BOOK OF ABSTRACTS

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Theme:

THE GREAT LOCKDOWN AND ECONOMIC RECOVERY IN DEVELOPING COUNTRIES

Kings University College.

Accra, Ghana

PREFACE

AFRA is duly registered with Corporate Affairs Commission (CAC/IT/NO 42879) as a non-religious, non-political and non-governmental organization which aims at "bridging the gap between the world of research and the world of practice in accounting and finance." Its vision is "focusing on the advancement and dissemination of knowledge and research in accounting and finance to better serve the accounting and finance needs of the global community." The association recorded huge successes in the past ten (10) years, especially in terms of viable sponsorship and participation.

The 2021 AFRA conference focuses on addressing the severe threats imposed by COVID-19 pandemic. Evolving research outcomes suggest that the emergency measures taken by individual countries to mitigate the spread of the virus (e.g. lockdown, restrictions, and policy adjustments) have widened inequality and eroded the little progress made towards inclusive and sustainable development. Those short-term policy actions are particularly found to be responsible for the spate of job losses in both the formal and the informal sectors, rising debt profiles, and worsening climate change risks. No doubt, these adverse consequences vary significantly across regions and gender. African countries are particularly the worst affected because of their already fragile socioeconomic conditions. More than any other region, Africa is overwhelmed by large size of informal sector, predominant low-skilled workforce that do not have the option of working remotely, constrained fiscal capacity to address public service delivery needs, food and security challenges, and shrinking revenue due to commodity price volatility. While the fiscal capacities of African governments have narrowed significantly, external capital flows from foreign direct investments, remittances, and development assistance are also drying up. The prediction is that a sustainable economic recovery in the region will remain illusionary unless public and corporate policies are informed by valid scientific and context-relevant research findings, and until the right sets of economic recovery measures are put in place.

The eleventh conference, hosted in Kings College University, Accra, Ghana from November 1 to 3, 2021, successfully gathered galaxy of scholars, professionals, practitioners, and policymakers to strengthen the quality of scientific findings that address all the threats COVID-19 imposed on African economies. This book of abstract contains Sixty-Four (64) abstracts and two (2) proposals for doctoral colloquium. The proposal/abstracts received from the conference participants broadly covered topical issues in accounting, finance, and development economies.

The topics are intellectually stimulating, especially for young scholars that are interested in exploring contemporary issues in accounting, finance, and development economies, as well as policy makers that are interested in implementing empirically driven policies.

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AFRAG001

Assessment of the Contemporaneous Impact of COVID-19 on the Nigerian Banking Sector and Economy

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Abstract

This paper assesses the one-year contemporaneous impact of the COVID-19 pandemic on the Nigerian banking sector as well as on the economy at large. The study compares the averages of four years monthly data pre – COVID-19. (2016 - 2019), with the one-year monthly data of the COVID-19 year, in respect of GDP, five money supply related variables as well as two credit accommodation. Data analyses reveal that 2020 GDP value is marginally higher (0.88 percent) than its four-year pre-COVID period. Money supply M1, M2 and special intervention were higher in the COVID year than their 4-year average pre-COVID. Analyses also show that currency outside bank was 26 percent higher while demand deposit was 50 percent lower in the COVID year than their 4-year pre-COVID averages. Furthermore, Banking system credit to government and the private sector were 96 percent and 28 percent respectively higher in the COVID year than their 4-year pre-COVID year averages. Also, the E-view results of the impact of the above variables on GDP reveal that M1, M2 and Government consumption were significant in explaining the 78 percent variation in GDP in the five years combined. The test of structural break was indeterminate. Based on the above, the study concludes that the impact of COVID-19 pandemic on the Nigerian banking system and economic has not been very disturbing. This however does not imply that the country should become complacent with COVID-19 protocol or relent on her efforts at protecting the economy against it.

AFRAG002

A Comparative Study of Genetic Algorithm and Neural Network Model in Bankruptcy Prediction of Manufacturing Firms in Nigerian

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Abstract

Purpose: The study compares the predictive accuracies of two bankruptcy prediction models for Nigerian manufacturing firms. Specifically, the study compares a model for bankruptcy prediction developed using Genetic Algorithm (GA) and an artificial intelligence technique (Neural Network model).

