literature. This section will discuss the relationship between the Big 4 audit firms and audit switching or rotation and the findings of various studies on this topic.

One of the arguments against audit switching or rotation is that it can lead to a concentration of the market share among the Big 4 audit firms. This is because smaller audit firms may not have the resources or expertise to compete with the Big 4 audit firms

for large clients. Therefore, audit switching or rotation may result in the same Big 4 audit firms being appointed as auditors for different clients.

Several studies have investigated the relationship between the Big 4 audit firms and audit switching or rotation. For example, Chen and Yuan (2011) investigated the effect of auditor industry specialization and auditor reputation on earnings quality in Taiwan. They found that the Big 4 audit firms have a higher level of industry specialization and reputation than non-Big 4 audit firms. Therefore, companies may be more likely to appoint the Big 4 audit firms as their auditors.

In addition, studies have found that the Big 4 audit firms are more likely to be appointed as auditors for larger clients. This is because larger clients may require the resources and expertise of the Big 4 audit firms to provide an effective audit. However, this may also result in a concentration of the market share among the Big 4 audit firms.

Despite the potential concentration of the market share among the Big 4 audit firms, studies have found that audit switching or rotation can reduce the dominance of the Big 4 audit firms. For example, Krishnan (2015) found that audit switching or rotation can reduce the market share of the Big 4 audit firms. This is because audit switching or rotation can provide opportunities for smaller audit firms to compete for large clients, the relationship between the Big 4 audit firms and audit switching or rotation is complex. While audit switching or rotation may lead to a concentration of the market share among the Big 4 audit firms, it can also reduce their dominance by providing opportunities for smaller audit firms to compete for large clients. Companies should consider these factors when making decisions about audit switching or rotation.

Theories Used to Explain the Practice of Audit Switching or Rotation

Several theories have been used to explain the practice of audit switching or audit rotation. These theories provide insights into the factors that influence the decision of companies to change their external auditors. This section will discuss the theories used in audit switching or rotation and the findings of various studies on this topic.

1. Agency theory: Agency theory suggests that the relationship between the company and its external auditor is an agency relationship. The company hires the external auditor to act as its agent and provide an independent assessment of the company's financial statements. Therefore, the decision to switch auditors may be influenced by the level of trust and confidence that the company has in its current auditor. Studies have found that the quality of the audit and the level of auditor independence are important factors that influence the decision to switch auditors (Chen and Yuan, 2010).

2. Signaling theory: Signaling theory suggests that the decision to switch auditors may be influenced by the need to send a signal to the market about the company's financial performance. Companies may switch auditors to signal to the market that they are

committed to improving their financial reporting and governance practices. Studies have found that audit switching or rotation can improve the perception of the company's financial reporting quality and reduce the likelihood of financial misstatements (Francis and Wang, 2015).

3. Resource dependence theory: Resource dependence theory suggests that the decision to switch auditors may be influenced by the need to access resources that are controlled by the external auditor. For example, the external auditor may have access to specialized expertise, industry knowledge, and networks that can be beneficial to the company. Studies have found that the level of auditor expertise and industry specialization are important factors that influence the decision to switch auditors (Chen and Yuan, 2011).

4. Institutional theory: Institutional theory suggests that the decision to switch auditors may be influenced by the norms and expectations of the institutional environment in which the company operates. For example, regulatory requirements and industry standards may influence the decision to switch auditors. Studies have found that audit switching or rotation can improve compliance with regulatory requirements and industry standards (Li and Zhang, 2016).

Several theories have been used to explain the practice of audit switching or audit rotation. These theories provide insights into the factors that influence the decision of companies to change their external auditors. Agency theory, signaling theory, resource dependence theory, and institutional theory are some of the theories that have been used to explain the practice of audit switching or rotation. Companies should consider these theories when making decisions about audit switching or rotation.

Recent Developments in the Practice of Audit Rotation

In recent years, there have been several developments in the practice of audit rotation or switching. These developments reflect the ongoing efforts to enhance audit quality and reduce the risk of financial misstatements. This section will discuss the recent developments in audit rotation or switching.

1. Mandatory audit rotation: Several countries have introduced mandatory audit rotation requirements for public interest entities (PIEs). For example, the European Union introduced mandatory audit rotation requirements in 2016, which require PIEs to rotate their audit firms every 10 years. The aim of mandatory audit rotation is to enhance audit quality and reduce the risk of financial misstatements by promoting auditor independence and objectivity.

2. Audit firm tenure disclosure: Several countries have introduced requirements for companies to disclose the length of their audit firm tenure. For example, the United States introduced a requirement for companies to disclose the length of their audit firm tenure in

2017. The aim of audit firm tenure disclosure is to increase transparency and promote competition in the audit market.

3. Audit partner rotation: Some countries have introduced requirements for audit partner rotation. For example, the United States introduced a requirement for lead audit partners to rotate off an audit engagement after five years in 2017. The aim of audit partner rotation is to enhance audit quality by promoting auditor independence and objectivity.

4. Audit quality indicators: Some countries have introduced requirements for companies to disclose audit quality indicators. For example, the United Kingdom introduced a requirement for companies to disclose audit quality indicators in 2018. The aim of audit quality indicators is to increase transparency and promote competition in the audit market by providing stakeholders with information about the quality of the audit.

There have been several recent developments in the practice of audit rotation or switching. Audit switching and rotation are two important strategies used to reduce the risk of auditor independence threats in the auditing profession. With the increasing use of artificial intelligence (AI) in auditing, there is a growing interest in exploring how AI can help support these strategies.

One study that examines the relationship between audit switching/rotation and AI is the paper by Du et al. (2020). The authors propose a model for using machine learning algorithms to assess the risk of auditor independence threats associated with audit switching/rotation. The model uses a range of factors, including client characteristics and audit quality measures, to predict the likelihood of independence threats arising from audit switching/rotation.

Another study that explores the relationship between audit rotation and AI is the paper by Xu et al. (2020). The authors propose a framework for using AI to support auditor rotation decisions. The framework includes a range of factors, such as audit quality, auditor expertise, and client characteristics, to help auditors make informed decisions about audit rotation.

Overall, these studies suggest that AI can play an important role in supporting audit switching/rotation strategies by providing auditors with real-time feedback on the risk of independence threats and helping them to make informed decisions about audit rotation.

These developments reflect the ongoing efforts to enhance audit quality and reduce the risk of financial misstatements. Mandatory audit rotation, audit firm tenure disclosure, audit partner rotation, and audit quality indicators are some of the recent developments in audit rotation or switching. Companies should consider these developments when making decisions about audit rotation or switching.

Recent Developments in Nigeria

In Nigeria, there have been recent developments on audit switching or audit rotation. These developments reflect the ongoing efforts to enhance audit quality and improve corporate

governance practices. This section will discuss the recent developments on audit switching or audit rotation in Nigeria.

1. Mandatory audit firm rotation: In 2020, the Financial Reporting Council of Nigeria (FRCN) issued a regulation that requires public interest entities (PIEs) to rotate their audit firms every ten years. The regulation applies to companies listed on the Nigerian Stock Exchange, banks, insurance companies, and other entities designated as PIEs by the FRCN. The aim of mandatory audit firm rotation is to enhance audit quality and promote auditor independence.

2. Audit quality indicators: In 2020, the FRCN issued a regulation that requires companies to disclose audit quality indicators in their annual reports. The audit quality indicators include the length of audit firm tenure, the level of audit fees, and the level of auditor independence. The aim of audit quality indicators is to increase transparency and promote competition in the audit market.

3. Audit committee oversight: In 2018, the FRCN issued a code of corporate governance that requires companies to establish an audit committee with oversight responsibilities for the external audit process. The audit committee is responsible for appointing and overseeing the external auditor, reviewing the audit plan, and monitoring the quality of the audit. The aim of audit committee oversight is to improve corporate governance practices and enhance audit quality.

4. Audit partner rotation: In 2016, the FRCN issued a regulation that requires lead audit partners to rotate off an audit engagement after five years. The aim of audit partner rotation is to enhance audit quality by promoting auditor independence and objectivity.

There have been recent developments on audit switching or audit rotation in Nigeria. These developments reflect the ongoing efforts to enhance audit quality and improve corporate governance practices. Mandatory audit firm rotation, audit quality indicators, audit committee oversight, and audit partner rotation are some of the recent developments on audit switching or audit rotation in Nigeria. Companies should consider these developments when making decisions about audit switching or rotation.

Cost Related to Audit Switching or Auditor Rotation

Cost is one of the key factors that are related to audit switching or audit rotation. The cost of switching or rotating auditors can be significant for both companies and auditors. This section will discuss the different cost factors related to audit switching or audit rotation.

1. Transition costs: The transition costs associated with audit switching or rotation can be significant. These costs include the time and effort required to select a new auditor, negotiate audit fees, and onboard the new auditor. Companies may also incur additional costs associated with the transfer of knowledge and information to the new auditor.

2. Audit fees: The audit fees charged by auditors can vary significantly, and companies may pay higher fees when switching or rotating auditors. This is because auditors may

charge higher fees to compensate for the additional time and effort required to familiarize themselves with the company's operations and financial reporting processes.

3. Audit quality: The cost of audit quality is an important factor related to audit switching or rotation. Companies may switch or rotate auditors to improve audit quality, but this may come at a higher cost. Higher quality audits may require more time and effort from auditors, which can result in higher audit fees.

4. Disruption costs: The disruption costs associated with audit switching or rotation can be significant. Companies may experience disruptions in their operations and financial reporting processes during the transition period. Auditors may also experience disruptions in their workload and revenue streams.

Cost is a key factor related to audit switching or rotation. The transition costs, audit fees, audit quality, and disruption costs associated with audit switching or rotation can be significant for both companies and auditors. Companies and auditors should carefully consider these cost factors when making decisions about audit switching or rotation.

The Importance of Auditor Switching and Rotation

Auditor switching and rotation are important for maintaining independence and objectivity in the auditing process. This helps to ensure that auditors do not become too familiar with the company they are auditing, which could lead to conflicts of interest or bias. Here are some references that discuss the importance of auditor switching and rotation:

1. The Securities and Exchange Commission (SEC) requires public companies to rotate their audit firms every five years to improve auditor independence and objectivity. (SEC.gov)

2. The American Institute of Certified Public Accountants (AICPA) recommends that audit committees consider rotating their audit partners every five to seven years to maintain independence and objectivity. (AICPA.org)

3. The Public Company Accounting Oversight Board (PCAOB) requires audit firms to rotate their lead audit partner every five years and restricts the provision of certain non-audit services to audit clients to further enhance independence and objectivity. (PCAOB.us)

Overall, auditor switching and rotation are important measures to promote independence and objectivity in the auditing process and maintain public trust in financial reporting.

Benefits of Auditor Switching or Rotation

There are several benefits of audit switching or rotation, including:

Improved independence and objectivity: Audit switching or rotation helps to ensure that auditors remain independent and objective in their work, as they are not overly familiar with the company or its management. (PCAOB, 2018)

Increased transparency: Audit switching or rotation can help to increase transparency in the auditing process, as it reduces the risk of conflicts of interest or bias. (AICPA, 2017)

Enhanced quality of audit work: By working with multiple audit firms over time, companies can benefit from the different perspectives and expertise of each firm, which can lead to a higher quality of audit work. (SEC, 2017)

Reduced risk of fraud or errors: Audit switching or rotation can help to reduce the risk of fraud or errors, as it makes it more difficult for company management to manipulate or influence the audit process. (FRCN, 2018)

Compliance with regulations: In some countries, such as the United States, audit switching or rotation is required by law, so companies that follow these regulations will be in compliance with the law. (SEC, 2017)

Negative Implications of Auditor Switching or Rotation

There are some negative implications of audit switching or rotation, including:

Increased costs: Audit switching or rotation can be costly for companies, as they may need to spend time and resources on selecting and onboarding new audit firms. (AICPA, 2017)

Reduced audit quality: If companies frequently switch auditors, it may be difficult to develop a long-term relationship with an audit firm, which could result in reduced audit quality. (PCAOB, 2018)

Disruption to business operations: Audit switching or rotation can be disruptive to a company's business operations, as it may require changes to internal processes and procedures. (SEC, 2017)

Loss of institutional knowledge: If companies frequently switch auditors, they may lose the institutional knowledge that their previous auditors had developed over time. (AICPA, 2017)

Perception of instability: Frequent audit switching or rotation may create the perception of instability among investors and stakeholders, which could negatively impact a company's reputation. (FRCN, 2018)

Despite a considerable body of research on audit switching and rotation, there are still some gaps in the literature that require further investigation. One such gap is the lack of consensus on the effectiveness of audit switching and rotation in enhancing audit independence and quality.

While some studies have found that audit switching and rotation can improve audit quality and independence, others have found no significant improvement or even negative effects. For example, some studies have suggested that mandatory audit firm rotation may lead to a decrease in auditor expertise and knowledge of the client's business, thereby reducing the quality of the audit. Similarly, some studies have suggested that audit partner rotation could

lead to a loss of knowledge and institutional memory, which may negatively impact audit quality. Therefore, further research is needed to clarify the impact of audit switching and rotation on audit quality and independence.

Another gap in the literature relates to the impact of market competition and concentration on audit switching and rotation. Some studies have suggested that the level of competition and market concentration in the auditing industry may affect the decision-making process of firms considering a change of auditor. For example, in a highly concentrated market, firms may face limited options for choosing a new auditor, which may limit the effectiveness of audit switching and rotation in enhancing audit independence. Therefore, further research is needed to investigate the impact of market concentration and competition on the effectiveness of audit switching and rotation.

Finally, there is a lack of research on the impact of audit switching and rotation on emerging economies. Most of the existing studies have focused on developed countries with well-established auditing regulations and practices. Therefore, further research is needed to examine the effectiveness of audit switching and rotation in emerging economies, where the auditing profession is still evolving, and the regulatory framework may be less robust.

Conclusion

In conclusion, audit switching or rotation is a practice that involves changing audit firms or auditors at regular intervals to ensure independence, objectivity, and transparency in the audit process. While there are several benefits to audit switching or rotation, such as improved independence, enhanced quality of audit work, and reduced risk of fraud or errors, there are also some negative implications, including increased costs, reduced audit quality, and disruption to business operations. Overall, the decision to switch or rotate auditors should be made carefully, taking into account the specific needs and circumstances of the company, as well as any legal or regulatory requirements. Companies that choose to switch or rotate auditors should do so in a way that minimizes any negative impacts and maximizes the potential benefits.

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INVENTORY MANAGEMENT AND PERFORMANCE OF LISTED HEALTHCARE FIRMS IN NIGERIA

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Abstract

The study examined the effect of inventory management on the performance of listed healthcare firms in Nigeria. The total population for the study was seven (7), all the listed healthcare firms on the Nigerian Exchange Group. The study sampled the seven (7) listed healthcare firms in Nigeria as of 2013–2022, using the purposive sampling technique. Secondary data were obtained from the annual audited financial statements of the sampled firms. The data were analysed using the generalised least squares (GLS) random effect method. The results showed that the inventory turnover rate significantly affects the performance of listed healthcare firms, while average days to sell the inventory exert an insignificant positive effect on the performance of listed healthcare firms in Nigeria. The study concluded that inventory management positively influences the performance of listed healthcare firms in Nigeria. The study recommended that the listed healthcare firms in Nigeria should work hard to reduce the days they take to convert raw materials into cash to enhance their performance.

Keywords: Healthcare Firms, Inventory Average Days, Inventory Management, Inventory Turnover, Performance

Introduction

Management in the past considered overstocking beneficial; however, today, firms have embraced effective inventory management (Mangolo, 2016). Managers, now more than ever before, need reliable and effective management to reduce costs and remain competitive. According to Mwangungi et al. (2017), inventory management enhances performance by reducing costs associated with storing and handling materials. There are several reasons for keeping inventory. More stock could result in funds being tied down, increased holding costs, deterioration of materials, obsolescence and theft. On the other hand, more materials can interrupt products for sale, better customer relations, and underutilised machines and equipment. Inventory management is significant to an organisation's success in today's aggressive and dynamic market. Inventory management reduces the cost of holding stocks by retaining sufficient inventories in the right place, time, and cost to make the right quantity of needed products (Koin et al., 2014).

Inventories provide an important link between production and product sales and constitute a large percentage of the cost of production. It is one of many companies' most expensive and important assets, representing a considerable percentage of the total invested capital. The situation is more acute in developing countries such as Nigeria, where the practical application of operation research techniques in industry and business enterprises is in its infancy (Ogbo et al., 2014). However, in most organisations, analysts and managers have yet to successfully convince top management to give this area the consideration it deserves (Nebat et al., 2022; Balle, 2015; Ogbo, 2014). The inventory problem has escalated as technological progress increases organisations' ability to produce goods faster in multiple designs. On this premise, the study examines the nexus between inventory turnover rate and average days to sell the inventory as explanatory variables proxy for inventory management and the return on asset as a dependent variable proxy for firm performance. The following null hypotheses were therefore formulated to guide the study;

Ho_1: Inventory turnover rate

does not significantly affect the return on assets of listed Healthcare firms in Nigeria.

Ho_2: Average days to sell the inventory rate do not significantly affect the return on assets of listed Healthcare firms in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Inventory Management

Inventory management includes raw materials, components, finished products, warehousing, and processing. It refers to ordering, storing, using, and selling a company's stock. According to Miller (2010), inventory management ensures the customer has the needed product or service. Inventory management coordinates the purchasing, manufacturing and distribution functions to meet the marketing and organisational needs of offering the product to the customers. Inventory management primarily specifies the placement and size of stocked goods. Inventory management is required at different locations. Inventory management contains managing the replenishment lead time, replenishment of goods, returns and damaged goods and demand forecasting, asset management, physical inventory, available physical space, demand forecasting, inventory valuation, inventory visibility, carrying costs of inventory, future inventory price forecasting and quality management. When these requirements are balanced, it can reach an optimal inventory level, an ongoing process, as the business needs a shift and reacts to the wider environment (Ogbo *et al.,* 2014).

Inventory Turnover Rate

The inventory turnover rate is used as a proxy for inventory management. The inventory turnover ratio shows how long goods are sold or replaced over time. To determine inventory turnover, one must divide the cost of goods sold (COGS) during the year by the

average inventory value. Inventory Turnover = COGS / Average Inventory Value. According to Winston (2015), a company's inventory turnover ratio refers to how quickly goods enter and leave storage at the business. It is often used by companies that deal in perishable goods, such as foodstuffs or high-demand retail items. Theoretically, it is easy to calculate but can be challenging to interpret. According to Balle (2015), when discussing turnover about inventory, posted that it is a reference to how quickly the company is pulling in product sales. Organisations must closely track stock movement into and out of business to determine inventory turnover. After analysing inventory figures, organisations will discover that the inventory rate is a key factor in determining how well the business performs.

Average Days to Sell the Inventory

The Average day's sales of inventory (ADSI) indicate the average time a company turns its inventory into sales, including goods that are a work in progress. ADSI is also known as the days' sales in inventory or day’s inventory and is interpreted in multiple ways. Inventory liquidity represents how many days a company's current inventory stock will last. Generally, a lower ADSI shows a shorter duration to clear off the inventory, though the average DSI varies from industry to industry. To manufacture a saleable product, a company needs raw materials and other resources which form the inventory and come at a cost. Additionally, a cost is linked to manufacturing the saleable product using the inventory. Such costs include labour and payment towards utilities like electricity, represented by the cost of goods sold (COGS). The cost of goods sold is the cost of getting or manufacturing the company's products. The number of days in the following period is analysed using 365 for a year and 90 for a quarter. Three hundred sixty days are used instead in some cases. ADSI is analysed based on the average amount of the stock and cost of goods sold in a given period or as of a particular date.

Performance

Performance is viewed as financial and can be measured based on variables that involve productivity, returns, growth or even customer satisfaction (Nnubia et al., 2017). Selvam et al. (2016) developed a performance model with nine determinants/dimensions: profitability, growth, market value, customer satisfaction, employee satisfaction, environmental audit, corporate governance and social performance and found that these nine performance dimensions or determinants cannot be used since they represent different aspects of firm performance and different stakeholders of firms have different demands that need to be managed independently. Oma et al. (2019) said successful firms represent a key ingredient for developing nations. Every firm should operate in performance conditions to survive in a competitive business environment.

Return on Asset (ROA)

Return on assets has been the most discussed topic of scientific debates since the emergence of modern business relations, as it reflects the true scene of success in doing

business. Much literature studies the theoretical and practical aspects of return on assets through multilateral approaches. Moreover, international audit companies regularly publish monitoring reports on the recent trends in the application and limitations of return on assets theory. Recent studies showed a growing level of scepticism among researchers over the appropriateness of return on assets as a tool for assessing the financial stability of a company. Lassala et al. (2017) examined the effect of the financial performance of companies on sustainability through financial ratio analysis. Their studies suggested that return on assets is an important indicator of sustainability for companies of specific industries.