Design/methodology/approach: Utilising a variant of non-probability sampling, the purposive sampling technique used in the study selects a final sample of sixty-six (66) companies after excluding firms in the financial services, natural resources, and oil & gas sectors. The study relied on secondary data from annual financial statements. The study used two techniques for prediction of bankruptcy: the neural network and genetic algorithm models. The McNemar test was used to compare the accuracies of the models.

Findings: The model results showed significant difference in the classification accuracies of the GA (96.94%; 97.85%) compared with the neural network (92.2%; 94.4%) models. In other words, the GA model outperformed the neural network model in corporate bankruptcy prediction. The inclusion of selected corporate governance variables showed slight improvements in the accuracy of the models.

Originality/value: The results demonstrate the practicality of using GA in selecting the best set of predictors in a different context with regulatory and institutional regimes. The current study from a positivism paradigm is also among the first to utilise the concept of Genetic Algorithm in bankruptcy prediction of firms in Nigeria.

Limitations: Authors have suggested that the use of existing models is limited by the conditions in which they are developed (Zelenkov, Fedorova, & Chekrizov, 2017). Therefore, the development context of the GA model may limit its applicability to other sectors, more so the use of GA with different classification models would produce varying results.

AFRAG003

Environmental Management and Financial Performance of Listed Industrial Goods Companies in Nigeria

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Abstract

This study examines the effect of Environmental Management on Financial Performance of Listed Industrial Goods Companies in Nigeria. The study utilized documentary data collected from annual reports and accounts of the sampled

companies for the period 2010 to 2019. Panel data methodology was employed for the data analysis. Therefore, Ordinary Least Square (OLS), Fixed Effect (FE) and Random Effect (RE) techniques were applied. Findings from the study revealed that while Community Development Cost (CDC) has positive insignificant impact on Return on Assets (ROA), Waste Management Cost (WMC) and Donation and Charitable Contribution (DCC) has positive significant impact on ROA of listed industrial goods Companies in Nigeria. The study therefore concluded that Environmental Management enhances financial performance of listed industrial goods companies in Nigeria. On the basis of this conclusion, the study recommended that management of listed industrial goods companies in Nigeria should strive to increase their participation in Environmental Management as it will go a long way in providing a peaceful environment, increased patronage and consequently improved ROA and EPS.

AFRAG 004

The Impact of Consumer Perception on the Sales Performance of Hi-Quality

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Abstract

This study was on consumer perception towards bakery products of Hi-Quality Bakery. The study focuses on how consumer perception affects the growth of bakery products. The objective of the study was to investigate the impact of price perception on the sales performance of Hi-quality bakery. The sample size had 60 respondents from the customers of the bakery. Questionnaires were administered to the sample size to collect primary data. Simple regression with the aid of SPSS version was used to test for significance of the variable. The result shows that price influences consumer's perception towards bakery product, Product pricing should be considered as an option of strategy to influence patronage. This implies that the

price perception also communicates good product quality as well.

AFRAG 005
Taxation Practices and the Survival Small and Medium-Sized Enterprises (SMES)

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Abstract

Small and Medium-sized Enterprises serve as key economic stimulators in both developing and developed economies of the world. However, the growth and expansion of these businesses has been hampered by several factors, including high energy cost. This study aimed to examine the effect of taxation practices on the growth of Small and Medium-sized Enterprises (SMEs) with specific focus on whether tax practices have significant implication on profitability, investment decisions, and cash flow of small businesses in Enugu metropolis. The survey research design was adopted for the study. Hypotheses were tested using chi-square and regression analysis. Results from the chi-square and regression analysis indicated that tax practices significantly affects the profitability and investment decisions of SMEs. On the effect of taxation on cash flow of SMEs, chi-square test showed non-significant effect of taxation on cash flow while the regression analysis revealed a significant relationship between taxation and cash flow of SMEs. This contradiction can be attributed to bias exhibited by some of the respondents in answering some questions asked during the survey. The study therefore, recommended that government should improve on the tax incentives already provided, improve on infrastructure, and implement tax policies based on ability to pay and eschew multiplicity of payment by SME owners as these will eventually encourage growth and expansion of SMEs and the economy at large.

Keywords: Taxation, Growth, Tax policies, SMEs, Tax practice, Enugu.

AFRAG006
Lessons and Policy Implications of Nigeria's Economic Recession: 2016-2017

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Abstract

The paper considers and discusses Nigeria’s economic recession as a market event because of its exogenous nature primarily driven by fall in global oil prices in 2016. This led to a fall in oil revenue and consequent reduction of total federally collected revenue within the period. This followed suit as the country was monolithic and highly dependent on oil revenue for the bulk of her revenue. Since the discovery of oil in the 70’s, the revenue trajectory of the country has followed a similar pattern with oil price movements as successive governments stall in efforts for the economy’s diversification. The lack of sustainable diversification of the economy stalled her recovery process during the period as cost of governance kept on rising. This caused a rise in the country’s deficit as borrowings increased to meet financing of recurrent expenditure. The event is considered a recurring event as the COVID-19 pandemic which led to shut down of several sectors globally and in Nigeria, such as the aviation sector, etc. led to a fall in demand in oil globally and simultaneously decreased revenue in 2020. Despite policies instituted by present administration, growth and recovery has been slow which the author attributes to over dependence on oil and inconsistencies in policy implementation and recommends an expansion on the country’s export base and three step pronged approach to reduce discontinuity.

AFRAG007

Capital Structure and Probability of Bankruptcy: Evidence from Listed Deposit Money Banks in Nigeria

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Abstract

This study examines the impact of Capital Structure on the Probability of Bankruptcy of listed Nigeria Deposit Money Banks

(DMBs) for the period of ten (10) years, from 2010 to 2019. Descriptive research design was adopted for this study. The population of the study is made up of the fourteen (14) Deposit Money Banks (DMBs) listed on the Nigeria Stock Exchange (NSE) as at 2020 and thirteen (13) (DMBs) was used as sampled. The secondary data was derived from annual reports of (DMBs). Panel regression was used to analyze the data collected for the study, the study showed that banks in Nigeria are at distress zone, and a significant positive impact between Capital Structure and Bankruptcy of listed (DMBs), Bank Size and Assets Tangibility revealed positive and insignificant impact on the Bankruptcy of listed (DMBs) and Profitability and Bank Age have negative and significant impact on the Bankruptcy of a Bank. The study concludes that Capital Structure, Profitability and Bank Age have impact on the Bankruptcy while Bank Size and Assets Tangibility have no impact on the Bankruptcy of Banks. The study recommends that banks in Nigeria should be cautious in designing their capital structure. Government should encourage banks to use internally generated fund than externally generated fund. Also, the Central Bank of Nigeria should provide an enabling environment for low cost of borrowing for banks in Nigeria to ensure financial stability, this will encourage investment in growth-oriented strategies.

Keywords: Capital Structure, Probability of Bankruptcy.

AFRAG008

Carbon Accounting: An Indispensable Tool in Handling Climate Change Risks in Southeast Nigeria

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Abstract

The study examined the effect of carbon accounting on the climate change in Southeast Nigeria. The study specifically examined; the awareness and extent of disclosure of carbon related information by manufacturing firms, the role of accountants in setting- up a corporate carbon management system in

manufacturing firms, and the relationship between corporate carbon emissions and disclosure and corporate financial performance of manufacturing firms. The study used descriptive survey method. The primary sources used were the administration of questionnaire to the staff of the sampled firms. 261 copies of the questionnaire were returned and accurately filled. The validity of the instrument was tested using content analysis and the result was good. The reliability of data was established using Cranach Alpha. It gave a reliability of 90% which was also good. The findings of the analysis indicated that the extent of awareness and disclosure of carbon related information by manufacturing firms is high with a probability value = 0.002. It was also observed that accountants played significant role in setting up a corporate carbon management system in manufacturing firms with a probability value of 0.004 and t-calculated of 6.885. The study further shows there is significant relationship between corporate carbon emissions and disclosure and corporate financial performance of manufacturing firms with a probability value of 0.004. Based on the findings, the study recommends among others that adaptation to conditions that include long-term changing dynamics of the natural environment should be encouraged and the focus of finance and accounting system should not only cover short-term outcomes and management of short-term costing, reporting and disclosure but also long-term climate risks.