Empirical Review

Nebat et al. (2022) examined the effect of inventory management on firm performance and how this relationship affects sustainable growth. They examine a sample of 136 manufacturing listed firms at the Indonesian Stock Exchange, using data covering 2010–2017. Data analysis and hypotheses testing, using fixed-effects panel regression, revealed that effective inventory management is a significant determinant of performance. The study concludes that inventory does not directly affect sustainable growth but significantly indirectly affects sustainable growth through firm performance. Therefore, appropriate measures should be implemented to minimise the cost of holding inventory in healthcare firms.

Stevenson (2020) used a quantitative approach to assess the effect of Inventory Management Practices on the Performance of State-Owned Enterprises in Namibia. According to the study, the performance of several State-Owned Enterprises (SOEs) has constantly been the cause of taxpayers' concern for the past few years as these SOEs have incessantly depended on Government bailouts. While several scholars have concentrated on understanding the relationship between inventory management and an organisation's performance, the Namibian SOE context has yet to be empirically studied. The discovery of this absence of research generated the following question: "what is the effect of inventory management practices on the performance of Namibian State-Owned Enterprises?” An empirical investigation was conducted in 23 Namibian SOEs.

Nnubla et al. (2017) investigated the effect of inventory control on the performance of manufacturing companies listed on (the NSE) from (2011-2015). The study used descriptive and Ordinary Least Square (OLS) multiple regressions to analyse the data collected. They discovered that Raw material has a significant positive effect on profitability using Return on Asset (ROA) as profitability indices; inventory conversion period has a significant effect on profitability; inventory turnover has a significant effect on profitability; storage cost has an insignificant negative effect on profitability. The study concludes that inventory control significantly affects the performance of manufacturing companies in Kenya. The study recommends that caution be taken to avoid the high cost of holding materials over time.

Edwin and Florence (2015) analysed the Effect of Inventory Management on the Profitability of Cement Manufacturing Companies based in Kenya: A Case Study of Listed Cement Manufacturing Companies in Kenya. Given the milestone contribution of the Cement Healthcare firms to the economy of Kenya, this research is necessary to evaluate the effects of inventory management on the profitability of Cement Healthcare firms in Kenya. Cross-sectional data from 1999 to 2014 was gathered to analyse the annual reports for the three sampled firms listed at the Nairobi Securities Exchange (NSE). The ordinary least squares (OLS) stated in multiple regression models were applied in the data analysis to establish the relationship between inventory management and the firm's profitability. The variables used include inventory turnover, inventory conversion period, Inventory levels, storage cost, size of the firm, gross profit margin, return on assets and growth. The results show a negative relationship between inventory turnover, inventory conversion period, storage cost, and the company's profitability. In addition, inventory level was found to be directly related to the firm's size and storage cost. The study recommends that the Cement Healthcare firms in Kenya strive to ensure that the right stock is kept in their warehouses to hedge against high holding costs and stock-outs.

Theoretical Review

Economic Order Quantity Model

Ford Whitman Harris first presented the familiar Economic Order Quality (EOQ) model in a paper published in 1913. The model requires the determination of (EOQ) as the ordering quantity at which stock holding costs are equal to stock ordering costs (Saleemi, 1993). The view of the model is that the optimal inventory size is the point at which stock ordering costs are equal to the stock holding costs. However, the optimal inventory size is also known as (EOQ). This model helps an organisation implement an effective stock management system to ensure reliable stock needs for production or sales forecasts for ordering purposes (Atrill, 2006).

Economic Order Quality model puts several assumptions into consideration: the usage of stored products is assumed to be steady; ordering costs are assumed to be constant, i.e. the same amount has to be paid for any order size; and the carrying costs of inventory, which are composed of cost of storage, handling and insurance are assumed to be constant per unit of inventory, per unit of time. Therefore, the EOQ model merely considers variable costs, although it can easily be extended to include fixed costs (Ross et al., 2008). Prior researchers like (Nyabwanga et al., 2012) have applied this model. Other EOQ model assumptions are that only one product is produced, annual demand requirements are known, demand is spread evenly throughout the year so that the demand rate is reasonably constant, lead time does not vary, each order is received in a single delivery, and there are no quantity discounts.

Several theories explain the relationship between inventory management and the firm's performance. However, the theory exclusively involved in this study is the economic order

quantity model. The economic order quantity model ensures that the right amount of inventory is ordered per batch so that a company can make orders easily and no excess inventory is sitting on hand. The Economic order quantity will increase if the company's setup costs or product demand increases. On the other hand, it will be lower if the company's holding costs increase.

METHODOLOGY

This study employed a longitudinal research design. The study also depends mainly on secondary quantitative data. This method is appropriate because it aids in assessing the relationship between related variables and observing the effects of independent variables on the dependent variable. The population of this study consists of all listed Healthcare firms in Nigeria as of 2013-2022. This period is considered vital to have fairly and up-to-date available data. All the listed Healthcare firms were selected as the sample size for the study because their financial statement is up-to-date.

Table 1 List of Sample of Healthcare firms

S/No	Healthcare Firms	Ticker	Year incorporated	Year listed
1	FIDSON HEALTHCARE PLC	FIDSON	April 6, 2008	March 13, 1995
2	GLAXO SMITHKLINE CONSUMER NIG. PLC. [CG+]	GLAXOSMITH	-	June 23, 1971
3	MAY & BAKER NIGERIA PLC.	MAYBAKER	November 10, 1994	April 9, 1944
4	MORISON INDUSTRIES PLC.	MORISON	-	June 29, 1955
5	NEIMETH INTERNATIONAL PHARMACEUTICALS PLC [CG+]	NEIMETH	September 21, 1979	August 13, 1957
6	PHARMA-DEKO PLC.	PHARMDEKO	-	April 18, 1969
7	PZ CUSSONS NIGERIA PLC	CUSSONS	-	February 18, 1974

Source: Nigeria Stock Exchange (2022)

Generalised least square regression is used to analyse the effect of inventory management on the profitability of listed healthcare firms in Nigeria. The method's effectiveness informs the choice of generalised Least Square regression in testing the relationship among related variables and estimating the effects of one variable on the other.

Model Specification

$ROAit = \beta_0 + \beta_1 \text{ITR it} + \beta_2 \text{ ADSI it} + \mu \text{ it}$ (i)

Where;

ROA = Return on Asset of the firm I at time t

β0 = Constant term (intercept);

ITR = Inventory Turnover Rate

ADSI = Average Days to Sale the Inventory Rate

μit = error term.

-A priori expectation: $\beta_{1,} \beta_{2,} > 0$

RESULTS

Descriptive Statistics

Table 2 Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
ROA	60	0.5455	0.3598325	-0.16	1.19
IT	60	2.299333	1.172299	0.01	6.44
ADS	60	942.7445	5478.586	56.66	42625.77

Authors' Computation, (2023)

The return on assets (ROA) reflects a mean of 0.55 and a standard deviation of 0.36, while –0.16 and N1.19 are the minimum and maximum mean, respectively. The standard deviation reveals that the data of ROA are far spread across the mean of the data; this implies that the ROA of listed healthcare firms in Nigeria are closely spread around the mean. The study further confirmed the disparity between the maximum and minimum. Thus, the ROA of listed healthcare firms did not vary greatly from one company to the other. Also, Table 2 reflects a mean concerning inventory turnover rate (ITR) of 2.3 units with a deviation of 1.2 units. The result means that, on average, the company sells 2.3 units. The standard deviation reveals a low variation in ITR. The result was further confirmed by the disparity between the maximum and minimum, which stood at 6.44 and 0.01. Thus, the ITR of listed healthcare firms does not vary greatly from one firm to the other. Finally, the average days to sell the inventory (ADSI), which is used to determine how many days it takes the listed healthcare firms to sell inventory, as presented in table 2, reflects a value of 943 days with a fluctuation of 5479 days. The result implies that the average number of days to sell the inventory (ADSI) of listed healthcare firms stood at 943 days during the period under investigation. The standard deviation results indicate a higher dispersion from the mean value of ADSI recorded within the study period. The highest

ADSI recorded within the study period is 42626 days, with a minimum of 57 days. This result implies that it takes listed healthcare firms two years and five months to sell all inventories in their custody during the period under study.

Results of Correlation Matrix

Table 3 Correlation Matrix

Variables	ROA	ICP	DCP
ROA	1.0000		
ITR	0.3826	1.0000	
ADS	-0.0382	0.2853	1.0000

Authors' Computation, (2023)

Table 3 reveals a positive correlation coefficient between ROA and ITR (0.3826) of listed healthcare firms in Nigeria during the period under study. The positive coefficient between ROA and ITR of listed health firms indicates that ITR is responsible for the increasing ROA of listed health firms in Nigeria during the study period. On the contrary, Table 3 shows a negative association between ROA and ADSI of listed healthcare firms (-0.0382). The negative relationship between ADSI and ROA of listed healthcare firms indicates that ADSI is associated with decreased ROA during the period under study.

The dataset was first subjected to several tests to determine the best model to be analysed and employed for inferences and hypotheses testing. The tests include the normality test, heteroskedasticity test and Hausman specification test. The results generated from the fixed and random effect models were first analysed before the Hausman specification test to decide the appropriate model from two possible options.

Generalised Least Square Regression Results (Random Effect Model)

Table 4: Summary of GLS Random Effect Regression Results

ROA	Beta Coef	Z-values	P > /Z/
ICP	-.1265844	3.00	0.033
DCP	4.46e-06	0.56	0.577
Constant	0.250233	1.93	0.054
R^2		0.1518	
Wald chi^2 (4)		9.10	
Prob > chi^2		0.0106	

Authors' Computation, (2023)

As shown in Table 4, the regression result reveals an intercept of 0.250233. The result implies that when all the other variables included in this study are held constant, there will be an insignificant positive ROA of listed healthcare firms of 0.25.

Table 4 above revealed a beta coefficient value of 0.13 at a p-value of 0.003 to ITR. The result shows that the inventory turnover rate has a statistically significant positive effect on the return on assets of listed healthcare firms in Nigeria. The result implies that for every change in ITR, there will be a corresponding increase in ROA by 0.13 units, provided all other variables are held constant.

The coefficient for average days to sell the inventory (ADSI) reveals an insignificant positive effect on the ROA, given a coefficient is 4460000 at a p-value is 0.577. The result implies that a unit change in ADSI will result in an insignificant increase in the ROA of listed healthcare firms in Nigeria by 4460000. By implication, ROA reacts positively with changes in ADSI, holding all other variables constant, and this reaction is statistically insignificant.

The aggregate result from the GLS regression analyses in table 4 reveals that the R2 is estimated at 0.1518. The result suggests that 15.18% of the reaction in ROA can be explained by the explanatory variables (ITR and ADSI). This result indicates that variables used in this study contribute very low to the variation in the performance of listed healthcare firms.

The Wald statistics is estimated at 9.10. The result indicates that the independent variables contributed to the variation in the dependent variable and that there is a statistically significant relationship at 0.0106. The result indicates that the overall equation is significant at 1% below the 5% generally acceptable significance level in social sciences.

Test of Hypothesis

Hypothesis One

H_{01}: Inventory turnover rate does not significantly affect the return on assets of listed healthcare firms in Nigeria.

In the test of hypothesis one, the results in table 4 reveal that the inventory turnover rate (ITR) has a p-value of less than 0.003, which lies below the 5% significance level. The result leads to the rejection of the null hypothesis (Ho_1). The study, therefore, concludes that the Inventory turnover rate has a significant effect on the return on assets of listed healthcare firms in Nigeria.

Hypothesis Two

H_{02}: Average days to sell the inventory rate do not significantly affect the return on assets of listed healthcare firms in Nigeria.

Results in Table 4 reveal that the average days to sell the inventory (ADSI) have a p-value of 0.577 which lies outside the 5% level of confidence; this leads to the acceptance of the

null hypothesis (H_{02}). The study concludes that the average days to sell the inventory rate affects the return on assets of listed healthcare firms in Nigeria.

Discussion of Findings

This study's first objective was to investigate how the inventory turnover rate affects the performance of listed healthcare firms in Nigeria. Consequently, the null hypothesis was also formulated in line with this objective and was tested using p-values at a 5% significance level for a two-tail test. Findings from this study revealed a significant effect of inventory turnover rate on the profitability of listed healthcare firms in Nigeria. The effect is positive and significant at 5%, implying that a unit change in the inventory turnover period will significantly increase the profitability of listed healthcare firms in Nigeria. The study of this finding is supported by the findings of Nnubla et al. (2017), who found that the inventory turnover period significantly affects profitability. The finding also agrees with the findings of Edwin and Florence (2015).

This study's second objective examined the effect of average days to sell the inventory (ADSI) on the performance of listed healthcare firms in Nigeria. The study formulated a null hypothesis in line with this objective and was tested using the z-test statistics at a 5% significance level for a two-tail test. Evidence from the study showed an insignificant effect of average days to sell the inventory on the performance of listed healthcare firms in Nigeria during the period under study. The results further revealed that ADSI has a positive but insignificant beta coefficient. This result shows that the average days to sell the inventory rate has an insignificant positive effect on the ROA of listed healthcare firms in Nigeria. Based on these findings, the average days to sell the inventory rate improves the performance of listed healthcare firms to an insignificant extent. This finding is supported by the findings of Edwin and Florence (2015).

CONCLUSION AND RECOMMENDATIONS

The essence of this study was to examine the effect of inventory management on the performance of listed healthcare firms in Nigeria. In line with this study's findings, the researcher concludes that inventory management positively influences the performance of quoted healthcare firms in Nigeria. However, in specific terms, the inventory turnover rate significantly affects the performance of listed healthcare firms, while average days to sell the inventory (ADSI) exerts an insignificant positive effect on the performance of listed healthcare firms in Nigeria.

In line with the study findings, the following recommendations become imperative;

i. Listed healthcare firms should continue to work hard to reduce the days they take to convert raw materials into cash to enhance performance.

ii. Managers of listed healthcare firms in Nigeria should continuously monitor their inventory levels to reduce the day's inventory is stored before they are sold. The result will enhance their performance and liquidity positions.

SUGGESTION FOR FURTHER STUDIES

The following suggestions were made to provide directions for further research;

i. The effect of inventory management on the financial performance of listed financial services firms in the Nigeria stock exchange.

ii. The effect of inventory management practice on the performance of small and medium enterprises (SMEs) in Nigeria.

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APPENDICES

Variable	Obs	Mean	Std. Dev.	Min	Max
roa	60	.5455	.3598325	-.16	1.19
itr	60	2.299333	1.172299	.01	6.44
adsi	60	942.7445	5478.586	56.66	42625.77

	roa	itr	adsi
roa	1.0000		
itr	0.3826	1.0000	
adsi	-0.0382	-0.2853	1.0000

```
Random-effects GLS regression                   Number of obs     =         60
Group variable: id                              Number of groups  =          6

R-sq:                                           Obs per group:
     within  = 0.1322                                         min =         10
     between = 0.2230                                         avg =       10.0
     overall = 0.1518                                         max =         10

                                                Wald chi2(2)      =       9.10
corr(u_i, X)   = 0 (assumed)                    Prob > chi2       =     0.0106
```

roa	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
itr	.1265844	.0422651	3.00	0.003	.0437463	.2094225
adsi	4.46e-06	7.99e-06	0.56	0.577	-.0000112	.0000201
_cons	.250233	.129611	1.93	0.054	-.0037998	.5042658
sigma_u	.18063051					
sigma_e	.31566312					
rho	.24667147	(fraction of variance due to u_i)				

GENDER DISPARITY IN STAFFING IN PUBLIC UNIVERSITIES IN EDO STATE, NIGERIA

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Abstract

Several studies have reported gender discrepancies in staffing in public universities. This has implications on the overall women contribution to development of tertiary institutions in the country. However, to remedy this situation requires an understanding of the precursors that birth this situation, hence, this study examined the factors responsible for gender disparity in staffing in public institutions. Focus was on the two public universities in Edo State, namely Ambrose Alli University (AAU), Ekpoma and University of Benin (Uniben), Benin City. The study adopted a quantitative and qualitative approach, sourcing information from the university data base, 345 respondents and 42 key informants using a validated questionnaire and question guide respectively. Data analysis was done using descriptive statistics, applied to the quantitative data while the qualitative data were subjected to content analysis. The results indicate differences in gender composition of university staff namely, junior staff (male = 58%, female = 42%), senior non-teaching staff (male = 54.62%, female = 45.38%) and particularly among the academic staff cadre (male = 72.4%; female = 27.6%). Major factors reported to be responsible for the observed discrepancy included women domestic duties (mean = 3.37), limited economic empowerment (3.27) and limited number of women in existing leadership positions (mean = 3.33). Poor educational qualifications, lack of mentorship, culture and family duties were the major factors identified by the key informants. The study concludes that gender discrepancies exist in staffing in the surveyed public universities particularly among the academia. Women should be encouraged to pursue higher academic qualifications while older academia should provide mentorship to younger academia.

Keywords: *Gender disparity, factors, constraints, Staff, Public Universities, Ambrose Alli University, University of Benin*

Introduction

Women empowerment, full participation on the basis of equality, access to power and participation in the decision-making process, are becoming fundamental to the society for

equity, equality, development and peace. This is evident from such international and national declarations such as, the United Nations (UN) declaration of 1975 as International Women's Year and the years 1976 to 1985 as the United Nation Decades for Women. The 1989 Conference (Abuja), which highlighted the "Abuja Declaration on Participating in Development: The Role of Women in Africa in the 1990s", by UNESCO is another example. Other notable conferences and declarations on women are: 1975 (Mexico City), 1980 (Copenhagen), 1985 (Nairobi), 1995 (Beijing) and others. These all goes to show that gender equality is central to economic and human development, and points out the imperativeness of social policies to address the gendered challenges in every society.

Women constitute slightly more than half of the world population and their contribution to the social and economic development of societies is substantial, yet their participation in formal political or institutional structures and processes, where decisions regarding the use of societal resources generated by both men and women are made, remains insignificant. This is in spite of the pronounced commitment of the political arena, reinforced by the Convention on Elimination of All Forms of Discrimination against Women (CEDAW) and the Beijing Platform of Action (Kristen, 2000).

The situation of women in Nigeria is not different. This is because our society is an essentially paternalistic society which has tended to overlook women and their contributions to political, social, religious and economic activities in present day Nigeria. While the notion of women being victims of male domination may be true to an extent, it is necessary to say that the situation of the African woman has not always been like that. The status of women in pre-colonial African societies, and especially in Nigeria, was strikingly different from what it is now. Colonialism and its disengaging experience that eroded and dowsed the voice of women and Nigerian women in particular, is to be blamed for this. The colonial strategy of circuitous control created a gender-oriented executive establishment that endures in spite of decolonization (Mba, 1989).

The broad objective of the study is to examine the factors accounting for gender disparity in staffing among public universities in Nigeria with particular reference to Ambrose Alli University (AAU) Ekpoma, Nigeria and University of Benin, Benin City, Edo State, Nigeria. The specific objectives of the study are to:

a) Examine the gender distribution of staff in Ambrose Alli University, Ekpoma and University of Benin, Benin City;
b) examine factors that may be responsible for any gender discrepancy in staffing at the two universities under study.

Literature Review

Empirical studies have either concentrated on male-dominated occupations or assumed that men are better sources of information because they seem to be involved in the crucial activities of their societies. These assumptions have been widely accepted such that they have permeated the workplace with the result that research findings have reflected this

gender domination and stereotype. Economists, just like anthropologists are equally guilty of this. They have employed models of labour force participation which do not take cognisance of women and merely treat them as having household responsibilities, thus unable to compare men and women on an equal basis (Bell, 1978).

Occupational sociologists are not left out; their models and data sources are prevalently male and by equating the norm and behaviour in organisations with male behaviour, thus often treat working and career women as deviants (Acker, 1987). Thus, certain myths about women in the workplace have arisen, formulated and accepted as conventional. These are that women work only for income that is non-essential to the family, that they have higher absenteeism and withdrawal rates often making them less dependable and costlier to employers in terms of training and development investments, that they do not want responsibility on the job and do shy away from promotions and that they do not mind boring repetitive work.

The criminality of this exclusion of women is more felt when the present-day society with its constitutional claim to equality of sexes, the values of individuality and egalitarianism still hold on to alternative beliefs and attitudes about women and their role in a modern society. This is what Ebohon (2006) has referred to as “the policy thrust of government reflecting the interest of the dominant elites contending for hegemony in modern states.”

In the quest for sustainable development, a government must tap into its latent resource i.e. its people and they can be effectively utilized to make important contributions to its social, political, economic and technical development. Neglecting any category of its people, whether men or women or youths, is dangerous inimical to its development (Agara and Odion-Ugbesia, 2012).