Keywords: Carbon Accounting; Risk; Climate Change; Nigeria

AFRAG009

Leveraging Working Capital Management Techniques in Response to the COVID-19 Crisis: Evidence from Nigeria

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Abstract

Manufacturing SMEs procure materials/goods from their suppliers, store them during pre and postproduction process before selling them to customers. This cycle ties down a high percentage of a company's available financial resources, thereby increasing holding cost of inventories. Usually, a company only gets back the liquidity when the manufactured goods have been paid for which can be delayed. The aim of this study is to ascertain the working capital management techniques that are applied by small and

medium scale enterprises (SMEs) in Nigeria in the process of economic recovery from global economic recession occasioned by COVID-19 pandemic, and to explore all the possible alternative policy options for effective management of working capital. The study utilizes qualitative survey research design. Questionnaire were administered to manufacturing SMEs managers and employees in South-east, Nigeria using systematic random sampling technique. This was complemented by detailed interview of the company managers and employees. The study indicates that most of the manufacturing SMEs speed up collection processes of their receivables, reduced payment period for the debtors, seek for longer payment period for the creditors, maximize sales and maintain only necessary expenses which helps them to sustain their business in the face of economic crisis. This implies that working capital management is an efficient and effective means for the achievement of business recovery. The researchers recommend that manufacturing SMEs should ensure continuous application and learning of working capital management techniques for strategic and sustainable management of the organization.

Keywords: Leveraging, working capital management techniques, COVID-19 crisis, SMEs, Nigeria

AFRAG010
Interest Rate and Profitability of Commercial Banks in Nigeria

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Abstract

The study empirically examined interest rate and profitability of commercial banks in Nigeria the effect of interest rate on performance of commercial banks in Nigeria. The following objectives were determined; to examine the effect of deposit interest rate on the performance of commercial banks in Nigeria, to establish the relationship between lending interest rate and performance of commercial banks in Nigeria; to ascertain the effect of bank credit on the performance of commercial banks in Nigeria. Secondary source of data was employed through central banks statistical bulletin. Ordinary least square of multiple regression technique was used to establish the relationship between

dependent and independent variables. The findings revealed that deposit, interest rate, lending interest rate and bank credit had a positive impact on banks profitability. The study recommended that banks improve their profitability through charging moderate lending rates and manage their portfolios to protect the long run interest of profit making.

Keywords: Interest rate, deposit interest rate, lending interest rate, bank credit, profitability.

AFRAG011
Environmental Cost Disclosure and Corporate Performance of Quoted Oil Companies: The Nigerian Experience

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Abstract

This study examines the impact of environmental cost disclosure on corporate performance of quoted oil companies in Nigeria. The independent variable for the study is environmental cost disclosure while the dependent variable is corporate performance. The proxies for environmental cost disclosures are community development costs, waste management cost, employee health and safety costs and fines, penalty and compensation disclosure while the proxy for corporate performance is return on asset (ROA). The main source of data is secondary; sourced from the published financial statement of the selected firms. A sample of 9 oil firms listed on the Nigerian Stock Exchange for a period of Ten years (from 2009-2018) was selected using the non-probability sampling technique. The data collected were analyzed using descriptive statistics and Ordinary Least Square Method. The results revealed that community development costs disclosure has positive but insignificant impact on return on asset of quoted oil companies in Nigeria; whereas waste management costs disclosure has negative and non-significant effect on return on asset of quoted oil companies in Nigeria. The study also revealed that employee health and safety costs disclosure and fines, penalties and compensations disclosure have positive significant impact on return on asset of quoted oil companies in Nigeria. The study, therefore recommends that among others, management of oil companies in Nigeria

should increase spending on environmental issues in their host community in order to improve their performance since this has positive effect on corporate performance. The companies are encouraged to improve on the content of their environmental disclosure in the annual financial statements. Thus, improvement on content of environmental disclosure will impact positively on environmental responsibility and value relevance of the companies. These findings have implications on companies that pollute the environment in the sense that their future solvency may be eroded with gradual depletion in earnings.

Keywords: Environment, Cost disclosure, Sustainability, Oil companies, Pollution

AFRAG012

Credit Risk and Its Effects on Deposit Money Banks in Nigeria

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Abstract:

In the history of development of the Nigerian banking industry, it is evident that most of the failures experienced within the industry prior to the consolidation era were as a result of financial deepening that finally led to bad loans and some other unethical factors and as such financial stability has generated the ever-increasing attention and interest in academic and banking sector in Nigeria. The study empirically examined credit risk and its effects on deposit money banks in Nigeria. The following objectives were determined to ascertain the effects of credit risk in deposit money banks in Nigeria; to examine the effect of liquidity risk on deposit money banks in Nigeria and to access the effects of non-performing loan on deposit money banks in Nigeria. Secondary source of data was employed from the central banks statistical bulletin and the Nigerian Bureau of Statistics. Ordinary least square of multiple regression techniques was used to establish the relationship between dependent and independent variables. This study examined the effect of credit risk management on financial stability of deposit money banks in Nigeria; specifically assessing the relationship between credit risk management and financial stability and establishing the level of credit risk measures to be put in place to ensure financial stability of deposit money banks in Nigeria. The study adopted ex-post facto research design (desk survey). The findings revealed that there exist a significant relationship between the

established variables and deposit money banks in Nigeria. The study concluded that credit risk management influenced financial stability of deposit money banks in Nigeria. The study recommended that operators of deposit money banks should pay adequate attention to those variables of credit risk, liquidity risk, and non-performing loans management in order to improve financial stability by managing credit risk that deposit money banks are facing to improve financial stability and to put in place proper credit management policy to mitigate credit risk and to also improve the knowledge of credit management policy in financial institutions.

AFRAG013

Impact of Human Capital on Economic Growth in West African Region

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Abstract

This paper examines the impact of human capital on the economy of West African countries, using time series data from 1991 to 2020. The study used the econometric technique of Ordinary Least Square (OLS) in form of single linear regression. The regression model was estimated through the use of E-view software. The Regression result showed that human capital which was represented by human capital Index has a positive and significant effect on the economic growth of West African countries. The study concluded that human capital is indispensable to economic development and no economic development is possible without human capital. And recommended that the government of West African countries should Investments in human capital development which must be supported by systematic and stringent performance measurement systems with inbuilt external auditing of skill capabilities. And there should to a standard measurement for human capital, as to be able to report it effective in the financial statements of firms.

Keywords: Human Capital, Economic Growth, West African Countries

AFRAG014

Corporate Taxation and Financial Performance of Listed Consumer Goods Firms in Nigeria

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Abstract

This study examined the impact of corporate taxation on financial performance of listed consumer goods companies in Nigeria. Correlational research design was adopted and data was extracted from the annual reports and accounts of the companies for the period of ten years (2010-2019). The data were analyzed using multivariate regression analysis. The findings revealed that corporate tax has a positive and significant relationship with financial performance (ROA, ROE and ROCE), the relationship is statistically significant implying that an increase in corporate tax will increase the financial performance (ROA and ROCE). Firm size exhibits a negative and significant relationship with ROA and ROCE but the relationship is negative and not significant with ROE, Further, Leverage exhibits a negative and significant relationship with ROA, but the relationship is positive and not significant with ROE, but positive and significant with ROCE. Age exhibits a negative but not significant relationship with ROA, ROE and ROCE. The study concluded that the need for corporate tax payment cannot be overemphasized considering its influence on financial performance. The study, recommended that management should not hesitate to pay corporate tax because of its influence on corporate financial performance.

Keywords: Corporate tax, Financial performance, Consumer goods companies, Return on asset.