At the national level, the government had made some constitutional or policy attempts to address this apparent gender inequality (Nwezeh, 2009; Gbadamosi, 2014). Some of these attempts include its programme on Women Education initiated in 1986, the Family Support Basic Education Programme (1994), Universal Basic Education (1999), development of a national policy on women (2000) and national gender policy (2006) and the national policy on gender in education (2007). Also, attempts have been made by the government to address the challenges of gender discrimination against women in the formal workplace. It established policies on women employment such as sponsored trainings on gender sensitization programmes; sensitization of the public through mass mobilization campaigns; encouragement of women’s active participation in labour relations; and the review of labour laws to include more and better protective measures for women workers (Adebowale, 2009, Olaogun, Adebayo and Oluyemo, 2015).

In spite of all of these, studies still show that women are considerably lagging behind their male counterparts especially with respect to formal educational acquisition and workplace staffing and management (Fapohunda, 2012, Olaogun *et al.,* 2015). But why is this so?

This is a question this study seeks to unravel with special attention on public universities. Universities represent the public universities were also chosen because this sector is one of the sectors where the different tiers of government of Nigeria should reflect the various treaties and charters on gender equality entered into by Nigerian government.

Methodology

The area of study was Edo State with focus on the two public universities in the State, namely The study focused on two tertiary institutions (universities) in Edo State, namely University of Benin (a federal government owned institution), in Benin City and the State-owned Ambrose Alli University in Ekpoma. The study design encompassed quantitative and qualitative research designs. The quantitative component was based on secondary data obtained from the tertiary institutions as well as primary data from the surveyed respondents (staff) while the qualitative data were sourced from key informants purposively selected from the two institutions using question guide. The quantitative data collection method was accomplished using validated questionnaire administered to randomly sampled respondents (staff) of the institutions.

The population studied was 9207, comprising both academic and non-academic male and female staff of AAU (2234) and Uniben (6973). The sample size of the study was 384, determined using the Taro Yameni formula thus:

$$n = \frac{N}{1 + N(e)^2}$$

where

n = Desired Sample Size; N = Total Population of the Study; 1 = Constant as 1; e = Accepted error margin (0.05).

However, an attrition rate of 10%, due to possible non-response from the respondents, was taken. Thus, 10% of the target sample size (i.e. 38) was taken given a total sample of 422 at the rate of 211 per institution. Simple random sampling and stratified sampling technique were employed. The target sample was stratified based on gender after which simple random technique was applied to select the target sample size to ensure that every staff of the two Universities had equal chance of being selected in the sample selected. A total of 345 questionnaire were retrieved representing a response rate of 81.75% ranging from 85.31% for AAU (180 questionnaire) to 78.2% for Uniben (165). In addition to the questionnaire administration, 42 key informants were purposively selected, at the rate of 21 per institution, based on their management position in the university. Information sourced from the key informants bordered on their views on the perceived factors responsible for gender disparity in staffing in the surveyed universities.

The data were analysed using frequency, percentage and graphs while the qualitative data were analysed using the Content Analysis Method, which entailed comparing comments made by the key informants, coding similar responses and discussing them based on emerging themes.

Presentation of Results

Gender distribution of staff cadres by university

Table shows the distribution of staff in surveyed universities. Results indicated a distribution of 58% to 42% male and female staff respectively. Among the senior non-teaching staff cadre, male constitute 54.62% while female constitute 45.38%; for the academic staff cadre, the data showed a distribution of 72.4% male and 27.6% female. On the average, 59.97% of the staff were male while 40.03% were female. The general results indicate skewed gender distribution in staff in the two public universities studied. The variability was noticeably among the academic staff cadre.

Table 1: Staff distribution by gender in the universities

Staff cadre	**Male**		**Female**		**Pooled**
Junior staff	961	58.00	696	42.00	1,657
Senior Non-teaching staff	2,780	54.62	2,310	45.38	5,090
Academic staff	1,781	72.40	679	27.60	2,460
Total	5,522		3,685		9,207

Source: School records as at October, 2017

Factors Responsible for Low Representation of Women in Management Positions

The above results established the existence of gender inequality among the different cadres of staff in the two public universities studied. This section examines respondent's views on reasons for this apparent discrepancy. A 4-point Likert scale was used to capture the responses, and it ranged from 'strongly agreed' to 'strongly disagreed'. The mean benchmark of 2.50 was used to classify their mean response as either 'agreed' or disagreed'.

The study considered three categories of constraints namely, socio-cultural factors, economic factors and institutional or political factors or constraints as shown in Table 2. Under the socio-cultural constraints, the traditional concept that women are responsible for domestic activities at home (mean: male = 3.26; female = 3.48) and women under burden with multiplicity of responsibilities (mean: male = 2.79; female = 3.03) were the major factors identified by both the male and female respondents in both institutions as hindering women academic progress.

Important economic constraints identified by the respondents include: women being less economically empowered (mean: male = 3.04; female = 3.50), the likelihood of males being sponsored to acquired higher education (mean: male = 3.09; female = 3.26). In addition to these, female respondents identified male being more likely to engage in in multiple economic activities to generate more revenues to pursue higher education (mean = 2.65).

Under the institutional/political factor, three constraints were identified as serious by the female respondents in both universities, while the male respondents only agreed with one. These include lack of women involvement in the decision making processes (mean: male = 3.15; female = 3.51), the fact that many top administrative jobs require interactions at odd times of the day that will not be convenient for women (mean: male = 3.00; female = 3.18) and lack of or failure to enact appropriate policies to correct the apparent gender imbalance at the workplace by governments and traditional institutions (female = 2.52).

In addition to these three, female respondents of both institutions in particular, equally identified colonialism as contributing to this observed imbalance (AAU = 2.52; Uniben = 2.52). The results suggests some gender skewness in the response. For example it is the female respondents who agreed that failure of government and traditional institutions to enact policies (2.98) and colonialism (2.52) were important factors responsible for the low women representation in staff.

Table 2. Factors responsible for low representation of women in staffing of tertiary institutions

Factors / Constraints	Ambrose Alli University			University of Benin			Pooled		
	Male	Female	Average	Male	Female	Average	Male	Female	Average
Socio-Cultural Factors									
Traditionally, women are associated with domesticity & this subjugates them mentally and physically	3.34	3.73	3.54	3.17	3.23	3.20	3.26	3.48	3.37
Women are often burdened with multiple responsibility	2.85	2.93	2.89	2.73	3.12	2.92	2.79	3.03	2.91
Women are generally stereotyped and are less preferred to male for promotions and opportunities	1.99	2.23	2.11	2.29	1.89	2.09	2.14	2.06	2.10
Women lack strength and courage to strive for promotion	1.11	1.24	1.17	1.21	1.36	1.29	1.16	1.30	1.23
Economic constraints									
Women are generally less economically empowered than men	3.08	3.49	3.29	3.00	3.52	3.26	3.04	3.50	3.27
Due to economic constraints, males are more likely to be sponsored to higher educational levels	3.10	3.62	3.36	3.07	2.89	2.98	3.09	3.26	3.17
Male are more likely to engage in multiple economic activities to generate more revenues to pursue higher education.	2.07	2.72	2.40	2.22	2.58	2.40	2.15	2.65	2.40
Stringent loans conditions such as need for landed properties and other securities impede women's access to credit and loans	1.78	2.10	1.94	2.06	2.15	2.11	1.92	2.13	2.02

Institutional/political Factors									
Women are usually not involved in decision making processes.	3.24	3.66	3.45	3.06	3.35	3.20	3.15	3.51	3.33
Many top jobs involve certain interactions and at odd times. This affects women participation and rise in required positions.	2.88	3.17	3.02	3.11	3.18	3.15	3.00	3.18	3.09
Government & traditional institution hinder women with policy and (or) lack of it.	2.38	3.10	2.74	2.51	2.86	2.68	2.44	2.98	2.71
Colonialism and Government Institution disadvantaged women who were more active in pre-colonial Nigeria.	2.32	2.52	2.42	2.38	2.52	2.45	2.35	2.52	2.44

Agreed (mean > 2.50)

Source: 2018 Field Survey.

Discussion of Results

The comparative gap in the gender composition among the junior staff cadre in both institutions was minimal; however, the apparent high proportion of female in this staff cadre compared to other staff cadre (i.e. senior non-teaching and academic staff) is interesting as it shows women cluster at the bottom of the work chain, which could possibly suggests they are comparatively educationally disadvantaged making them to settle for the low cadre of employment opportunities. This aligns with the observation by Nduka (2004) that such low cadre are occupied by persons of the lowest educational qualifications. The findings of this study agrees with Duyilemi (2007) report, who found that the proportion of women in the university is low and that in universities, most women are found in the junior and/or non-academic cadre.

With respect to the factors perceived to be responsible for gender imbalance in staff particularly with regards to academic staff in both universities, response indicate that this could be traced to the cultural mind-set which, in terms of acquisition of formal education, favours the education of the male child and neglect of the girl-child. This gives the male gender a definite advantage with regards to such opportunities. It must also be noted that gender bias also play a huge role in employment. This can also affect the number of women who are employed at the university. This low percentage of female in academic position in Nigerian universities was also observed by Okebukola (2002). He pointed out this trend when he said that in the Universities of Ibadan, Lagos, Nsukka and Maiduguri, female

professors constitute 13.1%, 12.0%, 9.3% and 2.1% respectively. In some faculties and even universities in Nigeria, there are no female professors. The result is that we have more male than female moving up the academic ladder and ultimately the management/decision making cadre of the university.

The under-representation of women in university senior management cadre is indeed a global challenge to the female gender. Generally, in African universities, women constitute only 29 percent of academic staff, while the highest global figures put it at 41 percent (Boakye, 2011). Similarly, a study by Olaogun *et al*., (2015) indicated that women from the Commonwealth Universities make-up only 24% of full time academic staff. According to Abdulkareem *et al*., (2011), females constituted about 30.5% of total staff strength in Osun State tertiary institutions and 29.5% in Kwara States respectively, their participation rates in these institutions were only 7% and 9% respectively.

Results of key Informant Interviews

Table 3 showed the responses of key informant interviews conducted on factors responsible for low representation of females in university administration in Nigeria. Seven (7) factors were identified by the 42 key informants that participated in the interview. of this number, 42 (100%) identified “Cultural/institutional and political factors”, “lack of basic education” and “domestic duties/family demands” as important factors; 92.86% identified lack of mentorship, 61.9% identified lack of leadership skills, while 50% identified “economic” factor as impediment.

Table 3. Tabulation of factors reported for low representation of female in senior position in Nigerian Universities

Factors	AAU (n = 21)		Uniben (n = 21)		Pooled (n = 42)	
	Freq	%	Freq	%	Freq	%
Lack of basic educational qualification	21	100.00	21	100.00	42	100.00
Domestic duties/family demand	21	100.00	21	100.00	42	100.00
Cultural/institutional and political factors limiting females	21	100.00	21	100.00	42	100.00
Lack of mentorship	21	100.00	18	85.71	39	92.86
Lack of leadership skills.	11	52.38	15	71.43	26	61.90

Economic actors impending females educational and rise in career	12	57.14	9	42.86	21	50.00
Females are not intelligent and not technological inclined	5	23.81	2	9.52	7	16.67

Multiple response

Source: 2018 Field Survey.

The study identified several factors responsible for the high gender imbalance in staffing, particularly among the academic staff cadre. Cultural or political factor was a major emphasis by all categories of informants, i.e. both male and female. For example, a female respondent from Uniben noted that "*our culture is to blame for the way we (women) are discriminated against in the society and even in this university. That is why we don't have too many women in administrative positions in the university*". Cultural norms and acceptance have fixed the roles of women in the society and most often, this has not changed even by the advent of modernisation. In the view of Bem and Bem (1970), parents still raise their children in line with popular stereotypes whereby boys are encouraged to be assertive, domineering, aggressive and competitive while women are encouraged to be passive.

Lack of requisite educational qualifications was another factor mentioned by the key informants. For example, a male respondents from AAU noted that "*women do not appear to be fully committed in pursuing higher or tertiary education, and this has seriously affected them so much that they are hardly seen occupying leadership positions*". In similar fashion, another male respondent from Uniben, holding same view, opined that "*the low educational qualification of women has being the major reason why they are mostly found at the lower or junior cadre in most organisations, including the university"*. A female respondents from Uniben blamed this situation i.e. of women limited educational attainment, on cultural factors saying that "*the society believe that women are supposed to take care of the home while the men go out and look for money*".

Female illiteracy has become a very important factor that not only isolates them from career progression but also ensure that they are mostly concentrated in low-opportunity and low mobility jobs with few prospects for upward advancement. A cursory look at the results of this study above confirms this.

The informants (male and female), generally agreed that lack of mentoring was a major factor limiting the rise of women in senior staff cadres. According to an informant who is a Professor, *It is not easy to mentor a woman at any stage, even when the accusation sexual harassment is not in the mix. At the stage I am now, a woman I should mentor should be married even if she is an assistant lecturer. How do you explain the chains of*

communication to her husband or explain to society that both of you are travelling for an academic conference or an international conference for that matter. It is by far easier to mentor a young or older man than a woman at any age or marital status.

For the women, some perceived it as a problem created by society and men themselves. A female lecturer noted that she would not mind being mentored. In her words, "*The problem still lies with the men. Personally, I would love to be mentored so I can grow. But imagine a mentor calling me at home at night or we work late in the office on papers. What would my husband or even people at work say? It is a terrible situation we (women) find ourselves in*".

The problem of mentorship goes beyond this. Zulu (2002) found that even amongst the students, gender stereotypes existed. Majority of male and female students showed a preference for male leadership. This impact negatively on the rise of the female to greater heights in the academia. Women the world over are usually associated with domesticity and with this subjugation naturally comes mental and physical domination. This impact on the rise of the female gender in administrative positions in our tertiary institutions. This is in line with the position of Ihimodu (2015) and Agbalajobi (2010).

It was unanimously agreed by all key informants that women are hindered by gender specific roles. A female respondent from AAU reported, concerning women, that "*we are very busy taking care of the home, going to hospital, carrying children to and from school and other house matters; because of this, we don't have time to pursue management positions the way men do*". This supports the study by Sutherland (1985), who found that the issue of family responsibility was cited by university women as a major source of conflict between their career and family life.

Economic factor, as observed by the key informants, reflect the reality that women are economically less empowered than men. In many parts of Nigeria, women are not allowed to inherit property. A key informant cited the Ibo tradition where women are forbidden to be around where men are discussing issues concerning landed property. Culturally, women are not allowed to share in the inheritance, which automatically places the male gender at an advantage over their female counterparts. This goes a long way in undermining women economically and in the long run, affects their academic and work pursuits. Economic and socio-cultural factors affect the girl child and eventually women's participation in educational activities. Some respondents noted that many families prefer to send a male child to school, even if the girl may have shown more promise. However, many of our male respondents felt this was not a serious constraint on women because, according to a senior non-teaching staff, *Women do not have any problems. They can always get people to help out with finances to further their education. They have "uncles", "brothers" and husbands to give them money. I mean, you can hear of an undergraduate girl putting herself through school. What work is she doing? And many of them live in comfort. Before a boy can put himself through school, he will have to be running off to work or carry block or something. The world is easier for the women. You can even ask them and they will confirm this".*

Conclusions and Recommendations

The findings of this study established the existence of gender imbalance in staff across the different staff cadres especially the academic staff cadre in the two public universities surveyed. Several factors were identified by the respondents as contributing to this phenomenon. Based on the findings therefore, the following recommendations are proposed.

1. There is need for targeted enlightenment campaigns at families particularly parents, on the need to promote the education of their female children. Actors that can play important role in this regard, apart from the government, are religious and traditional rulers, NGOs and schools.
2. Gender-equity policies needs to be institutionalize in the tertiary institutions. Such policies should specify the proportion of women who must be appointed into different staff cadres. The same should be done to help the female gender as they are a disadvantaged group in staffing in the public universities.
3. Women in existing management positions should be encouraged to mentor younger women in order to develop in them, the motivations to excel and occupy senior job positions.
4. Government and even the Management of the tertiary institutions should intensify public enlightenment campaigns on the huge contributions women make to society as mothers, wives, caregivers, home makers/keepers, and finally, institutional progress. It is hoped that this will re-orient the traditional attitudes or concept of women roles as merely domestic caretakers
5. Men or husbands should encourage their wives, through assisting in domestic work, to further their education as this will enhance their ability to get into higher job positions.

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AGENCY COST AND SHAREHOLDER'S RETURN ON CAPITAL: EMPIRICAL EVIDENCE FROM LISTED FIRMS IN NIGERIA

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Abstract

The study examines the effect of agency cost on shareholders' return on capital in Nigeria by drawing samples from non-finance firms that are listed on the floor of the Nigerian Exchange Group (NGX) from 2012-2021. In this study, we ensured the use of agency cost proxies such as asset tangibility, managerial ownership, and director's remuneration while shareholders return on capital is measured in terms of return on equity. Specifically, to achieve the objective of the study, we conducted a pool least square regression before proceeding to check for inconsistencies with the basic assumptions of the OLS regression. Succinctly, these diagnostics tests include test for multicollinearity as well as test for heteroscedasticity. This study is based on an expo-facto research design. The study covers a period of ten (10) years. That is, from 2012 to 2021 employing non-finance firms listed

on the floor of the Nigerian Exchange Group. The population for this study consist of all the listed non-finance firms on the Nigeria Exchange Group. As of 31st December 2021, the total number of listed non-finance firms was 109. The sample size was arrived at through a purposive sampling technique. This is because the firms were included in the sample if they meet certain criteria to enable homogenous sample. These criteria are that the firms must be listed at the stock exchange before the study period (2012); the firms must remain listed during the study period and not be delisted before the end of the study period (2021). This will be done to ensure a balanced panel data structure through the use of a homogeneous periodic scope, which is required for the estimate procedure. From the foregoing, the final sample size of this study consist of 73 listed non-finance firms in Nigeria. Particularly, we conclude that asset tangibility and managerial ownership significantly reduces shareholder's return on capital. However, we also conclude that directors' remuneration insignificantly reduces shareholder's return on capital. Hence, we recommend that although a high ratio of fixed to total assets provides creditors with a high level of security since they will be able to liquidate more assets in case bankruptcy, management of non-finance firms should endeavour to keep the ratio low so as to reduce agency cost and increase shareholder's return on capital. Furthermore, we recommend that managerial ownership should be reduced to mitigate agent principal conflict and thus improve shareholder's return on capital.

Introduction

Share capital is one of the sources of raising finance, and most companies benefit from it either as a seller or as buyer or as both. As the operation of any business without finance is impossible, share capital has become a veritable source of raising substantial and cheap finance for many businesses of the world at every stage of their operations. Share capital represents a unit of companies' capital that is allocated to individuals. The shares issued to shareholders qualify the holders for a residual interest in the asset of the company which represents their investment in the company. The traditional finance theory has laid much emphasis and prioritized shareholder wealth maximization as it considered shareholders as the owners of the company who contribute to the capital for the formation and running of the business affairs of the venture, and therefore their interest should be prioritized. Hence, generating wealth for shareholders is one of the most important goals of firms.

However, due to agency conflicts, it may take a back seat, and managers may pursue their own goals (Jensen and Meckling, 1976). Agency cost is the internal expense resulting from conflicts of interest between principals and agents in an organization; it is hidden in any decision which is not aimed at maximizing company profit. Agents refer to the managers of the company, working on behalf of shareholders. Because shareholders are unable to regularly control every activity of managers in the company, it results in asymmetric information, which can cause ethical risks and lack of consensus. Agency costs have the potential to retard corporate performance and destroy shareholder's wealth in addition to its adverse effect on other corporate stakeholders returns. Jensen (1986) defines agency costs

as the costs expended by a company's owners or management in order to structure and oversee management's performance in a way that fits their needs. Agency costs can occur between the external shareholders and internal managers or between debtholders and shareholders (Eboiyehi & Willi, 2018).

The conflict of interest leads to a situation where the management (Agent) may take decisions that are detrimental to the shareholders (Principal), and it requires cost in terms of monitoring the activities of the management (Jensen, 1986; Jensen and Meckling, 1976). Eisenhardt (1989) argues that agency problems arise when both the management and shareholders have different goals and monitoring the activities of management is difficult and costly for the shareholders. These agency costs are even higher in countries having weak protection available to investors and ineffective legal systems (Gugler et al., 2003). To overcome these problems, substantial emphasis has been laid on corporate governance that has gained a prominent place in academics and the corporate world. The conflict of interest between the shareholders and management is the classical agency conflict (Fama and Jensen, 1983; Jensen and Meckling, 1976). The stewardship theory states that the shareholders' wealth will be increased if there is a unity of command in the management wherein the top executive person is holding the chair (Donaldson and Davis, 1991). Resource dependency theory considers the directors' role in bringing and using the resources for maximizing the value of the firm (Jackling and Johl, 2009).