AFRAG015

Ownership Structure and Financial Performance of Listed Consumer Goods Companies in Nigeria: The Mediating Effect of Agency Costs

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Abstract

The study examines the mediating effect of agency costs on the relationship between ownership structure and financial performance of listed consumer goods companies in Nigeria. The target population was twenty (20) listed consumer goods companies on the Nigerian Stock Exchange, however, only nineteen (19) had consistency of data for a balanced panel regression for the period of eleven years (2010-2020). The study makes use of secondary data generated from reports and accounts of the sampled companies. The data was analyzed by means of descriptive statistics, correlation and Multiple Regressions of Hierarchical analysis using STATA (Version 14). The ownership structure was measured using managerial, institutional, ownership concentration and institutional ownerships while agency cost was measured using assets turnover ratio. In addition, financial performance was probed by ROA. The results of hierarchical multiple regression analysis revealed that the agency cost has no significant mediating effect on relationship between managerial ownership and financial performance. However, the study confirmed that there is a significant partial mediating effect of agency cost on the relationship between (ownership concentration and institutional ownership) and listed financial performance of the sampled companies. Based on the findings, the study recommends among others, that ownership concentration as well as institutional ownership of consumer goods companies in Nigeria should create an effective monitoring strategy to control the managerial opportunistic behavior to lower agency conflicts, and hence lower agency costs and this will lead to increase in financial performance. Lastly, the paper calls for further research in the area.

Keywords: Ownership structure, agency costs, ROA, consumer goods companies, Nigeria

AFRAG016
Board Gender Diversity and Earnings Management in the Context of Financial Distress

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Abstract

This study analyses small positive net profit (earnings management proxy) and investigates the probability that female directors of financially distressed firms will likely reduce managers' net profit manipulation. Using a sample of 179 firm-year observations obtained by implementing Edward Altman's 1968 Z score model for listed non-financial firms in Nigeria during the period 2011 to 2020, binary logistic regression analysis reveals that more female director participation is associated with the likelihood of lower levels of net profit manipulation. This finding aligns well with behavioural, economic and psychology theories which supports female directors' monitoring efficacy and note that female directors are more conservative and risk-averse than their male counterpart. Excitingly this result hold for financially distressed listed companies in Nigeria. The study recommends that female participation on corporate boards should be given kin priority since such policies when implemented have been empirically proven to serve as a substitute mechanism for corporate governance in curbing earnings management activities of managers thus provide interested stakeholders with higher quality earnings reports.

Keywords: Board Gender Diversity, Earnings Management, Financially Distressed Firms, Binary Logistic Regression

AFRAG017
Deficit Financing and Economic Recovery

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Abstract

Economic recovery has been in focus because of the economic downturn experienced globally in the recent period due to Corona Virus. Nations are making frantic efforts to recover economically after this major global economic downturn. Nigeria is not an exception. The government, institutions and researchers are involved in this economic struggle for recovery and growth. The achievement of economic growth and stability is the duty of government in any economic system, irrespective of its political arrangement.

Mordi (2006) states that maintaining relative stability is crucial for both internal and external balance and hence, recovery or growth in any economy is critical. Economic recovery or growth is necessary to keep the values and volumes of outputs with population growth. The periodic increase in economic values and volumes of output is called Economic Growth. Over the period, Nigeria has considered economic recovery or growth as one of her economic objectives. Nigeria has implemented numerous policy initiatives and measures to achieve full economic recovery and maximum growth rate. One of those economic measures is the Deficit financing. Deficit financing is described as a situation where government planned expenditure is higher than expected revenue for a given period. Deficit financing has been employed by governments with a view to achieving economic growth among other macroeconomic objectives. However, we noticed divided opinions in related literature on the relationship between Deficit financing and Economic Recovery in Nigeria. Therefore, this paper considers how deficit financing has affected economic recovery in Nigeria. Hence, this paper is on Deficit Financing and Economic Recovery in Nigeria (1986-2019). The purpose of the study on Deficit Financing and Economic Recovery in Nigeria is to establish a relationship between Deficit and Economic Recovery in Nigeria. Ordinary least square method of regression, Error Correction Model (ECM) and the Johansen-co-integration test were used. The results show that there exists significant relationship between Deficit Financing and Economic Growth in Nigeria. Deficit Financing has impacted positively on Economic Recovery in Nigeria. Though Nigerian recovery and growth has been so slow or at low level. Efforts should be made to effectively apply Deficit Financing to engender Economic Recovery in Nigeria.