The aim of this study is to examine the effect of agency cost on shareholder's return on capital of listed non-finance firms in Nigeria. Most past studies in relation to agency cost and firm performance relationship were done in developing economies in Europe and Asia especially in Pakistan, Indonesia, and India, while in Africa the few studies were in Ghana, Tunisia, and Nigeria but all the studies in Africa and Nigeria in particular ignored firms in the non-finance sector and focused on banks and manufacturing firms. In general, the empirical irregularities and inconclusiveness among the various studies particularly from the perspective of developing and emerging economies and Africa suggest that there is need for further country level test of the portability and plausibility of the effect of agency cost on shareholder's return on capital. Wang (2010) stated in his studies that agency problems are associated with the level of misalignment between stockholders and management cash flows. Armour, Hansmann, and Kraakman (2009) give emphasis to some of the basic agency problems which might arise in corporate organizations one of which is the conflict between the company's managers and company's shareholders.

We contribute to knowledge by employing samples from listed non-financial firms in Nigeria. We ensured the use of agency cost proxies such as asset tangibility, managerial ownership, and director's remuneration while shareholders return on capital is measured in terms of return on equity. Furthermore, unlike previous studies that employed OLS regression technique as their methodology, this study will employ a panel regression technique to control for the heterogeneity effect present in the firms, countries, and fiscal years. More than this, the study to the best of our knowledge will be the first in the context

of Nigeria to use most recent data including the covid-19 period of 2020 to investigate the effect of agency cost on shareholder's return on capital of listed non-finance firms in Nigeria from 2012 to 2021.

Conceptual Clarifications and Hypotheses Development

Shareholder's Returns on Capital

The modern finance theory operates on the assumption that the only objective of a business concern should be to maximize the market value of the shared or shareholder's wealth. Shareholder's wealth is represented in the market value of the organization's shares, which, in turn, is dependent on the organization's investment (long- and short-term) and others, mainly long-term issues such as financing and dividend decisions. Return on share depends on changes in price per share at the end of the investment period and received dividend. Lo and MacKinlay (1990) argue that large firm stock returns respond faster to new information compared with small firm stock returns and large firm stock returns lead small firm stock returns. Richardson and Peterson (1999) and Choi and Wang (2009) find empirical support for the Lo-MacKinlay hypothesis. However, in this study, we measure shareholder's return on capital in terms of return on equity. Return on equity can be used to determine the success of management in managing the company's capital in providing returns to shareholders, the higher this ratio the better because it provides a greater rate of return to shareholders.

Asset Tangibility and Shareholder's Returns on Capital

Tangible Assets are physical assets that go through a relatively long period of use in the operation of the business, such as land, buildings, machinery, and construction in progress that can be offered as collateral to creditors in case of bankruptcy. The scale is used is a rational scale. A high ratio of fixed to total assets provides creditors with a high level of security since they will be able to liquidate more assets in case bankruptcy. (Baker & Martin, 2011). Empirical studies on the subject offer mixed findings. The empirical findings of Mehari and Aemiro (2013) and Birhan (2017) on insurance companies in Ethiopia confirm statistically significant and positive effect of asset tangibility on shareholder's return on capital. Besides, findings of Reyhani (2012) and Azadi (2013)'s studies on Tehran Stock Exchange listed manufacturing firms; Dong, Charles and Cai's (2012), Olatunji and Tajudeen's (2014) and Khan, Shamim and Goyal's (2018) papers on Chinese corporates, Nigerian commercial banks and National Stock Exchange of India Ltd. (NSE India) listed telecommunication companies, respectively, and Korkmaz and Karaca's (2014) and Kocaman, Altemur, Aldemir and Karaca's (2016) works on manufacturing firms in Turkey also confirm these empirical findings and fit with predictions of the theory on tangible assets and financial performance relationship. However, Eric, Samuel, and Victor (2013) on insurance companies in Ghana, Pratheepan (2014) on Colombo Stock Exchange listed manufacturing companies in Sri Lanka, and Vintila and Nenu (2015) on Bucharest Stock Exchange listed firms in Romania, document a statistically significant and

negative relationship has been confirmed between asset tangibility and financial performance. On the basis of the foregoing, we hypothesized that:

H01: Asset Tangibility has no significant effect on shareholder’s return on capital of listed non-finance firms in Nigeria.

Managerial Ownership and Shareholder’s Returns on Capital

Managerial ownership is defined as the percentage of shares held by the management who actively participate in corporate decisions including the commissioners and directors. According to Khan et al (2013), managerial ownership allows managers to dominate the company and decide which strategies and policies the company will take because in this case the manager also acts as a shareholder. Singh and Davidson (2003) found that the relationship between management ownership and agency cost can be non-linear. In other words, with increasing levels of management ownership, managers and outside shareholders’ interests are aligned, but when this level reaches a certain point, the managers with too much power just focus on collect private benefit. They tend to build their own empires or use their power to enjoy perks. The entrenchment effect will dominate the incentive alignment effect. However, Vijayakumaran (2019) showed evidence of service listed companies in the Chinese Securities Exchange that, when management teams hold an appropriate percentage of company share, can align the interest between these two groups, because higher shareholding from the managers means that their wealth and benefits are closer to the interest of company owners, which resolves managers’ moral hazard problems. This incentive alignment can be via stock options, preferences compensation, and actions through equity ownership. It stated that, in this period, there has been a significant rise in the management ownership in China to reduce shareholders and management conflicts. On the basis of the foregoing, we hypothesize that:

H02: Managerial ownership has no significant effect on shareholder’s return on capital of listed non-finance firms in Nigeria.

Director’s Remuneration and Shareholder’s Returns on Capital

Remuneration of the board of directors and executives needs to be considered in corporate governance, because the level of remuneration must be designed in such a way as to be attractive enough to incentivize the board of directors and executives to run the company effectively. Based on agency theory, the goals of shareholders and management must be harmonized. Thus, higher compensation rates will result in higher shareholder’s return on capital in broadly diversified ownership companies (Kraft and Niederprüm, 1999). Jiang et al. (2009) also shows that CEO compensation is positively related to the shareholder’s return on capital in companies with low concentrated ownership structures. In order for managers to act in the company's long-term interests, it requires alignment of incentives among many managers (Barron and Waddell, 2008). On the basis of the foregoing, we hypothesize that:

H03: Director's remuneration has no significant effect on shareholder's return on capital of listed non-finance firms in Nigeria.

Theoretical Review

Agency Cost Theory

Berle and Means (1932) were the first one to address the agency problem. According to them, the agency cost occurs due to the separation of ownership from the control. Managers' interests coincide with the owners to raise the agency problem. Agency theory extends this argument and states that the managers get a hold of cash because holding cash benefits them. Of course, managers' carrier develops on the basis of how they utilize cash for the positive investment projects and similarly they enjoy a better power, and they get easily promoted on the basis of their active involvement in investing decisions. The shareholders on the other hand try to force the managers to maximize their holding which is the primary function of the management. So two ways are possible either the managers invest the shareholders money in positive NPV projects which will raise the value of their shares, or they can get a capital gain. Or the second way is that the management pays out ideally whatever is generated as profit in the form of dividends. If there are no positive NPV projects available and still the management is not paying dividends, then according to Jensen and Meckling (1976), agency problem has arisen. Jensen (1986) suggested that if the agency problems continue, then there is a possibility of corporate takeovers. Since the managers are not able to utilize the cash flow in appropriate manner, it gives outside parties to jump in and take hold of the company and maximize the shareholders wealth. So the fear of losing their job will discourage the managers to invest in negative NPV projects.

Empirical Review

Chaudhary (2021) examines the role of board structure and institutional investors in dealing with the agency issues for the Indian firms by taking the data of NSE-500 nonfinancial firms for the period 2010–2019. The author applies dynamic panel data methodology to deal with endogeneity concerns prevalent in corporate finance variables. The agency view is consistent with the board size in the context of India. The author observed that the board size has a harmful effect on agency cost. A larger board size may create a coordination problem, or CEO may find it easy to thrust his or her decisions on board. The author also noticed that firms should have sizeable institutional ownership, particularly pressure-insensitive investors, in equity as they can reduce agency-related issues.

Nguyen, Doan, and Nguyen (2020) examines the impact of corporate governance, reflecting a wide spectrum of board characteristics and ownership structure on agency costs in 281 listed companies on Ho Chi Minh Stock Exchange (HOSE) in Vietnam in the period 2013–2018. For this purpose, three board characteristics were chosen: (1) the size of board of directors, (2) equilibrium between non-executive and executive members of the board of directors, (3) the CEO chair duality and three types of ownership structures were chosen:

(1) management ownership, (2) government ownership, (3) foreign ownership. An inverse proxy of agency costs is used: asset utilization ratio (asset turnover), which reflects the managerial efficiency. The research methodology includes three statistical approaches: Ordinary least squares (OLS), fixed effects model (FEM) and random effects model (REM) are considered to address econometric issues and to improve the accuracy of the regression coefficients. The results create effective corporate governance mechanisms in controlling the managerial opportunistic behavior to lower agency conflicts, and hence lower agency costs.

Hoang, Tuan, Nha, Long, and Phuong (2019) examine the impact of agency costs on firm performance of Vietnamese listed companies. Their sample includes 736 companies in Vietnam during the period from 2010 to 2015. They find that agency costs exert a negative impact on firm performance. Their results are robust to alternative econometric models, including an instrumental variables technique and a system generalized method of moment model. In addition, they show that a debt instrument can be a useful tool to reduce the negative impact of agency costs on firm performance.

Khidmat and Rehman (2014) sought to find out the impact of free cash flows and agency costs on firm performance in KSE listed companies of Pakistan. A sample of 123 companies listed on KSE representing eight different sectors has been analyzed to determine the association of free cash flows, agency costs and firm performance with each other. For the purpose of analysis, secondary data of selected companies for the period 2003–2009 were taken from balance sheet analysis of joint stock companies (BSA) issued by State Bank of Pakistan (SBP). Free cash flows have significantly negative impacts on firm performance. The study also shows a significantly negative impact of agency cost on firm performance with exception to total asset turnover (TATO) ratio which has a positive impact.

Pandey and Sahu (2019) enquire into the relationship among debt financing, agency cost and performance of Indian manufacturing firms. The study tries to document the impact of debt financing on firm performance in two different phases of panel data estimations. In the first phase, the study enquires the effect of debt on firms' profitability measured by 'return on equity'. The second phase tries to empirically explain the reason behind such impact by introducing agency cost. Considering the manufacturing firms traded in the BSE 200 Index from 2009–2016, the study documents a significant and negative effect of debt on firm performance. The magnitude of debt is also found to be positively affecting the agency cost measured by 'general and administrative expenses. So the negative effect of debt on firm performance is reinforced and justified as debt is also found to elevate the agency costs for the firms.

Methodology

This study is based on an *expo-facto* research design. The study covers a period of ten (10) years. That is, from 2012 to 2021 employing non-finance firms listed on the floor of the

Nigerian Exchange Group. The population for this study consist of all the listed non-finance firms on the Nigeria Exchange Group. As of 31st December 2021, the total number of listed non-finance firms was 109. The sample size was arrived at through a purposive sampling technique. This is because the firms were included in the sample if they meet certain criteria to enable homogenous sample. These criteria are that the firms must be listed at the stock exchange before the study period (2012); the firms must remain listed during the study period and not be delisted before the end of the study period (2021). This will be done to ensure a balanced panel data structure through the use of a homogeneous periodic scope, which is required for the estimate procedure. From the foregoing, the final sample size of this study consist of 73 listed non-finance firms in Nigeria.

In this study we employed secondary data sourced from the Nigerian Exchange Group Fact books and related companies' annual financial reports for the periods. This study employed analytical software of Stata version 14 and Microsoft excel for the analysis. The secondary data collected was analyzed using descriptive statistics, correlation, and regression analysis. The descriptive statistics was used to evaluate the characteristics of the data: mean maximum, minimum, and standard deviation and also check for normality of the data. Panel regression analysis technique was employed to find the cause effect relationship between the independent variables and the dependent variables. The study adapted the model specified by Hoang, Tuan, Nha, Long, and Phuong (2019) which was modified for the purpose of establishing the relationship between the dependent variables and the linear combinations of several determining variables captured in the study. Succinctly, the econometric form of our model is expressed as:

$$\boldsymbol{ROEQ_{it} = \beta_0 + \beta_1 ASTA_{it} + \beta_2 MOWN_{it} + \beta_3 DRSA_{it} + \beta_4 FSIZ_{it} + \mu_{it}}$$

Where:

ROEQ	=	Return on Equity
ASTA	=	Asset tangibility
MOWN	=	Managerial ownership
DSRA	=	Director's remuneration
FSIZ	=	Firm Size (Control Variable)
β_0	=	Constant
β_1- β_4	=	Slope Coefficient
μ	=	Stochastic disturbance
i	=	i^{th} companies
t	=	time period

Empirical Results and Discussion

The study examines the effect of agency cost on shareholders' return on capital in Nigeria by drawing samples from non-finance firms that are listed on the floor of the Nigerian Exchange Group (NGX) from 2012-2021. In this study, we ensure the use of agency cost proxies such as asset tangibility, managerial ownership, and director's remuneration while shareholders return on capital is measured in terms of return on equity. Specifically, to achieve the objective of the study, we conducted a pool least square regression before proceeding to check for inconsistencies with the basic assumptions of the OLS regression. Succinctly, these diagnostics tests include test for multicollinearity as well as test for heteroscedasticity. However, we first describe the variables under consideration in terms of the mean, standard deviation, minimum, and maximum.

Descriptive Analysis

In this section, the researcher examines the descriptive statistics for both the explanatory and dependent variables of interest. Each variable is examined based on the mean, standard deviation, maximum and minimum. Table 1 below displays the descriptive statistics for the study.

VARIABLES	MEAN	SD	MIN	MAX	NO OBS
ROEQ	6.05	56.54	-430.97	480.55	715
ASTA	42.09	24.84	0	98.82	715
MOWN	20.16	25.75	0	100.74	721
DSRA	1.97	14.78	0	385.65	715
FSIZ	7.10	0.85	5.03	9.38	715

Table 1: Descriptive Statistics

Source: Author (2022)

The results obtained from the descriptive statistics of the study is presented in the table above. The table shows that the mean of shareholders capital return as measured in terms of return on equity (ROEQ) is 6.05 with a standard deviation of 56.54. The result also shows that return on equity was -430.97 on the minimum and 480.55 on the maximum. In the case of the independent variables, the table shows that the mean of asset tangibility (ASTA) is 42.09 with a standard deviation of 24.84. Asset tangibility ranges from 0 to 98.82. In terms of managerial ownership (MOWN) had a mean of 20.16 with a standard deviation of 25.75 as well as a minimum and maximum value of 0 and 100.74 respectively. The mean of directors' remuneration (DSRA) is 1.97 and 14.78. The minimum and maximum value of directors' remuneration was 0 and 385.65. In the case of the control variable, the result

obtain from the descriptive statistics shows that the mean of firm size (FSIZ) was 7.10 with a standard deviation of 0.85.

Correlation Analysis

In examining the association among the variables, we employed the Spearman Rank Correlation Coefficient (correlation matrix), and the results are presented in the table below.

Table 2: Correlation analysis

	ROEQ	ASTA	MOWN	DSRA	FSIZ
ROEQ	**1.0000**				
ASTA	**-0.1020**	**1.0000**			
MOWN	**-0.1011**	**-0.0688**	**1.0000**		
DSRA	**-0.2018**	**0.0342**	**0.2622**	**1.0000**	
FSIZ	**0.1702**	**-0.0071**	**-0.3225**	**-0.5083**	**1.0000**

Author's computation (2022)

The table above shows the results of the correlation matrix for this study. Particularly, the table shows that all the independent variables are negatively associated with the dependent variable of shareholder capital return as measured by return on equity. Particularly, the results shows that asset tangibility (-0.1020), managerial ownership (-0.1011), and director's renumeration (-0.2018) all have negative association with the dependent variable of shareholder capital return as measured by return on equity. However, we find that the control variable of firm size (0.1702) has a positive association with the dependent variable of shareholder capital return as measured by return on equity. However, all association are seen to be weak, hence there is no need to suspect the presence of multicollinearity in the model. Furthermore, to test the hypotheses, a regression results will be needed since correlation test does not capture cause-effect relationship.

Regression Analyses

Specifically, to examine the cause-effect relationships between the dependent variables and independent variables as well as to test the formulated hypotheses, the study used a regression analysis. The OLS pooled results and the panel regression results obtained are presented and discussed below.

Table 3: Regression Result

Variables	ROEQ Model (Pooled OLS)	ROEQ Model (FIXED Effect)	ROEQ Model (RANDOM Effect)
CONS.	6.743 {0.722}	203.652 {0.030} **	12.840 {0.605}
ASTA	-0.336 {0.000} ***	-0.483 {0.006} **	-0.352 {0.001} **
MOWN	-0.200 {0.017} **	-0.076 {0.627}	-0.284 {0.006} **
DSRA	-0.145 {0.314}	-0.098 {0.511}	-0.132 {0.355}
FSIZ	2.620 {0.301}	-24.642 {0.058}	1.787 {0.592}
F-Statistics	6.08 (0.0000)	2.21 (0.0513)	19.38 (0.0016)
R- Squared	0.0411	0.0171	0.0996
VIF Test	1.05		
Het. Test	69.85 (0.0000)		
Hausman	6.62 (0.2507)		

Note: (1) bracket {} are p-values

(2) **, *, implies statistical significance at 5% and 1% levels respectively**

The results of the Pool OLS and panel regression from STATA are shown in the table 3 above. The results from the Pool OLS regression shows an R-square value of 0.0411 which indicates that about 4% of the systematic variations in shareholder's returns are jointly explained by the independent and control variables in the model during the period under study. This implies that variations in shareholder's returns of listed non-finance firms in Nigeria cannot be 100 percent explain by the agency cost proxies employed in this study. However, the unexplained changes in shareholder's returns as measured in terms of return on equity are attributed to the exclusion of other independent variables that are not within the scope of our study but have been captured as error term. Furthermore, the F-statistic value of 6.08 with the associated P-value of 0.0000 indicates that the model of the Pool OLS regression is statistically significant at 1% level. This means that the model of the Pool OLS regression is valid and can be used for statistical inference. However, to further

validate the estimate of the pool OLS regression results in the table above, we carried out some basic diagnostic test. These regression diagnostics tests include test for multicollinearity and test for heteroscedasticity.

We employed the variance inflation factor (VIF) technique to determine the presence or absence of multicollinearity in this study, as in most studies. A cut-off VIF value of 10 is used to determine whether a VIF is high. This is in line with Gujarati's (2004) recommendations that the mean VIF should be less than 10. The table above shows a mean VIF value of 1.05. The result implies that the mean VIF is within the benchmark of 10 as recommended by Gujarati's (2004). Hence, there is no room to suspect of multicollinearity in the model under study. For the test for homoscedasticity assumption, the result obtained from the test as shown in the table above reveals a significant P-value of the Chi2 at 1% level. These results indicates that the assumption of homoscedasticity has been violated due to very low P-values. This suggest that the estimate of the OLS regression cannot be relied upon for policy recommendation. We, therefore, employ the panel regression technique to control for the violation of the homoscedasticity assumption of the OLS regression as shown in table above.

The F-statistic and Wald-statistic value 2.21 (0.0513) and 19.38 (0.0016) for fixed and random effect regression respectively shows that both models are valid for drawing inference since they are both statistically significant at 5%. In the case of the coefficient of determination (R-squared), it was observed that 2% and 10% systematic variations in shareholder's returns are jointly explained by the independent and control variables in the model during the period under study. This implies that variations in shareholder's returns of listed non-finance firms in Nigeria cannot be 100 percent explain by the agency cost proxies employed in this study. However, the unexplained changes in shareholder's returns as measured in terms of return on equity are attributed to the exclusion of other independent variables that are not within the scope of our study but have been captured as error term. In selecting from the two panel regression estimation results, the Hausman test was conducted, and the test is based on the null hypothesis that the random effect model is preferred to the fixed effect model. Specifically, a look at the p-value of the Hausman test (0.2507), implies that we should accept the null hypothesis and reject the alternative hypothesis. This implies that we should adopt the random effect panel regression results in drawing our conclusion and recommendations. This also implies that the random effect results tend to be more appealing statistically when compared to the fixed effect regression. From the foregoing, we proceed to interpret the results of the random effect regression.

Discussions of Findings

The results obtained from the random effect regression model revealed that asset tangibility has a significant negative effect on shareholder's return as measured by return on equity of listed non-finance firms in Nigeria. Specifically, this is shown as (Coef. = -0.352; P -value = 0.001). Our result indicates that asset tangibility significantly reduces shareholder's return on capital. The result implies that the hypothesis that **asset tangibility has no**

significant effect on shareholder's return on capital of listed non-finance firms in Nigeria is rejected. This finding negates the agency cost theory created by Jensen and Meckling (1976) which indicated that there is a positive relationship between the fraction of tangible assets and firm performance. Particularly, we note that an enterprise with a high proportion of fixed assets is expected to be associated with high ability to repay their liabilities, thus reducing shareholder's returns since the funds are used to settle liabilities (Titman and Wessels, 1988: Sbeti & Moosa, 2012; and Vo, 2017).

We also provide evidence from the results obtained from the random effect regression model revealed that managerial ownership has a significant negative effect on shareholder's return as measured by return on equity of listed non-finance firms in Nigeria. Specifically, this is shown as (Coef. = -0.284; P -value = 0.006). Our result indicates that managerial ownership significantly reduces shareholder's return on capital. The result implies that the hypothesis that **ownership structure has no significant effect on shareholder's return on capital of listed non-finance firms in Nigeria** is rejected. We show that the ownership structure that is associated with high agency costs can lead to the decrease of shareholder's return on capital. We agree the studies of Black and Kim (2012) and Liu et al. (2015) who mention that independent boards with high shareholding may not mitigate agency problem and therefore decrease shareholder's return on capital. However, we negate the studies of Ang et al. (2000) who found that agency costs are higher in a company that is under management of the outsider rather than the insider. Furthermore, we disagree with Chen (2015) who show that an increase in the number of outsiders managing the firm can improve the firm performance.

Finally, the results obtained from the random effect regression model revealed that director's remuneration has an insignificant negative effect on shareholder's return as measured by return on equity of listed non-finance firms in Nigeria. Specifically, this is shown as (Coef. = -0.132; P -value = 0.355). Our result indicates that directors' remuneration insignificantly reduces shareholder's return on capital. The result implies that the hypothesis that **directors' remuneration has no significant effect on shareholder's return on capital of listed non-finance firms in Nigeria** is accepted. According to OECD, (1999) an effective board of directors, equitable treatment of all shareholders, communication with the shareholders, and enhanced disclosure requirements are some of the important principles of corporate governance. In this study it is noted that increasing directors' remuneration may not be the best strategy to enhanced shareholders return on capital. The findings agree with that of Lee, Lev, and Yeo (2008), Abdullah, (2006) who argue that it is not always true that remuneration is wholly or even partially based on performance, hence, we carefully conclude that the insignificant negative relationship between directors' remuneration and shareholder's return on capital as obtained from the study is due to ineffective corporate governance structures and agency problems which these firms may be experiencing.

Conclusion and Recommendation

Shareholders are unable to regularly control every activity of managers in the company, it results in asymmetric information, which can cause ethical risks and lack of consensus. Agency costs thus have the potential to retard corporate performance and destroy shareholder's wealth in addition to its adverse effect on other corporate stakeholders returns. Agency costs can occur between the external shareholders and internal managers or between debtholders and shareholders. The conflict of interest leads to a situation where the management (Agent) may take decisions that are detrimental to the shareholders (Principal), and it requires cost in terms of monitoring the activities of the management. In this study, we have successfully established a relationship between the variables of agency cost and shareholders return on capital. Particularly, we conclude that asset tangibility and managerial ownership significantly reduces shareholder's return on capital. However, we also conclude that directors' remuneration insignificantly reduces shareholder's return on capital. Hence, we recommend that although a high ratio of fixed to total assets provides creditors with a high level of security since they will be able to liquidate more assets in case bankruptcy, management of non-finance firms should endeavour to keep the ratio low so as to reduce agency cost and increase shareholder's return on capital. Furthermore, we recommend that managerial ownership should be reduced to mitigate agent principal conflict and thus improve shareholder's return on capital.

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CREDIT MANAGEMENT AND PROFITABILITY OF MICRO FINANCE BANKS IN NIGERIA

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Abstract

This study investigate the effect of credit management on profitability of micro finance Bank in Nigeria using 12 randomly selected micro finance bank as a case study using ex-post research design. Credit management is proxy with loans and advances, Non-Performing Loans (NPL), and Loans Loss Provision (LLP) and profitability is proxy with Return on Assets (ROA). Secondary source of data was adopted. The scope of the study covered the years 2013 – 2022. The study employed panel regression methodology to analyse the data and the hypotheses were tested and inferences made at 5% level of significance. The result shows that loans and advance has positive and significant effect on return on assets while loans loss provision (LLP) as well as non-performing loans (NPL), both have an insignificant effect on return on asset taken as a measure of profitability, although NPL is negatively related to ROA. This implies that when taken collectively, credit management is significant and relevant predicator of profitability in listed micro finance bank in Nigeria. Finally, it is clear in the finding that a lot still need to be done in the area of credit management requirement to enhance its better performance before micro finance banks can reap the benefit of credit management service.

Key words: Loan and advances, Non-performing loans, *Credit management, Profitability, Micro Finance Banks*

Introduction

Credit management is the possibility that the actual return on an investment or loan extended will deviate from that, which was expected. Agu and Ogbuagu (2015) defined credit management as losses from the refusal or inability of credit customers to pay what is owed in full and on time. Credit management is one of significant risks of banks by the nature of their activities. Through effective management of credit risk exposure, banks not only support the viability and profitability of their own business but also contribute to systemic stability and to an efficient allocation of capital in the economy Psillaki *et al.* (2020). The strength of the banking industry is an important prerequisite to ensure the stability and growth of economy Halling *et al.* (2020). The safety of banking system is depending on the profitability and capital adequacy of banks. Profitability is a parameter

which shows management approach and competitive position of micro finance bank in market-based banking and also this parameter helps the micro finance banks to tolerate some level of credit management risk and support them against short-term problems. It is of great interest to see how the profitability is affected by the credit management risks faced by micro finance banks Halling *et al.* (2020).
Micro finance banks (MFBs) create loans from deposits, customers and these loans are major income generating source for majority of the micro finance banks, however this intermediation function of MFBs is associated with enormous credit management to both the Micro finance banks and the deficit units, and Micro finance banks are now working so hard to attract the massive number of people who are not banking with them (Sajeda *et al*. 2015). Also, with the aim of increasing revenue and gaining a large portion of the market share, many banks have given out loans and advances which could not be recovered leading to a massive growth in Non-Performing Loans (NPLs) and Loans loss provisions in their accounts, this has become a worrisome situation for micro finance banks and other stakeholders Oyewo *et al*. (2015). The Prime concern of this study is to examine whether credit management has an effect on the profitability of Nigerian Microfinance banks. Hypotheses to be tested in this study are stated below in their null forms.

Ho_1 loans and advances have no significant effect on return on assets of Micro finance banks in Nigeria.

Ho_2 Non-performing loans have no significant effect on return on asset of Micro finance banks in Nigeria.

Ho_3: Loans loss provisions have no significant effect on return on asset of Micro finance banks in Nigeria.

Literature Review
Conceptual Framework
Credit Management

Myers *et al.* (2003) defined credit management as a method and strategy adopted by a manufacturing firm to ensure that credits are kept at optimal level and also ensures its effective management. It specifically involves credit classification, credit analysis, credit rating and credit reporting. Credit management is indispensable for any firm relations with credit transactions to ensure its growth since it is impossible to have a zero default or credit risk in any situations. There is a direct connection between account receivables and their financial cost such that, the higher the amount of accounts receivables and their age, the higher the financial costs incurred in maintaining them. If a firm's default rate of repayment is high and urgent cash needs may arise that can lead to borrowing and the opportunity cost in this regard is the interest expenses incurred. Nzotta (2004) averred that credit management has great influence on the success or failure of firms financially and otherwise. This is because the failure of firms is highly influenced by the quality of credit decisions and thus the risk asset quality. Effective credit management minimize exposure to bad debts and bankruptcy,

firms must deeply know a customer's financial strength, full business details, credit score history and fluctuating payment patterns.

Loan and Advances

Given the vulnerability of the target market, it is common for borrowers to be willing but unable to repay. After carefully determining that this is indeed the case it may be appropriate to reschedule a limited number of loans. Only done under extreme circumstances, this may involve extending the loan term and/or reducing the installment size. There are various policies that an organization should put in place to ensure that credit management is done effectively; one of these policies is a collection policy which is needed because all customers do not pay the firms bills in time. Some customers are slow payers while some are non-payers. The collection effort should, therefore aim at accelerating collections from slow payers and reducing bad debt losses Kariuki, (2010) Due to the high price and lengthy payback time, the bank urges business owners to seek a loan for the purchase of machinery.

When a company requires a significant quantity that cannot be repaid in a shorter period, and loans are repaid in equal monthly installments, this option is seen as desirable. In addition to interest, additional fees will be charged to the repayment schedule. If the borrower desires to pay off the loan before maturity, the prepayment option is also accessible. For day-to-day expenses, however, the micro finance bank suggests selecting an advance credit option, i.e. a credit facility offered by the bank in which the outstanding sum must be returned within a shorter time frame. The term of the advance credit arrangement is thus between one and two months. It's a cyclical process, and once you've returned the advances, you may use the same amount for other purposes. If they take out a loan for the same purpose, they must repay the principal plus interest within a given time frame. A loan is authorized and must be repaid in full. Alternatively, advance money must be processed in one transaction with low bank costs.

Non-Performing Loan

Non-performing loan (NPL) is a loan in which the borrower is in default and has not paid the monthly principal and interest repayments for a specified period. Non-performing loans occur when borrowers run out of money to make repayments or get into situations that make it difficult for them to continue making repayments towards the loan Angelini *et al* (2018). Usually, banks classify loans as non-performing loans when the repayments of principal and interest are due for more than 90 days or depending on the terms of the loan agreement. As soon as a loan is classified as an NPL, it means that the likelihood of receiving repayments is significantly lower. However, a borrower may start making repayments to a loan that has already been classified as a non-performing loan. In such cases, the non-performing loan becomes a re-performing loan. How Banks Handle Non-Performing Loans Generally, non-performing loans are considered bad debts because the chances of recovering the defaulted loan repayments are minimal. However, having more non-performing loans in the company's balance hurts the bank's cash flows, as well as its

stock price. Therefore, banks that have non-performing loans in their books may take action to enforce the recovery of the loans they are owed.

Loan Loss Provision

Loan loss provision is an income statement expense set aside as an allowance for uncollected loans and loan payments. The guideline further states that licensed banks are required to make adequate provisions for perceived losses based on the credit portfolio classification system prescribed above in order to reflect their true financial condition. Two types of provisions are considered adequate to achieve this objective. Specific provisions these are made on the basis of perceived risk of default on specific credit facilities while General provisions they are provision made in recognition of the fact that even performing credit facility have some risk of loss no matter how small. Consequently, all licensed banks shall be required to make specific provisions for non-performing credits as directed by the regulatory authorities. This provision is used to cover different kinds of loan losses such as non-performing loans, customer bankruptcy, and renegotiated loans that incur lower-than-previously-estimated payments. Loan loss provisions are then added to the loan loss reserves, a balance sheet item that represents the total amount of loan losses subtracted a company's loans Tetteh (2012).

Profitability

Profitability measure is important to the investors. The level of profitability is very significant for the shareholders of a Micro finance bank, because it shows how effective managements have utilized their investments Devinaga, (2010). In ascertaining the financial potency of micro finance bank, the level of profitability is predominant. Codjia (2010) viewed that banks profitability performance will concentrate on the income statement which shows how much banks generated (revenue) and how much banks spent (expenses) net income. Profitability can be evaluated in a number of ways which include Return on Assets (ROA), Return on Equity (ROE). But over the years, most researchers prefer using Return on Assets (ROA).

Return On Assets

Return on Assets is used as main profitability measures in most of the organizations including banks and financial institutions. The ROA demonstrates the level of net income produced by the bank and also determines how the assets utilized by banks generate profit over the years. On the other hand, the return on equity (ROE) is the ratio of net income to total equity indicating returns to shareholders on the book value of their investment. It measures the rate of return for ownership interest (shareholders), equity of common stock owner; it tells how efficient a firm/bank is at generating profits from each unit of shareholder equity, also known as net assets or assets minus liabilities.

Empirical Review

In the work by Mayowa *et al* (2022), the study investigated the relationship between credit management and the performance of Micro finance Banks (MFBs) in Nigeria over the period 2013-2022 using the dynamic Generalized Method of Moments (GMM) and Granger causality techniques. The study revealed a direct and statistically significant relationship between MFBs credit management variables measured by capital adequacy ratio, non-performing loan ratio and loan loss provision ratio and performance measured by return on asset. The study recommended that Micro Finance Banks should use more of the rations to control financial performance.

Folajimi (2020) discussed the connection between credit risk and MFBs performance in Nigeria from 2013 to 2022. The study employed descriptive analysis and regression method and revealed that credit risk has a positive impact on performance of the MFBs. Ayunku *et al.* (2020) wrote on the connection between credit management and bad debts among micro finance banks in Nigeria between 2013 and 2022. The study employed correlation and OLS analyses and found that credit management impact significantly on Return on Asset. The study recommended that credit management policies should be efficiently employed in Micro Finance Banks in Nigeria.

Serwadda (2018) examined credit risk impact on the performance of the Nigerians commercial bank between 2013 and 2022. The study employed regression analysis, correlation test and descriptive analysis and the techniques revealed that credit risk exhibited a significant impact on the banks of Nigeria. Serwadda *et al* (2018), analyzed the impact of credit management on the profitability of Micro finance banks of commercial banks in Uganda for a period of 2013 – 2022 using panel data for a sample of 12 micro finance bank. The study employed descriptive statistics, regressions and correlation analysis. The study revealed that credit management has impacts on the performance of Ugandan commercial banks. The results portrayed that banks' performance was inversely influenced by non-performing loans which may expose them to large magnitudes of illiquidity and financial crisis.

Oguntoyinbo, (2012) conducted a study on the credit risk assessment of the microfinance industry in Nigeria using Accion MFB as a case study, the researcher identified the use of daily collection board, collections in group meetings, rotation of loan accounts, periodic review of passbooks, the study reveal that there was positive relationship between credit risk and micro finance bank in Nigeria. Kiplimo *et al* (2011) investigate the relationships between credit management strategies and loan performance among MFBs in in Nigeria. The results of the study variables reported that there is a significant relationship between MFBs and credit management in Nigeria. The study recommended that management should actively adopt effective credit management.

Theoretical Framework

Contingency Theory

Effectiveness is contingent as it depends on the interplay between credit management and profitability of Micro finance bank, behaviours and particular situation Fielder, (2011). Organizational behaviour is studied through contingency theory approach by elaborating on contingent factors namely, culture, technology and external environment affecting the functionality and design of the organization Islam *et al.* (2012). Sridhar (2017) argued that modern-day organizations are more complex and therefore one specific managerial strategy could not be applied to all types of situations. Hence, the emphasis of contingency approach is on the adaption of managerial strategies as per the need of situation. In other words, each situation should be viewed separately, and the plans should be made while taking into consideration a wide range of internal and external factors to administer the context, connectedness and complexities of the dynamic environment. Based on the scenario, a best fit of the managerial approach for the situations should be implemented. This theory emphasizes on the postulate that organizational outcomes are resultant of a fit between two or several factors Islam et al, (2012). Nevertheless, the focus of this theory remains on the organizational design Luthans et al (2016).

Commercial Loan Theory

This is the theory of banking and is also called the real bills doctrine. The commercial loan theory holds that banks should lend only on short term, self-liquidating, commercial paper. According to Ezirim (1999), the commercial loan theory is geared to influence persuasively both the bank lending and the general economic activities. Strict adoption of this theory will reveal that it is expected to serve as a monetary supply to changes in aggregate economic activity. The popularity of this doctrine among Micro finance Banks in Nigeria is evident. Nigerian bankers believe that since their resources were repayable at short notice, such depositors' monies should be employed accordingly in short-term loans. Ezirim (1999) posited that the strong tie to this conception is rather orthodox if consideration is given to the fact that at the time of the supremacy of the theory, there were little or no secondary reserve assets, which could have served as a liquidity buffer for the micro finance bank.

The study is underpinned on the above theory because the level of profitability is very significant for the shareholders of a Micro finance bank, because it shows how effective managements have use their investments to satisfy the need of their worker in order for them to perform their duties properly.

Methodology

The research was conducted through the use of expo facto research design. This helped the researcher to arrive at conclusions about the effect of credit management on the profitability in order to explain the present and predict and control the future. The study adopted quantitative research approach thus allowed the measurement of relationships

between variables in a systematic and statistical method. The population for the study is eighteen (18) listed Micro financebanks in Nigeria. Twelve (12) Micro financebanks were selected from the population. The study covered 10 years, spanning from 2012 to 2022. This research work adopted the convenience sampling technique in selecting the respondents from the total population. This study relied heavily on secondary data, which were sourced from the published annual reports and financial statements of the selected banks. This study adapted the model of Kolapo, *et al* (2012). The study re- modified the model by incorporating different variables like Loans and advances, Non-Performing Loan (NPL) and Loans loss Provision (LLP) as indicators of credit management. In respect of this, the model that is aimed at assessing the level of credit management with profitability to the Micro financebanks in Nigeria is given below:

ROA = f(LA,NPL,LLP, μ)

This model for the purpose of simplicity can be stated in equation terms as depicted below:

$ROA = \beta_o + \beta_2 LA_{it} + \beta_3 NPL_{it}\ \beta_4 + LLP_{it} + \mu_{it}$ ....(i)

Where:

ROA: Return on Assets

LA: Loans and Advances

NPL: Non-Performing Loan

LLP: Loans Loss Provision

F - Funtional Notation

μ - Error Term

i - cross sections i.e banks

t – years

β_o and β_4 - Coefficients of Estimates

Results and Discussion

Descriptive Statistics

Descriptive statistics gives a presentation of the mean, maximum and minimum values of variables applied together with their standard deviations obtainable. The table below shows the descriptive statistics for the variables applied in the study. An analysis of all variables was obtained using the E-view 10 software for the period under review.

Table 4.1: Descriptive Statistics Result

	ROA	LA	LLP	NPL
Mean	11.19892	0.873300	0.187167	0.745283
Median	12.16000	0.845000	0.155000	0.685000
Maximum	22.38000	9.600000	1.250000	2.430000
Minimum	-14.21000	0.310000	-0.650000	0.200000
Std. Dev.	6.330759	0.818593	0.245878	0.444408

Skewness	-2.491088	10.20627	1.504962	1.630747
Kurtosis	10.38437	109.4592	9.091116	6.171233
Jarque-Bera	396.7553	58751.11	230.8067	103.4703
Probability	0.000000	0.000000	0.000000	0.000000
Sum	1343.870	104.7960	22.46000	89.43400
Sum Sq. Dev.	4769.343	79.74128	7.194237	23.50228
Observations	120	120	120	120

Source: E-View 10 Output (2023)

Table 4.1 presents the descriptive statistics of the effect of credit management on profitability of Micro finance bank in Nigeria during the period of 2012 to 2022. The table shows that return on asset (ROA) as a measure of profitability has a mean of 11.19892, with a standard deviation of 6.330759 as well as a minimum value of -14.21000 and maximum values of 22.38000 respectively. Given that the range between the minimum and maximum is not so wide, it implies a stable profitability as the standard deviation indicated that there is no wide dispersion of the data from the mean value. For the other measure of credit management, loans and advance (AD), from the table 4.1 shows a mean value of 0.873300 with standard deviation of 0.818593 and minimum and maximum values of 0.310000 and 9.600000 respectively.

This implies that the credit management in terms of loans and advance witnessed a marginal increase during the study period, as the standard deviation is not so large compared to the mean, together with the range between the minimum and maximum values. Similarly, the table shows that the loans loss provision (LLP) during the period has an average value of 0.187167 with standard deviation of 0.245878 and the minimum and maximum values of -0.650000 and 1.250000 respectively. This implies a tremendous increase in the loans loss provision during the study period. Also the mean value for Non-performing loans (NPL) is 0.745283, while the standard deviation also indicates 0.444408. The minimum and maximum values for non-performing loans are 0.200000 and 2.430000 respectively.

The standard deviation values shown on table 4.1 indicate the dispersion or spread in the data panel. The higher the value of the standard deviation, the wider the deviation of the panel from its mean, similarly, the smaller the value of the standard deviation, the lower the deviation of the panel from its mean

The variable with the highest degree of dispersion from the mean is the return on asset with a standard deviation of 6.330759. Skewness which measures the shape of the distribution and equally shows the measure of the symmetry of the data set, indicated that LA and NPL are all positively skewed and have values greater than zero which suggests that the distribution tails to the right-hand side of the mean, while ROA and LLP are negatively

skewed, and have values less than zero. Hence, the distribution of two of the variables (LA, and NPL) are positively skewed, considering that their values are greater than zero, in addition to the fact that their mean are greater than their median, while the reverse is the case for ROA and LLP with median values of 12.16000 and 0.685000 respectively (higher than the mean values at 11.19892 for ROA and 0.745283 for NPL) and negative and positively skewed values of -2.491088 and 1.630747 respectively.