AFRAG018
Effectiveness of Audit Committee towards Enhancing Financial Reporting Quality of Listed Nigerian Firms in Covid-19 Era

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Abstract

This study examines the effectiveness of audit committee towards enhancing financial reporting quality (FRQ) of listed

Nigerian non-financial firms. The study becomes imperative in the aftermath of covid-19 pandemic as firms face significant uncertainty, a rapidly changing risk landscape and an increased need for high quality financial information. Audit committee attributes namely, size, frequency of meeting, independence, and financial expertise were interacted as proxy for audit committee effectiveness while FRQ was measured using the BSU-Financial Reporting Quality Index (Onoja, 2021). Secondary data were collected from audited financial reports of the sampled firms. 86 firms out of the population of 107 listed non-financial firms in Nigeria were sampled out. The study period covers 430 firm-year observations from 2014 to 2018. Descriptive statistics and fixed effect regression analysis were employed for analysis. The result finds on the basis of individual attributes that audit committee size, frequency of meeting and financial expertise has significant positive effect on FRQ while independence against apriori expectation has significant negative effect on FRQ. Consistent with Positive Accounting Theory and Agency Theory, audit committee effectiveness has a significant positive effect on FRQ. The study concluded that an effective audit committee enhances the financial reporting quality of listed non-financial firms in Nigeria prior to covid-19 pandemic. However, the covid-19 compliance behavior has caused a strategic shift in the roles of audit committee as a key component of good corporate governance. Therefore, with more on their agenda than ever before, the study recommends that audit committees should utilize the tenets of Diligent Effort Theory to balance their core responsibilities with emerging priorities. Governance regulators like Financial Reporting Council of Nigeria and Securities and Exchange Commission should encourage firms to maintain the maximum required size, have fully independent directors, and at least two financial experts of comparable status with executives. These members should be technologically savvy to exploit virtual and physical meetings at least six times per year for effective monitoring and oversight of firms' financial reporting process.

Keywords: audit committee effectiveness, financial reporting quality, covid-19 pandemic, good corporate governance, Nigerian non-financial firms

AFRAG 019
Taxing Power, Equity and Fiscal Federalism in Nigeria

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Abstract

This paper examines the constitutional and statutory provisions guiding the taxing powers of the federating authorities/ governments in Nigeria against the principles of fiscal independence/ decentralization, financial stability, administrative efficiency and equity among the federating units. It critics the emerging controversies and judicial rulings on the taxing powers and the revenue sharing schemes available to all tiers of government against the various dimensions of perceived inequity and injustice in the management of resources. The study further noted the likely distortions which the struggle for legislative competence for VAT between the Federal and State governments may create vis-à-vis existing capacities of the States to efficiently administer taxes, enhance social contract, voluntary tax compliance and the ease of doing business in Nigeria. The paper therefore concludes that Nigerian fiscal administration is yet to be operate on the principle of true federalism and recommends the adoption of comprehensive adjustments in the boarders and character of existing systems of tax and other revenue power-sharing among the federating tiers of government in Nigeria in other to enhance the economic circumstances and interest of all levels of government for the benefit of the tax paying publics.

Keyword: Fiscal federalism, taxing power, fiscal independence, financial stability, efficiency, equity

AFRAG 020
Designing Corporate Social Responsibility (CSR) to support National and International Pandemics Like COVID-19