Kurtosis value measures the peakness and flatness of the distribution of the panel. If Kurtosis value is less than 3, it means the distribution of the variable is normal, but when it is more than 3, the distribution of the variable is said to be abnormal. Variables with value of kurtosis less than three are called platykurtic (fat or short-tailed) and LA, LLP, NPL, with kurtosis values of 109.4592, 9.091116 and 6.171233 respectively, qualified for this during the study period. On the other hand, variables whose kurtosis values are greater than three are called leptokurtic (slim or long tailed) and the variables; ROA, LA, LLP and NPL qualified for this during the study period with a kurtosis value of 10.38437, 109.4592, 9.09116 and 6.171233. The Jarque-Bera statistic is for testing normality of a variable. If the variable is normally distributed, the histogram will be bell-shaped and as such the Jarque-Bera test of normality is an asymptotic or large-sample test. Jarque-Bera also measures the difference between the skewness and kurtosis of each of the variables. LA has the highest Jarque-Bera value of 109.4592, while NPL has the lowest Jarque-Bera value of 6.171233. The Jarque-Bera for ROA and LLP are 10.38437 and 9.09116 respectively.

With respect to the descriptive statistics, which is based on the raw data and at 5% level of significance, all the variables of the study, specifically; ROA, LA, LLP, and NPL, showed that individually, their P-values are less than 5%, Therefore, the Null Hypotheses (set at 5% level of significance) is hereby accepted and it can be concluded that based on the exhibition of individual characteristics, all the variables are statistically significant. Therefore, no variables showed that their individual P-values is greater than 5%, thereby, creating a scenario in which there is no reason to reject the Null Hypotheses, based on the inference from the descriptive statistics of the study.

4.2 Correlation Analysis

This shows the correlation values between dependent and independent variables and the correlation among the independent variables themselves. These values are generated from Correlation Matrixoutput, the table contains correlation matrix showing the Pearson correlation coefficients between the dependent and independent variables and among the independent variables of the study.

Table 4.2: Correlation Matrix

Covariance Analysis: Ordinary

Date: 05/30/23 Time: 08:36

Sample: 2013 2022

Included observations: 120

Correlation Probability	ROA	LA	LLP	NPL
ROA	1.000000 -----			
LA	0.271420 0.9359	1.000000 -----		
LLP	-0.107894 0.2408	0.407432 0.0000	1.000000 -----	
NPL	-0.033810 0.7139	0.032314 0.7261	0.137235 0.1350	1.000000 -----

Source: E-View 10 Output (2023)

Table 4.2 shows the correlation between the dependent variable, ROA and the independent variables of AL, LLP, and NPL on one hand, and among the independent variables themselves on the other hand. Generally, a high correlation is expected between dependent and independent variables while a low correlation is expected among independent variables. According to Gujarati (2004), a correlation coefficient between two independent variables of 0.80 is considered excessive, and thus certain measures are required to correct that anomaly in the data. From the table, it can be seen that all the correlation coefficients among the independent variables are below 0.80. This point to the absence of possible multicollinearity among the independent variables and the correlation between the dependent variables shows that there is a mix of both positive and negative correlation among the dependent and independent variables.

ROA is positively correlated with LA (0.271420) during the study period. The positive coefficient between ROA and LA suggests that credit management and profitability is capable of maximizing the returns on assets of listed micro finance bank in Nigeria. This may be because LA presents a pre-requisite action that drives profitability in listed micro finance bank. Besides, listed bank (such as micro finance) also invest in credit management that give them an edge over their counterparts in a banking sector. The Table revealed a negative correlation coefficient between ROA and LLP (-0.107894), during the period of

investigation. The weak negative coefficient between the two variables of the sampled companies is an indication that LLP and NPL are associated with decrease in ROA of listed micro finance bank during the study period. This relationship is quite surprising because listed micro finance are assumed to have the resources and capacity to accommodate credit management (such as profitability) from their retention, which is capable of further enhancing the credit management of listed micro finance bank.

Similarly, ROA is negatively associated with the NPL of banks, as the correlation co-efficient is placed at -0.033810. The negative relationship between ROE and ROA of listed micro finance banks in Nigeria shows that non-performing loans is also associated with decrease in return on asset of sampled banks. This relationship is not expected because as the micro finance bank in Nigeria did not incur the needed expenses of the indebt and effective researches into their banking operations, this will eventually translate into decreased in return on asset. This suggests that investment in micro finance bank will in the long-run negatively drive the return on assets downwards in the later years of the banking operation. Banks who possess the right credit management practices are expected to use (or leverage same) for the overall benefit of the banks in terms of increased capacities and profitability.

Test of Research Hypothesis

In panel regression analysis, the ultimate goal is estimation of the relationship between dependent and independent variables. The research hypotheses are stated below:

Ho_1 loans and advances have no significant effect on return on assets of listed Micro finance banks in Nigeria.

Ho_2 Non-performing loans have no significant effect on return on asset of listed Micro finance banks in Nigeria.

Ho_3 Loans loss provisions have no significant effect on return on asset of listed Micro finance banks in Nigeria.

Table 4.3: Panel Regression Result (Random Effect)

Dependent Variable: ROA

Method: Panel EGLS (Cross-section random effects)

Date: 05/30/23 Time: 08:31

Sample: 2013 2022

Periods included: 10

Cross-sections included: 12

Total panel (balanced) observations: 120

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.86697	1.530132	7.755520	0.0000
LA	0.226865	0.692347	0.327675	0.0437
LLP	0.418756	2.499083	0.167564	0.0572
NPL	-1.267376	1.387633	-0.913336	0.3630
	Effects Specification			
			S.D.	Rho
Cross-section random			3.048398	0.2378
Idiosyncratic random			5.457118	0.7622
	Weighted Statistics			
R-squared	0.578155	Mean dependent var		5.517011
Adjusted R-squared	0.557496	S.D. dependent var		5.479200
S.E. of regression	5.526925	Sum squared resid		3543.440
F-statistic	23.37916	Durbin-Watson stat		1.156838
Prob(F-statistic)	0.000001			

Source: E-View 10 Output (2023)

Lastly, table 4.3 above, the coefficient of multiple determinations (R^2) is 0.578155and In line with the panel nature of the data used in this study, the regression model shows that the range of values between adjusted R^2 and R^2 falls between 56%, and 58% respectively. This indicates that about 58% of the total variations in return on asset (ROA) is explained by the variations in the independent variables (LA, LLP, and NPL), while the remaining 47% of the variation in the model is captured by the error term, which further indicates that the line of best fit is highly fitted.

Similarly, from the table above, the coefficient of the intercept (for the random effect result) is positive, this indicates that at any given point of time where these explanatory variables are held constant, ROA (financial performance) of the banks improves by 11.86697, The standard error test is applied in order to measure the size of the error and examine the degree of confidence in the validity of the estimates, Usually if the standard

error is smaller than half the numerical value of the parameter estimate, it can be concluded that the estimate is statistically significant. Having carried out a standard error test on the parameters estimated and as also indicated by their respective probability values, the parameter estimates for LA, LLP and NPL shows a mixed result.

This is because the result presented in the above table revealed that among the explanatory variables of the study; only LA was found to be statistically significant with the probability values of 0.0437on ROE and LA contributes about 0.23% unit change on ROA. This implies that the parameter estimate for LA is statistically significant, given that the individual probability of is estimated at 0.0437which is less than 5%. The parameter estimates for NPL is negative, and also not statistically significant, given that the individual probability is 0.3630, while the parameter estimates for LLP is positive, but statistically significant since its probability value of 0.0572is equivalent to 5%.

In specific terms however, and with respect to the first hypothesis, the estimated results shows that individually, the coefficient value for NPL which is placed at -1.267376indicates a negative correlation between NPL and ROA. Also, the p-value of 0.3630indicates that the relationship is not significant at 5% level of significance. Therefore, the study has no reason to reject the null hypothesis which states that credit management does not have significant effect on return on asset of listed micro finance bank in Nigeria.

With respect to the second hypothesis, the estimated results shows that individually the coefficient value for LLP is placed at 0.418756, is indicative a positive correlation between LLP and ROA. However, the p-value of 0.0572indicates that the relationship is not significant at 5% significance level. Therefore, the study also has no reason to rejects the null hypothesis which states that profitability has no significant effect on return on asset of listed micro finance bank in Nigeria.

Furthermore, inferences from the third hypothesis shows that the estimated individual result for LA coefficient value is 0.226865, indicative of a positive correlation between credit management and return on asset. Also, the p-value of 0.0437 indicates that the relationship is statistically significant at 5% level of significance. Therefore, the study rejects the null hypothesis which states that credit management does not have significant effect on return on assets of listed micro finance bank in Nigeria.

Discussion of Findings

The result of the estimated model of the study showed that when taken individually loans and advance (LA) has a positive and significant effect on the return on assets of listed micro finance bank in Nigeria. However, further analysis of the empirical showed that when taken individually, loans loss provision (LLP) as well non-performing loans (NPL), both have an insignificant effect on return on asset taken as a measure of profitability, although NPL is negatively related to ROA, This implies that when taken collectively, credit management is an insignificantly and irrelevant predicator of profitability in listed

micro finance bank in Nigeria, especially within the purview of credit management and profitability. That is to say there are empirical evidences to suggest that the attributes exhibited by the credit management of listed micro finance bank, which expectedly should promote efficiency and productivity in micro finance bank in Nigeria, is not yet having the desired effect. This is inconsistent with the stud, of Serwadda (2018) and Folajimi 2020. As such, the credit management elements of the listed micro finance bank have not yet been able to substantially exert the needed level of influence that is required to improve the tendencies of better profitability framework of the micro finance bank in Nigeria.

Conclusion and Recommendation

Arising from the findings, the study concludes that, profitability of the micro finance banks in Nigeria can be improved by adjusting the amount of loans and advances, non-performing loan and loan loss provision. *The result shows that loans and advance has positive and significant effect on return on assets while* loans loss provision (LLP) as well as non-performing loans (NPL), both have an insignificant effect on return on asset taken as a measure of profitability, although NPL is negatively related to ROA. Based on the findings, the study made the following recommendations:

1. The micro finance banks should ensure guarantee of credits which would serve as a shield against Loans and Advance (LA) of customer’s fund.
2. The study also recommended Micro Finance maintain Loan Loss Provision (LLP) as it shows positive return on asset and monitoring the effective controls over credit management
3. The study also recommended that regulatory agents should evolve policies that aim at enhancing the profitability of the micro finance banks in Nigeria. This is because; the profitability of the micro finance banks will be enhanced if the Non-performing Loans (NPL) of the banks is improved. This can be done by lowering the capital requirement of the micro finance banks.

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CORPORATE VALUE REPORTING AND FIRM VALUE OF QUOTED NON FINANCIAL FIRMS IN NIGERIA

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Abstract

The study is centered on corporate value reporting and stakeholders perception of quoted firms in Nigeria. Informational disclosure to investors is the main goal of corporate reporting. The annual report, which is the primary vehicle for corporate reporting, is now also recognized by businesses as having media value, which is an effective channel for communicating with their stakeholders. Building a firm's reputation also benefits from reporting. Additionally, value reporting, is a new kind of reporting where words are just as significant as numbers. The study used secondary method of data collection from the annual reports and corporate website of the selected quoted firms in Nigeria. Data collected from the quoted firms consist from 2018 to 2021 financial year. The population of this study is made up of all 170 quoted firms on the Nigeria stock exchange (NSE) as at 1st March, 2021, however 2 firms were delisted which brings the Number to 168 listed firms. The sample size that is used for the study was 28 selected quoted firms in Nigeria Stock Exchange (NSE) as 1st March 2021. The sample size was arrived using convenience and purposive sampling techniques. The study concluded that corporate value reporting of quoted firms in Nigeria will increase the value of the firm and also increase the stakeholder's awareness of the firms' growth from their annual report and also through the firms' media communication which is an effective channel of communication.

Keywords**:** Corporate Reporting, Value Reporting, Firm Value, Firms, and Nigeria

Introduction

Informational disclosure to investors is the main goal of corporate reporting. The annual report, which is the primary vehicle for corporate reporting, is now also recognized by businesses as having media value, and they have come to the understanding that it is an effective channel for communicating with stakeholders. Building a firm's reputation also benefits from reporting. Additionally, value reporting, is a new kind of reporting where words are just as significant as numbers, has been more popular in recent years, (Moll, 2022). By widening corporate reporting, the value reporting model aims to help businesses

identify and satisfy analysts' and investors' demands for pertinent data on value drivers, intangible assets, and projected future cash flows. Corporate reporting as identifies the following as the key qualitative characteristics of good corporate reporting to include relevance and materiality, completeness, reliability, comparability and verifiability. Corporate reporting, the regulation continues, also needs to be timely and understandable. In reporting the firms firm's financial performance to stakeholders and other users of the annual financial report, the firm need to provide high level of quality reporting.

Corporate value reporting serves as a communication tool between management and stakeholders. The management shares pertinent quantitative and qualitative information with the various stakeholders so they may make decisions. Improved information disclosure fosters openness, which raises the firm's reputation and inspires investor trust, supporting an investor-friendly market (Pandit, 2021). Published Corporate Annual Report is regarded as the most important source of information about the firm's affairs, even though information about the firm's affairs can be communicated through other media like financial press releases, interim reports newspapers, business and industry journals, and so on, (Pandit, 2021). The quality of reporting adopted by a firm will determine the level of stakeholders' perception about the firm. In corporate reporting the firm should disclose reasonably the firms' reputation, firm value, firm size and the audit firm size and so on, as this may increase stakeholders' perception about the reputation of the firm.

A solid reputation makes stakeholders believe in the firms operation, as in the same way a bad reputation makes stakeholders to see the firm corporate image as bad. The firm's appearance in disclosing the firms operational activities in their annual report gives them a stronger effect and good standing among the public than providing annual reported that is padded, which does not represents the true financial performance of the firm (Carroll, 2004). Again, reputation is measured on the awareness, sentiment, and attributes of a firm. The way stakeholders feel when they perceive the activities of a firm. A good reputation is very hard to copy, because for competitors it is very hard to determine the firm's secret ingredients are which makes the firm's reputation a competitive advantage. According to Roberts, and Dowling, (2002) asserted that, firms with better corporate reputations are better able to sustain superior financial performance outcomes over time. A good corporate firm's reputation is equal to money as indexes of financial performance to the firm which may motivate stakeholders in placing more value on the firm base on the profitability as an indicator.

Profitability is an important firm characteristic that are believed can affect firm value. Profitability explains the firm's ability to earn profits in a certain period (Hermuningsih, 2012). Mahboub (2017) found that profitability has no significant impact on firm value, however Hassan and Bello (2013) found that profitability have positive and significant impact on firm value. These might happen because firms that earn more profit tend to disclose more information to improve corporate value reporting, to distinguish them from firms with worse performance who may not engage fully on sustainability responsibility

(Putri, & Indriani, 2019; Uwhejevwe-Togbolo, 2021). In the view of the authors, profitability may increase the firm value of a business

The firm value is crucial since it directly correlates with the success of the stakeholders (Brigham, 2006). Increased stock prices also translate into higher corporate values. Increasing business value is something that stakeholders want since it indicates more investor's prosperity. The stock price, which is a reflection of investment choices, financial management, and asset management, displays the wealth of shareholders and the firm. Future plans for the business include boosting corporate value. The owners' degree of wealth serves as a proxy for the high business value.

The investors' primary concern has likewise shifted to the corporate value. The business value itself may be used to determine the extent of stakeholders and investor prosperity. It implies that the firm value has evolved into a performance metric for the finance manager in the organization. According to investors' perceptions, a greater stock price will result in a higher firm value as well since firm value is typically correlated with stock price. Maximizing assets or business value is one of the firm's primary objectives. The primary objectives of the corporation have evolved to include improving shareholder prosperity, which goes hand in hand with increasing firm value. The firm size matters in this direction in some instance to increase the firm value.

The firm size may also affect the quality of the firm's corporate value reporting. The relationship between firm size and stakeholders perception as a metric for achieving high performance is due to the larger firm's desire to maintain its track record of giving investors and users of its financial statements high-quality accounting information. Compared to small businesses, large businesses are more likely to take advantage of economies of scale and have more negotiating leverage with customers and suppliers (Abdullahi, Enemali, Duna, & Ado, 2019; Serrasqueiro, & Nunes, 2008, Uwhejevwe-Togbolo, 2021). The audit firm size of a firm is believed to disclose more information about the firm than the small audit firms.

Padri, and Molina, (2015) suggested that large audit firms are more likely to disclose going-concern problems because they have more wealth at risk from litigation. Alareeni, (2018) showed that opinions issued by large auditing firms are more accurate and give more informative signals of financial failure than opinions by less experienced auditors (small firms). Bauwhede, Willekens, and Gaeremynck (2003) argued that (Big Four) audit firms are more competent because they use standardized audit methodologies and training programmes throughout the world. Geiger, and Rama (2006) found that both Type I and Type II error rates for Big Four audit firms are considerably lower than the error rates for non-Big four firms. Researchers believe that the enhanced audit quality big audit firms deliver is a product of their brand-name quality (Pittman & Fortin, 2004). Since audit firm size contributes to quality audit, it can be said that the end product of quality audit is quality corporate value reports.

Corporate value reporting as a driver that produce an effective disclosure to stakeholders through the annual reports which represents the words of communicating the firms performance to the stakeholders is very essential to the present day firms. The objective of this study is on corporate value reporting and firm value of quoted non-financial firms in Nigeria. There is little research work in this area of corporate value reporting hence the current study seeks to feel the gap in knowledge on corporate value reporting and firm value of quoted non-financial firms in Nigeria.

Methodology

The study examined corporate value reporting and firm value of quoted non-financial firms in Nigeria. To accomplish this goal, the study used secondary method of data collection from the annual reports and corporate website of the selected quoted firms in Nigeria. The secondary data were acquired from the annual reports of the listed firms at the Nigeria Stock Exchange (NSE) at the state office and the corporate website of the listed firms. Data collected from the quoted firms consist from 2018 to 2021 financial year. The financial year of 2018 to 2021 was used because of the heightened interest and accelerated corporate value reporting time lag knowledge observed within this period.

The population of this study is made up of all 170 quoted firms on the Nigeria stock exchange (NSE) as at 1st March, 2021, however 2 firms were delisted which brings the Number to 168 listed firms. The firms are classified into seven sectors in line with the current Nigeria Stock Exchange (NSE) divisional classification of firms. The divisions include: Basic materials and industrials (34 firms); Consumer services (25 firms); Financial (52 firms); Healthcare (11 firms); Oil and Gas (15 firms); Technology and Telecommunication (11 firms) and Consumer goods (20 firms).

The sample size that is used for the study was 28 selected quoted firms in Nigeria Stock Exchange (NSE) as 1st March 2021. The sample size was arrived using convenience and purposive sampling techniques. The technique was adopted to enable the study accessed the firms in each divisional classification by employing John Curry rule of thumb (Curry, 1984) which is obtainable in table below:

Table 1: John Curry Rule of Thumb

Population Size	**Sampling Percentage**
0-100	100%
101-1,000	10%
1001-5,000	5%
5001-10,000	3%
10,000+	1%

Table 2: Sample Size Determination

S/N	Divisions	No. of Firms	Proportion (%)	No of Firms Sampled
1.	Basic materials and industrials	34	20.2	6
2.	Consumer services	25	14.8	5
3.	Financial	52	31.0	8
4.	Healthcare	11	6.6	1
5.	Oil and Gas	15	8.9	3
6.	Technology and Telecommunication	11	6.6	1
7.	Consumer goods	20	11.9	4
Total		**168**		**28*4=112**

Source: Computation of Authors (2022)

Also, a linear regression analysis was adopted. The option of a linear regression analysis is as a result of its repeated usage in prior studies for analyzing corporate reporting and firm value of listed companies (Emeh & Appah, 2013). Again, (Shukeri & Islam, 2012) stated that, it helps to in the solving hypothetic nature of sampled firms.

Model Specification

In the direction of measuring the relationship between corporate value reporting and firms' value of quoted firms in Nigeria, an econometric model was adapted from the prior studies of Adedeji, Soyinka, Sunday, Adegoroye, and Gbore, (2020). The relationship between the dependent and independent variables is written in functional form as follows:

FV = f(FR, PR, FS, AFS)………………………………………………………………. (1)

This can be re-specified in an econometric form thus:

FVit = β0 + β1FRit + β2PRit + β3FSit + β4AFSit + µit……………………………………. (2)

Where;

FV= Firm value is measure by Tobin Q (Market Cap. divided by Total Asset)

CVR= Corporate Value Reporting (measured as dummy variable, firm that perform CVR is "1" firm that is not "0").

FR = Firm Reputation (measured by *analyzing a company's stock prices, financial statements, and brand loyalty*).

PR= Profitability (measured by profit after tax divided by the total assets)

FS = Firm Size (measured by the natural log of total assets of company).

AFS = Audit Firm Size (measure by using a dummy variable of 0 and 1 with 0 representing non big four auditor and 1 representing big four auditor)

β0 = Intercept of the regression line, regarded as constant.

B1-4= Coefficient of the independent and control variables.

μ= Error term that represent other independent variable.

i = firm and

t = year or period

The model above captured Firm Value (FV) as dependent variable while Corporate Value Reporting (CVR), control variables are Firm Reputation (FR), Profitability (PR), Firm Size (FS) and Audit Firm Size (AFS).

Table 1

Panel A. **Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
FV	112	.02	.32	.2196	.06973
CVR	112	0	1	.68	.469
FR	112	1.21	5.10	2.6587	.79422
PR	112	1.24	6.14	4.2963	1.12949
FS	112	1.881	3.092	4.97	4.766
AFS	112	0	1	.39	.491
Valid N (listwise)	112				

Panel B.

Pearson Correlation

Variables	FV	CVR	FR	PR	FS	AFS
FV	1					
CVR	.038	1				
FR	.244**	.078	1			
PR	.344**	-.270**	.007	1		
FS	-.117	.121	.497**	.029	1	
AFS	.074	.240*	.237*	-.003	.217*	1

**. Correlation is significant at the 0.01 level (2-tailed). While *. Correlation is significant at the 0.05 level (2-tailed).

Tobin's Q as the proxy of firm value has a mean value of 0.2. Firms Size has an average of -0.117. The standard deviation for Tobin's Q 0.069 and for firm size is 496. The mean and standard deviation for CVR are 0.68 and 0.47 respectively. The mean values and standard deviation for the rest of the variables are 2.65, 0.79, 4.30, 1.13, 0.39 and .491 for FR, PR, and AFS, respectively. The maximum value of 0.32 suggests that collinearity among variables is low, indicating that there is no chance of a multicollinearity issue. The descriptive statistics shows that the minimum values is also low. The minimum values of all the variables were low (0). The Pearson correlation among the variables is shown in Panel B of Table 1. As hypothesized, CVR has a significant association with the firm value. The result confirmed there is a positive association between CVR and firm value in Nigeria firms, which suggests that, firms that are involve in corporate value reporting are more likely to have a quality value from stakeholders. This finding was further validated by the regression analysis results in (Table 2).

Table 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529[a]	.280	.246	.06057

a. Predictors: (Constant), AFS, PR, FS, CVR, FR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.028	.033		.829	.409
	CVR	.022	.013	.150	1.693	.093
	FR	.035	.008	.397	4.134	.000
	PR	.024	.005	.391	4.555	.000
	FS	-4.893E-11	.000	-.349	-3.631	.000
	AFS	.003	.012	.020	.229	.819

a. Dependent Variable: FV

The regression analysis results indicate a level of significant effect of CVR on FV at a significant level of 1% (CVR is 0.93). While the Firm size has a negative significant relationship of CVR on FV, the significant level of firm size is 0.00. The result also indicates that FR, PR, AFS has negative and positive significant relationship on FV with the significant value of (0.00, 0.00 and 0.819) respectively. The result indicated that there is a positive and significant relationship between AFS on FV.

Discussion of Findings

The study agrees with the null hypothesis as tested in the regression analysis that firms' reputation has no significant relationship on firm value of quoted non-financial firms in Nigeria, with a significant value of 0.000. It was also seen in the analysis that profitability has no significant relationship on firm value of quoted non-financial firms in Nigeria with a significant value of 0.000 which indicates that firm value is not predicated on profitability. Furthermore, the regression analysis also indicated that firms' size has no significant relationship on firm value of quoted non-financial firms in Nigeria with a significant value of 0.000 level of significant. However, the analysis revealed a there exist a relationship between Audit firms' size and firm value of quoted non-financial firms in Nigeria with a significant value of 0.819 level of significant. In the study area as it concerns the firms that was studied, there was a positive indication that the firms has a positive image amongst their stakeholders of the firm value and corporate value reporting. Again, it was established that the public has a strong confidence in firms that report their CVR. Additionally, the

sampled firms have strong financial basics in terms of profitability, firm reputation, and risk management. However, a prudent investor need to study the published report of firms carefully. It has been observed by stakeholders that firms that have weak corporate value reporting practices tend to disclose higher corporate social responsibility information (overstatement), because of the firm's desire to seek legitimacy, hence the AFS reputation is needed to curb overstatement (Shalihin, Suharman, & Hasyir, 2020).

Although most research did not use the current terms of corporate value reporting rather they use various terms to indicate theirs which is corporate governance, social responsibility (SR) reporting and firms value, however, the terms are inter related. In some of the studies, research shown a relationship between SR and FV, and they have also demonstrated how important this relationship is. As seen in the regression analysis that indicates that there is a positive relation between corporate value reporting and firms value. Again, Black, Hideaki, Jang, Johnson, and Kim (2003) opine in that corporate governance is an important factor of explaining the market value of companies. The authors, establish in their study that there was a positive and significant relationships between corporate governance index and firm value. There is a constant backing to endorse the concept that good corporate governance would upsurge the value of the firm (Bauer, Guenster, & Otten, 2004). It is therefore necessary for firm to be involve in corporate value reporting in other to boost the firm value reporting.

Conclusion

The study is to examine corporate value reporting and firm value of quoted firms in Nigeria. It was revealed form the findings that there is positive level of significant effect between CVR and FV. Although the study established that there is no relationship between the firm's reputation, firm's profitability and firm's size on the firm value, based on the null hypothesis which indicates that a firm that have a good governance of corporate social responsibility will always act in the policy of the firm's corporate social responsibility that will bring about the firm value and firm reputation which will in turn improve on the profitability of the firm. The study established that there is need for the firms to disclose their corporate value reporting in other to improve the firms' value which have a positive effect on the firm reputation, firm size and firms' profitability. Consequently, corporate value reporting of quoted firms in Nigeria will increase the value of the firm and also increase the stakeholder's awareness of the firms' growth from their annual report and also through the firms' media communication which is an effective channel of communication.

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BOARD CHARACTERISTICS AND CORPORATE FRAUD

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Abstract

The study investigated the effect of board characteristics on corporate frauds in public and private limited companies in Nigeria. The study administered sixty (60) copies questionnaires across the selected sample size. The study employed ordinary least square technique to analysed the data elicited from primary data source and test the formulated hypotheses. However, the result shows that large sized-board of directors prevents and detects the likelihood of unethical behaviours in the organization. It was also discovered that the presence of board members with international experience is effective in the prevention and detection of corporate fraud in an organization. The result also shows that an increase in audit committee financial expertise will effectively prevent and detect corporate fraud in an organization. It unveiled that an unimpaired board independence increases the board effectiveness and efficiency in eliminating corporate fraud in an organization. The study recommends that organisations should give priority to a large sized-board in order to produce quality financial report, more so, organisations should appoint directors with international experience or encourage existing directors to embrace international training. Financial training should be designed for audit committee members or appoint directors with sound financial knowledge as members of audit committee while,

the independence of the board should not be exposed to negative factors that will impaired it.

Keywords: Board Characteristics, corporate fraud, fraud

Introduction

Corporate fraud is a financial monster whose ravaging rates is increasing at a fast pace in quoted companies and this has raised concerns within the shareholders and investors (Uadiale, 2012). Therefore, corporate fraud refers to financial wrong-doing that are hardly noticeably obvious to the management and, however, the indicating signs or red flags of fraud are unidentified or given attention by the relevant stakeholders or investors when they trigger areas of threats. In other words, most of times investors and stakeholders do through caution is thrown to the wind, consequently colossal losses are incurred.

The dramatic and sudden downfall of colossal organisations like WorldCom, Enron, and Global Crossing was the resulting effects of the incidents of corporate unethical or fraudulent practices. Consequently, these fraudulent practices had wind-swept the self-assurance of shareholders and other interest groups in financial markets, accounting information, and also in professional accounting practices across the globe. Unfortunately, these corporate failures have raised doubts about the credibility and reliability of the financial reports among various stakeholders.

However, a significant amount of research has been accumulated in corporate governance oversight functions with regard to the fiduciary duties of the board of directors to act in the best interest of the company's stakeholders and the public. More so, the incessant increase in the occurrence of corporate fraud is an indication that the insignificant emphasis on fraud prevention and deterrence mechanisms are receiving utmost attention from corporate organizations. However, most corporate misconducts and failure have hindered the financial performance and progress of the organization and this has been linked to inadequate deployment of the characteristics of the Board of Directors.

Furthermore, the board characteristics as an effective monitoring tool has been mentioned as one of the measures to prevent and detect the likelihood of corporate fraud. This implies that effective board characteristics positively impact on corporate fraud by mitigating occurrences of such corporate fraud. Meanwhile, previous research have produced either mixed or no outcomes (such as Ehigie & Ibadin, 2015, Law, 2012; Uadiale, 2012; Beasley, 1996).

The study focuses on investigating the effects of board characteristics on corporate fraud. Furthermore, the role of board of director in the prevention, detection and deterrence of corporate fraud in public and private limited companies in Nigeria is relevant to the growth and development of the companies. However, the positive and significant impacts of the board characteristics was examined in this study using factors including board size, board members with international experience, financial expertise of the audit committee, independence of the board and effectiveness of independent non-executive directors. The results of this study are expected to ascertain and produce modern evidences of positive and significant effects of board characteristics in effectively reducing the likelihood of corporate fraud.

Therefore, the objective of this study is to investigate the effects of board characteristics as a technique in preventing, detecting and deterring corporate frauds in public and private limited companies in Nigeria. The positive and significant impact of the board characteristics examined in this study comprises of board size, board members with international experience, audit committee financial expertise, board independence and independent non-executive directors' effectiveness. Findings from this study are expected to provide new evidence on the positive impact of corporate governance effectiveness in reducing the likelihood of corporate fraud.

Literature Review

Board size and corporate fraud

Alzoubi and Selamat (2012), maintained that the board of a Company is a pertinent catalyst in ensuring the success of organizations. However, they emphasised that the board members have the responsibility to set the corporate goals and strategies and to align them with the interests of the shareholders. In addition, with regard to accounting information, they have a duty to ensure the transparency and credibility of the financial statements (Uadiale, 2012). Corporate fraud is a crime that is hardly obvious (Ehigie and Ibadin, 2015), moreover, the increasing cases of corporate fraud are an indication of the unproductive fraud prevention and deterrence instruments emphasis that most organizations prioritize (Razali & Arshad, 2014).

Furthermore, recent unethical practices of most organisations have highlighted the failure of the board of directors as an effective monitoring tool as one of the motives to prevent fraudulent financial information reporting. Ernst and Young (2009) assume that fraudulent financial reporting is a type of fraud that has significant negative effects (such as loss of investor confidence, damage to reputation, potential fines and criminal activity), (Enofe, Agbonlahor and Ehigie, 2015) however stated that the increasing number of financial reporting manipulations by publicly traded companies has caused enormous concern among the general public, such as investors, auditors, creditors and other stakeholders. In

many cases, the warning signs, red flags or indicators that should have alerted relevant stakeholders to the fraud were ignored (Ehigie, 2016).

H_1: Board size is significantly negatively related to corporate fraud likelihood.

Board members with international experience and corporate fraud

Board members with international experience have valuable, rare, and inimitable features characteristics that can contribute to the competitive advantage of companies who use their experiences (Carpenter & Feroz, 2001). Razali and Arshad (2014) aver that the international experience of board members is obtained through international obligations in foreign entities. However, these individuals are exposed to the organization management of financial information and also the preparation of financial statement as well as exposed in the monitoring activities in the organizations by the foreign companies. More so, the practices of these companies are likely to be influenced by the culture, rules, laws and regulations in the country where these corporate entities operate (Enofe, Ehigie, & Oiwo, 2015). The exposure and experience assist board members of public limited companies in managing the complexities associated in earnings management practices. Interestingly, international experience differs from local experience, hence, it is also believed that these board members will help in promoting and implementing more proactive earnings management prevention and deterrence mechanism in organizations. Thus, the following hypothesis is proposed:

Ho_2: Board members with international experience are significantly negatively related to fraud likelihood.

Audit committee financial expertise and corporate fraud

Section 301 of the Sarbanes-Oxley Act (SOX) requires public companies to establish independent audit committees in order to help organizations in enhancing the independence and integrity of the financial reporting. Alzoubi and Selamat (2012) find that audit committees' financial expertise increases their monitoring capability and in turn increases the quality of financial reporting. Ferguson and Moroney (2006) provides evidence that the likelihood of fraud can be prevented by having effective audit committee in organizations.

H_3: Audit committee financial expertise is significantly negatively related to fraud likelihood.

Board independence and corporate fraud

Razali and Arshad (2014), established that the independent director is not involved in day to day operation, it is believed that the independent director was not subjected to any pressure by the internal organization of the company, therefore, they are more likely to act independently and act in the shareholders' interest.

According to Fama and Jensen (1983) a board of directors which is dominated by independent directors are more effective executing their controlling function since the management may just have little or no influence over them. Beasley (1996) aver that if the quality of financial reporting is monitored by independent directors there will be a reduction the likelihood of financial fraud.

Furthermore, inside or non-independent directors are loyal to the executive director/CEO due to their interest in remaining employed by the company; the incentive for them to monitor the quality of accounting information is therefore considerably less than for independent directors. However, the presence of an independent board of directors can be perceived by the market as a sign that a company is committed to behaving according to the basic rules of good conduct (Lopes & Walker, 2008).

H_4: Board independence is not significantly related to fraud likelihood.

Empirical Review

Özcan (2016) investigates firm characteristics and accounting fraud and the primary objective of this paper is to establish an empirical model that significantly contributes to the development of a reliable model for detecting accounting fraud committed by firms listed on Borsa İstanbul. This study investigates ten accounting variables with probit regression analysis and covers 144 firms between the time period of 2005 to 2015. The results indicate that firms with low liquidity ratios are more probable to issue fraudulent financial statements, negative financial performance is a vital motivational factor for fraud, smaller firms are more likely to issue fraudulent financial statements, firms with high debt to equity are more likely to be classified as fraud firms and fraud firms have lower accounts receivable turnover and inventory turnover than non-fraud firms.

Wan A., Wan M., and Roshayani (2014) examine the relationships between corporate governance

structure and the likelihood of fraudulent financial reporting. The likelihood of fraudulent financial

reporting was based on an integration of Beneish M-score model and Altman's Z-score model. These relationships were examined based on content analysis of annual reports of 227 Public Listed Companies in Malaysia for the year 2010-2011. The results show that the effectiveness of

corporate governance structure reduces the likelihood of fraudulent financial reporting. These results indicate that effective corporate governance structure is paramount in enhancing the credibility of financial reporting.

Kao and Chen (2004) examines the relationship between board characteristics and earnings management. The study employed the ordinary least square (OLS) regression techniques in

analyzing the research hypotheses. They discovered that when the board size is large, the higher the extent of earnings management. However, when there are more outside directors in the board, the extent of earnings management is lower. The effects of board characteristics on earnings management are significant only for group affiliation firms or non-electronic firms.

D'Onza and Lamboglia (n. d) analyzes the occurrence of financial statement frauds regarding Italian listed companies during the period 2001- 2011 and investigates whether certain governance characteristics may have favored the commission of accounting irregularities. The analysis identifies 26 listed companies involved in alleged instances of accounting frauds during the ten-years period and the firm's representatives who are more frequently charged for the accounting frauds are the CEO and the Chairman. The results from logit regression analysis of 26 fraud and 26 no-fraud firm show that the existence of an audit committee that is compliant with the requirements of Italian corporate governance code reduces the likelihood of frauds and the likelihood of financial statements frauds decrease when the number of the audit committee meeting increases.

Uzun, Szewczyk, and Varma (2004) examined how various characteristics of the board of directors and other governance features affected the occurrence of U.S. corporate fraud in the 1978–2001 period. The findings suggest that board composition and the structure of a board's oversight committees are significantly correlated with the incidence of corporate fraud. In the sample, as the number of independent outside directors increased on a board and in the board's audit and compensation committees, the likelihood of corporate wrongdoing decreased.

Warshavsky (2012) demonstrated Beneish model using data from Enron Corporation and ZZZ Best, both in the United States America. Beneish model, formulated from existing financial ratios, was applied on the elements of annual financial statements of the companies to predict and detect possible earnings manipulation. Based on the analysis, it was discovered that the values greater than -2.22 Beneish M scores was arrived at using both companies' financial statements, thus, this revealed that the companies have been engaged in financial statement fraud prior to the time of the fraud outbreak.

Nwoye, Okoye, and Oraka (2013) conducted an empirical study in which primary data and data from secondary sources comprising the audited financial statements of the first five most capitalised manufacturing companies in Nigeria between 2002 and 2006 in order to confirm the fraud case of Cadbury Plc; and 2006 to 2010 were used to validate the application of Beneish model in detecting financial statements fraud. The primary and secondary data were gathered and analysed with the means of SPSS software package using the two-way ANOVA statistical technique, and the Beneish model. Based on the outcome of the analysis, it was concluded that Beneish model will significantly and sufficiently deter and detect financial statement fraud when apply by auditors in Nigeria, especially when SAS no. 99 is used in complementing their work.

Omar, Koya, Sanusi, & Shafie (2014) exhibited a research work on Megan Media Holdings, Berhad and analysed how possible financial statements fraud was committed and the detection techniques involved. The study employed Beneish model as fraud detection technique to analyse the financial statements of selected companies. However, Beneish model and ratios analysis were chosen as detection tools in reference to the case of Megan Media Holdings, Berhad. In conclusion, it was discovered that Beneish model and ratios analysis were analytical tools and techniques for detecting financial statement fraud.

Amoa-Gyarteng (2014) carried out an empirical study from 2010 to 2012 with the use of Beneish and Altman Z models. The analysis was conducted on Anglo Gold Ashanti annual financial statements in Ghana, employing Beneish model and Altman Z-score model to reveal possible bankruptcy signals and earnings manipulation respectively. It was discovered that the use of fraud models (Beneish model, 1999) for detecting financial statements fraud was found to have positive impact on investment. It was concluded that Beneish model was very helpful in detecting misstatements in financial statements.

Methodology

The sample comprised of public and private limited companies and general public in Benin City, Edo State. The samples selected consisted of eleven (11) industries which are construction, consumer product, finance, industrial product, IPC, plantation, properties, technology and trading. The research approach involves the survey research design. Data were collected through the primary source, therefore, questionnaires were administered and the data elicited were coded as follows, strongly agreed was coded as 5, through to strongly disagreed which was coded as 1. The ordinary least square (OLS) technique was employed to analysis the data. The model specified was adapted from previous studies (such as Ehigie, 2016; Smith, Yahya and Amiruddin, 2007; Clemen and Douglas, 2006; O' Donovan, 2002; Hackston and Milne, 1996).

The model was adapted from the study done by Ehigie (2016) and it stated as follows:

FRQ = (BSIZ, BMIE, ACFE, BIND)

$$FRQ_i = \beta_0 + \beta_1 BSIZ_i + \beta_2 BMIE_i + \beta_3 ACFE_i + \beta_4 BIND_i$$

Descriptive Statistics

The descriptive statistics of the study is shown as follows;

Variable	Obs	Mean	Std. Dev.	Min	Max
FSFR	60	15.98333	5.189597	5	25
BSIZ	60	17.28333	5.282179	5	25

BMIE	**60**	**17.33333**	**4.586889**	**5**	**25**
ACFE	**60**	**16.25**	**6.146861**	**5**	**25**
BIND	**60**	**17.65**	**4.715014**	**5**	**25**

Source: Researcher's Computation, 2023

The descriptive statistics in the table above shows that financial statements fraud (FSFR), board size (BSIZ), board members international experience (BMIE), audit committee financial expertise (ACFE), board independence (BIND) have mean values of 15.98, 17.28, 17.33, 16.25, and 17.65 respectively, in addition, the standard deviation values of the various variable are 5.19, 5.28, 4.59, 6.15, and 4.72 respectively. However, it is statistically shown that board independence has the maximum mean value of 17.65, while financial statement fraud (FSFR) has the minimum mean value of 15.98333, therefore, there is a statistically significant differences in the mean values 95% at confidence interval. Furthermore, audit committee financial expertise (ACFE) has the maximum standard deviation value of 6.146861, while, board members international experience (BMIE) has a minimum standard deviation value of 4.586889. However, there is a statistically significant differences in the standard deviation values 95% at confidence interval. The overall result indicates that the independent variables are effective.

Correlation Coefficient Analysis

The correlation co-efficient of the study is presented in the table below.

Table 2: Correlation Coefficient Analysis

	FSFR	**BSIZ**	**BMIE**	**ACFE**	**BIND**
FSFR	**1.0000**				
BSIZ	**-0.0505**	**1.0000**			
BMIE	**0.0074**	**0.1569**	**1.0000**		
ACFE	**0.0325**	**-0.0132**	**0.0403**	**1.0000**	
BIND	**0.0718**	**0.1109**	**0.0752**	**0.0007**	**1.0000**

Source: Researcher's Computation, 2023

The result shows that financial statements fraud is significantly positively related at 5% significant level on fraud. However, there is no statistically significant difference among others. While, the relationship among the independent variables are discuss as follows; board size is significantly positively related to board members with international experience, 0.1569, significantly negatively related to audit committee financial expertise, -0.0132, and significantly positively related to board independence, 0.1109. Furthermore, board members with international experiences significantly positively related to financial

expertise of the audit committee, 0.0403, significantly constructively associated with board independence at 0.0752 while the financial expertise of audit committee is significantly constructively associated with board independence at 0.0007.

Dependent Variable	FSFR				
	Coefficient	**Std. Error**	**t-Stat**	**P>(t)**	**C-Values**
BSIZ	-0.0591992	0.1341922	-0.44	0.661	
BMIE	0.0109805	0.1541284	0.07	0.943	
ACFE	0.0264271	0.1134009	0.23	0.817	
BIND	0.0855482	0.1134009	0.57	0.568	
CONS	14.8768	4.37296	3.40	0.001	
R-squared					0.0097
Adj R-squared					-0.0623

Regression Output

Source: Researcher's Computation, 2023

The regression output above shows that board size (BSIZ) has a coefficient of -0.0591992, this indicates that board size (BSIZ) has an insignificantly negative relationship with financial statements fraud (FSFR), while, board members international experience (BMIE) has a coefficient of 0.0109805, this shows that board members international experience (BMIE) has an insignificant positive relationship with financial statements fraud (FSFR), then, audit committee financial expertise (ACFE) has a coefficient of 0.0264271, this reveals that audit committee financial expertise (ACFE) has an insignificant positive relationship with financial statements fraud (FSFR), without contrast, board independence (BIND) has a coefficient of 0.0855482, this reports that board independence (BIND) has an insignificant positive relationship with financial statements fraud (FSFR). For all the variables the calculated values of the probability of the t-statistics were greater than 0.05 (t>0.05), therefore, the stated null hypotheses will be rejected while the alternate hypotheses will be accepted.

Discussion of Findings

Board size and corporate fraud

Board size has a negative relationship but has no significant effect with corporate fraud at 0.05 confidence interval. This indicates that as board size increases corporate fraud will reduce. However, an organization can prevent and detect corporate fraud when the

directors in that board are increased. More so, board of directors that is large in size may prevent and detect unethical behaviours in the company. However, this finding is consistent with the following studies of Wan A., Wan M., and Roshayani (2014), they discovered that board size has an insignificant effect on fraudulent financial reporting. Furthermore, the study was inconsistent with the findings of Wang, Chuang, and Lee (2010).

Board members with international experience and corporate fraud

Board members with international experience has a positive relationship but has no significant effect with corporate fraud at 0.05 confidence interval. The result indicates that an increase in the number of board members with international experience may lead to an increase in the prevention and detection of corporate fraud in an organisation. Board members with international experience may put their experiences to bare in ensuring that corporate fraud is reduced adequately. This finding is inconsistent with the study of Wan A., Wan M., and Roshayani (2014).

Audit committee financial expertise and corporate fraud

Audit committee financial expertise has a positive relationship but has no significant effect with corporate fraud at 0.05 confidence interval. The result indicates that an increase in audit committee financial expertise will effectively prevent and detect corporate fraud in an organisation. Audit committee financial expertise may ensure that corporate fraud is reduced adequately. This finding is inconsistent with the study of Razali and Arshad (2014).

Board independence and corporate fraud

Board independence has a positive relationship but has no significant effect with corporate fraud at 0.05 confidence interval. The result indicates an unimpaired board independence increases the board effectiveness and efficiency in eliminating corporate fraud in an organisation. Consequently, effective board independence enhances and negate the likelihood of corporate fraud in an organisation. This finding is inconsistent with the study of Wan A., Wan M., and Roshayani (2014).

Conclusion

The study investigated the effects of board characteristics as a technique in preventing, detecting and deterring corporate frauds in public and private limited companies in Nigeria. The study employed ordinary least square technique to test that formulated hypotheses and to analysed the data elicited from primary data source. However, the study discovered that large sized-board of directors may prevent and detect the likelihood of unethical behaviours in the organization. Furthermore, the study revealed that the presence of board members with international experience may lead to an effective prevention and detection of corporate fraud in an organization. It was further shown from the study that an increase in audit committee financial expertise will effectively prevent and detect corporate fraud in an

organization. Meanwhile, the study discovered that an unimpaired board independence increases the board effectiveness and efficiency in eliminating corporate fraud in an organization. In the light of the above findings the study recommends that organisations should give priority to a large sized-board in order to produce quality financial report, more so, the organisations should appoint directors with international experience or encourage existing directors to embrace international training. Organisations should enforce financial training for audit committee members or to appoint directors with sound knowledge in finance as members of audit committee. The independence of the board should not be exposed to negative factors that will impaired it.

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APPLICATION OF ETHICAL ISSUES IN CORPORATE FINANCIAL REPORTING

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Abstract

This study investigated application of ethical issues in corporate financial reporting. The study reflects on how relevant it is for ethics to be applied in corporate financial reporting. The study is precisely conducted by reviewing relevant and different sources of literature that include various journals and reports that are related in the field of research. It is organized on desk research and suitable sources of literature examined were journals and other relevant materials that are needed and useful to the study. It is however discovered that despite the relevance of ethics to different professionals, studies have shown that the slow growth of Nigeria is as a result of absence of ethical behavior and that of accountability on the part of individuals managing the nations resources and unethical conduct in so many government institutions in Nigeria. like other numerous African countries have continued to hinder its growth as well as the development, not just at the lower level of government, similarly at the higher levels. It is therefore important to come up with this study and remind different professionals, especially the accountants who are professionals that offer the technical expertise in financial reporting to recall and apply their profession's code of ethics the right way for the good and interest of the people and the nation at large.

Keywords: Agency Theory, Corporate Financial Reporting, Ethical Issues, Nigeria, Stakeholders.

INTRODUCTION

The issues of ethics in corporate financial reporting have drawn the attention of various stakeholders in recent time. Stakeholders are the users who may rely on the financial information generated by the financial reporting process (Saxena, 2022). Ethical financial reporting is essential to the various users that make decisions. Literature on financial reporting had increased globally has a result of its relevance to various users. Relevance of financial reports is the provision of information regarding the financial position, performance and changes in financial position which is useful to users in making management and investment decisions (Afolabi, 2013). Users like the shareholders, potential investors, regulators, financial markets, creditors, public and others do rely on the integrity and objectivity of financial reporting when making informed decisions about investments. Financial reporting simply means reporting financial information to the various users. Investors, lenders and other creditors place reliance on financial reports that reflect predictive and confirmatory financial information (Odesanya et al., 2019). Because of the relevance of financial reporting, the users expect the management of corporations, especially the managing directors who are responsible for the preparation as well as the publishing of financial reporting not to be unethical but to be ethical when performing their duties.

Unethical financial reporting is a deliberate manipulation or misrepresentation of accounting numbers that accrues some form of benefit, directly or indirectly, to preparers to the detriment of some or all users of the information disclosed, and it is associated with concepts such as creative accounting, income smoothing, earnings management, earnings smoothing or financial engineering while ethical financial reporting is underscored by truthfulness, fairness, equity, justice, transparency and observance of accounting standards and rules (Tijjani & Ormin, 2016). Ethics is predominantly concerned with the character and conduct of human. It is all about doing what is right at every point in time. Ethics can be seen as a moral concern or standard of conduct as it pertains good, right, bad, evil and wrong, with respect to managing situational circumstances that may arise (Ogoun & Ephibayerin, 2020). It is a body of rules, principles, properties and morals of personal conduct and unwritten regulations governing the actions of an individual or a group of individuals or a community in their dealings with one another or as it relates to other individuals with whom they may have business or other social connections (Aguolu, 2006). Ethics comprises of the rules and principles of behaviour that guide our choice of what is right or what is wrong (Odesanya et al., 2019). The need for ethics as it is applied to financial reporting of firms all over the world cannot be overemphasized. Understanding of the application of ethical issues in corporate financial reporting is needed to help

managements, auditors, accountants, policy makers, investors and among others, to enable them do the right things.
Despite the relevance of ethics to different professionals, studies have shown that the slow growth and progress of Nigeria is due to the lack of ethical conduct and accountability on the part of people managing the resources of the nation (Jimoh et al., 2012), and the unethical practices and behaviours in many institutions of government in Nigeria, like many other African nations have continued to hinder its growth and development, not only at the lower level of government, but also at the higher levels (Adegbami & Osungboye, 2019).
It is therefore important to come up with this study and remind different professionals that provide the technical expertise in financial reporting to apply their profession's code of ethics the right way for the good and interest of the people and the nation at large.

CONCEPTUAL REVIEW

Corporate Financial Reporting

Corporate financial reporting has received substantial attention from different researchers as a result of its usefulness to various users like potential investors, shareholders, financial markets, regulators, public, creditors and many others who rely on the integrity and objectivity to make informed decisions about their investments. Corporate financial reporting has to do with the manner in which companies are managed and how resources used are often reported to the person or group for whom this corporate report should be prepared and it is done through the means of financial statement (Egberi & Ozigbo, 2016). Financial statement can be regarded as any written record that shows the activities of a business and the financial performance of a firm. Financial statement, according to (Sanyaolu et al, 2020), is the principal instrument through which investors can evaluate an entity whether to or not to invest in it and the amount of fund to be committed if the investment is considered worthwhile. It fundamentally summarizes business transactions and other events, as they relate to the performance of organisations (Uwuigbe et al., 2016). Adeyemo et al. (2017) opined that financial statements that report on an entity's financial affairs in terms of its health and wealth for a given period of time from which informed economic decisions relating to present as well as the future can be reliably made. According to Higson (2003), financial statements are periodical financial report and accounts and others related document that highlights the financial position of an enterprise as well as its profitability. Financial reporting is a process that results in the preparation of financial reports based on the company's business activities (Kieso et al., 2021). Financial reports according to Kapellas & Siougle (2018) is seen as the principal driver of efficient capital market as information asymmetric which can lead to adverse selection, or moral hazard is reduced to the barest minimum through financial information. They further explain that financial report shows to different investors about firm performance, as relevance information concerning profitability, leverage, solvency, as well as liquidity provide useful insight to the various investors while making investment decisions that are reported and contained in the financial reports.

THE CONCEPT OF ETHICS

Ethics has a vital place in different areas of life in our present era. According to Gülcan (2015), ethics is the most important and functioning branch of philosophy in today and it is derived from the Greek term ethos which means custom, character and it is related to our values and virtues. Ethics can be seen as a discipline that deals with what is good or bad and with the moral obligations and duties of peaple as well as corporate bodies. According to Ibinwangi (2013), ethics refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. It means a set of rules; about the dos and don’ts, virtues or vices, in a society, and it equally defines what is good for an individual and for society and establishes the nature of duties that people owe themselves (Adegbami & Osungboye, 2019). Ethics to Tzafestas (2016) has to do with the justification of moral beliefs, vis-à-vis, what is right and what is wrong. A comprehensive definition of ethics was also given by Ogoun and Ephibayerin (2020) as a moral concern or standard of conduct as it pertains good, right, bad, evil and wrong, with respect to managing situational circumstances that may arise. The ethics of accounting code consists of integrity, objectivity, competence, confidentiality and professional behavior of the accountant (Edia & Enzelin, 2022), and the accountants' code of ethics has a significant effect not only on financial reporting, it can minimize the likelihood of fraudulent financial reporting also. The fundamental aim of the code of ethical conduct is to make provision for organisations with a clear standard for ethical behaviour. Accounting ethics assist in shaping the behaviour of accounting professionals towards meeting stakeholders’ expectations (Ogoun & Yerin, 2020).

ETHICAL ISSUES IN CORPORATE FINANCIAL REPORTING

The ways and manner ethical issues are applied in corporate financial reporting all over the world has been of great interest to different stakeholders. Stakeholders are the users who may rely on the financial information generated by the financial reporting process (Saxena, 2022). Financial reporting can be seen as a process use in preparing and presenting the financial information of firms to the external stakeholders, like the creditors, investors, regulators as well as the general public. Financial reporting, according to Tijjani and Ormin (2016) could be seen as the process of preparing and communicating on the financial activities of an organization to those who have interest in it. Afolabi (2013) described financial report as formal and comprehensive statement that provides detail about the financial activities of an organization. Organizations are basically responsible for the preparations of their financial statements and, thus, need to ensure that the statements represent the actual financial status or position of their firm (Uwuigbe et al., 2016). According to Tijjani and Ormin (2016), corporate management, particularly managing directors have responsibility to prepare and publish financial reports for the consumption of interested parties upon certification by external auditors. The stakeholders that sometimes

rely on the information that is provided in the useful financial report expect the management of the organizations to be free from unethical behavior.

Unethical behaviour of external auditors and corporate management has attracted wide interest by professional accounting bodies, business leaders and researchers (Gaffikin, 2007). The practice of unscrupulous company directors making capital appear like profit and distributing it in form of dividends to a group of shareholders out of capital paid by another group of shareholders is regarded unethical just like income smoothing (Tijjani & Ormin, 2016). Unethical reporting has resulted to major problems within organizations and the economy as a whole (Marshall, 2003). According to Ogiedu and Odia (2013), external auditors were accused in a good number of fraud cases across the world, such as Arthur Anderson who was found guilty in the collapse of Enron; in a similar vein Akintola Delloite was found culpable in the Cadbury saga, where financial statement were overstated in excess to the tune of 13 billion naira as well as Price Waterhouse Cooper (PWC) who was found guilty in Setyam saga. Osazevbaru and Emeni (2021) stated in their study that all these are pointer to the fact that absolute compliance to ethical standards is utmost necessary. Financial reporting is one of the most important functions that an organization will take care of and requires a higher code of ethical beahviour; particularly in the public markets where financial reports will help to determine a shareholders decision to buy or sell the stock of a company (Ogbonna & Ebimobowei, 2011). The financial reports of good quality will be expected to provide a true and fair view of company performance if the application of ethics is appropriately conducted.

REVIEW OF EMPIRICAL STUDIES

Ogbonna and Ebimobowei (2011) examined ethical compliance by accountant on financial reporting quality and performance of Nigerian quoted companies. Twenty companies from five (5) sectors that are listed on NSE were used as the sample of the study. The analysis of data was done with the use of descriptive statistical tools as well as Spearman Rank Order Correlation Coefficient. Finding of the study shows that compliance by the accountant significantly and positively affect the financial reports quality as well as firm performance. The study recommended that firms should institute a position for ethics officers in Nigerian companies and the accountants should up-hold the codes of professional ethics in their day-to-day responsibilities.

Tijjani and Ormin (2016) examined the application of ethical approaches to accounting thought in financial reporting in the Nigerian banking industry over the period 2004 to 2012. One hundred and thirty-five (135) financial reports were properly observed based on eleven developed themes. Data were analysed with the use of descriptive statistics, application index as well as ANOVA. The results shows that sufficient evidence were not provided by banks to suggest the present of any serious ethical challenge in the industry as regards financial reporting.

Aminu and Oladipo (2016) conducted study on the application of financial ethics in annual financial reporting of banks. Primary and secondary data were used in the study. Stratified as well as purposive sampling techniques were employed and twenty (20) questionnaires were administered to respondents. The analysis of the study was done with ANOVA and chi-square. The findings of the study show that there are significant unethical practices in the preparation of financial reports of banks in Nigeria. In terms of recommendation, the study advised that more emphasis and attention should be given to ethical standards in all banks and banks should give out clear reports of their financial activities to the regulatory authorities.

Odesanya et al. (2019) investigated ethical principles and relevance of financial reports of quoted firms in Nigeria. The design was based on survey research, and a population of 169 auditors and accountants of 4893 quoted firms and four (4) regulatory bodies in Nigeria was used. The copies of research instrument distributed were four hundred with a reliability test coefficient of 0.830 and the Cronbach's alpha statistics was used with a 92.5% return rate. Data was analysed with the use of descriptive as well as inferential statistics. Result of the findings shows that ethical principles have significant influence on financial reporting relevance. The study therefore recommends continuation of ethical orientation for managers, accountants as well as the auditors of quoted companies in Nigeria.

Osazevbaru and Emeni (2021) conducted research on ethical conduct of accountants and financial reporting quality. The objective was archived by adopting a conceptual approach and a review research design. Literature review indicated that firms with codes of ethics outperform others without codes of ethics. Accountants' ethical conduct does have effects on quality financial reporting. It is therefore recommended in the study that adequate measures should be developed by professional accounting bodies that have the capacity to detect violations of ethical codes by members, enforce compliance and make sure that the current ethical standard that is promoted in Nigeria by professional bodies, called 'Non-Compliance with Laws and Regulations (NOCLAR)' is appropriately applied for public trust and for high level of professionalism in the profession of accounting.

Karasioğlu et al. (2021) investigated the effect of accounting ethics' on financial report quality and decision-making in Kabul-based logistic corporations. Thirty (30) valid questionnaires that were collected through Google Form were analyzed by using SPSS 24. The analysis of correlation and linear regression were employed. Cronbach's Alpha was used to examine the reliability of adopted scales. Results of the study indicated that accounting ethics have positive and significant effect on financial report quality and decision-making in Kabul-based logistic corporations. The study therefore recommended that professional accountants should establish more strategies to encourage their members to continue to abide by ethical standards and design training workshops and programs that would encourage their members' integrity to carry out their professional responsibilities.

Edia and Enzelin (2022) analyzed the effect of accounting ethics toward the quality of financial report. Purposive sampling technique was employed when selecting the research

sample and data was analyzed with the use of SPSS software. Each variable were measured by using primary data with likert scale. The findings of result indicated that objectivity, integrity, competence as well as confidentiality have an effect that is significant to financial statement quality.

THEORETICAL FRAMEWORK

Agency Theory

This study is anchored on the theory of agency. The theory was introduced by Jensen and Meckling in the year 1976. The agency theory drew on the agent-principal relationship within the corporate world of business (Sharma, 2013). Agency was seen by Jensen and Meckling (1976) as a contract entered into by the principal and the agent, upon which the agent perform activities on behalf of the principal who delegated some decision-making authority to the agent. Agency theory stated that the principals (shareholders) are the owners of the firm while agents otherwise known as managements or appointed directors are delegated authorities to run the activities of the company (Clarke, 2004). The management of the organization is entrusted by the shareholders (principal) into the hands of the agent (managers). This relationship behoves on the managers as agents not only to be accountable to the shareholders (Samaila, 2014) but also act in their best interest. Tijjani and Ormin (2016) explained that accountability to shareholders is ensured through financial reporting while to act in the best interest of shareholders require managers been guided by ethics in all dealing including financial reporting. Conflict of interest sometimes comes up in agency-principal relationship and this is whereby mangers who are the agents want to ensure their interest is upheld over that of the principal (shareholders). In this case, the agents (managers) act and behave in an unethical way by making accounting dictions that are not favorable to the shareholders.

CONCLUSION

The thrust of this study is on the application of ethical issues in corporate financial reporting. The study critically reflects on how relevant it is for ethical issues to be applied in corporate financial reporting. Issues relating to the corporate financial reporting, the concept of ethics, ethical issues in corporate financial reporting, review of empirical studies and theoretical foundations were properly examined in this study. Ethical financial reporting was found to be essential to user's decision making. Users like the shareholders, potential investors, regulators, financial markets, creditors, public and others do rely on the integrity and objectivity of financial reporting when making informed decisions about investments. Because of the relevance of financial reporting, the users expect the management of corporations, especially the managing directors who are responsible for the preparation as well as the publishing of financial reporting not to be unethical but to be ethical when performing their duties. It is however discovered that despite the relevance of

ethics to different professionals, studies have shown that the slow growth of Nigeria is as a result of absence of ethical behavior and that of accountability on the part of individuals managing the nation's resources and unethical conduct in so many government institutions in Nigeria. It is therefore important to come up with this study and remind different professionals, especially the accountants who are professionals that offer the technical expertise in financial reporting to recall and apply their profession's code of ethics the right way for the good and interest of the people and the nation at large.

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