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Abstract

The focus of this study is the development of a government-driven long-term strategic Corporate Social Responsibility (CSR) policy framework that is based on the legitimacy theory as a motivation for CSR reporting in Nigeria with a view to

supporting national and international pandemics like COVID-19. One of humankind's greatest challenges this century is to ensure sustainable, just and balanced development. There is a growing view that, even in developed society, self-interest alone, as expressed in most companies' voluntary CSR initiatives, is an inadequate vehicle to drive business along the path to sustainability (Lucas et al, 2009). While the concept of CSR continues to receive greater attention across different countries, recent studies indicate that the need for CSR is more prominent in the developing countries than in developed countries because development projects and other social infrastructure are lacking in most of these countries, and most of the time they are not provided by the government. The study employed largely primary data for the analysis. The data were sourced through interviews of selected participants. This researcher visited via Skype the selected countries in Africa (Nigeria, Ghana and South Africa) This research responds to the need for a government – driven CSR implementation policy by providing a public policy perspective for building regulatory measures to support voluntary CSR initiatives by firms and therefore adds to the works of other scholars which call for government involvement in CSR, particularly in developing economies. Specifically, some of the policy implications of this study will assist in setting up an implementation model to facilitate CSR policy making in Nigeria and assist in setting up of transparency benchmark to ease monitoring of firms' CSR programmes.

Keywords: CSR, Nigeria, Pandemics, Legitimacy theory, Government policy Framework.

AFRAG021

Creative Accounting: Motives, Techniques and Preventive Measures

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Abstract

Creative accounting has been globally acclaimed to be a veritable tool in the hand of managers for manipulation of accounting information. This paper examines the concept of creative accounting, its various techniques and possible preventive measures. Several literatures have been reviewed and acknowledged on the concept of creative accounting. The study utilizes

Library research design. Literatures reveal that creative accounting has no generally accepted definition. However, there is consensus as regards to the relationship between creative accounting and fraud. The study discovers that personal interest, market expectations and special circumstances are the motivating factors of creative accounting. It further reveals that extra ordinary items, off-balance sheet financing and flexibility of accounting standards are the major techniques used for creative accounting. The study concludes that creative accounting causes serious challenges to the accounting profession. The study recommends that good governance mechanisms should be observed on the basis of compliance with accounting standards, corporate governance codes and ethical codes of the accounting profession.

Keywords: Accounting, Creative, Ethics, Fraud, Governance, Manipulations.

AFRAG022

Effect of Sustainability Reporting on Market Performance of Listed Manufacturing Companies in Nigeria

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Abstract

This study examined the effect of sustainability reporting on market performance of listed manufacturing companies in Nigeria by applying ex-post facto research design where secondary data were extracted from the annual reports and accounts of 65 sampled manufacturing companies for five (5) years from 2015-2019 through content analysis to obtain the independent variables namely: environmental reporting index (ENV), social reporting index (SOC) and economic reporting index (ECO). These were used to form two interacting variables namely environmental-social reporting index (ENVSOC) and social-economic reporting index (SOCECO) to further investigate bi-lateral relationships. These were regressed on the dependent variable, Tobin's

Quotient (TQ). Mixed model panel regression analysis specified the suitability of random effects model which was used to analyse the data. The results revealed that environmental reporting has positive and significant effect on TQ; economic reporting has positive but insignificant effect while social reporting has negative and insignificant effect on TQ. For the interacting terms, ENVSOC has negative but significant effect on TQ while SOCECO has positive but insignificant effect on TQ. The study concluded that sustainability reporting has moderate effect on market performance of listed manufacturing companies in Nigeria. It was recommended that sustainability disclosures especially environmental and social aspects need to be included in the policy framework in Nigeria. This will signal to the Nigerian public that companies are not only after the profit and wealth maximization objective alone but are keen to engage in other acts that are environmentally and socially responsible. Also, government should create awareness about the need for sustainability reporting by including it in the curriculum of Nigerian tertiary institutions. This will enlighten the society and create more awareness on the necessity of carrying out sustainable practices that enhance the good health and well-being of not only the present generation but that of sustaining the environment for future unborn generations.

Keywords: Sustainability Reporting, Environmental Reporting, Social Reporting, Economic Reporting, Market Performance, Tobin's Quotient, Nigeria.

AFRAG023

Effect of Commercial Bank Loans to Small and Medium Scale Enterprises Growth in Nigeria (1986-2020): An Empirical Analysis

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Abstract

The study examined bank credit to small and medium scale enterprises (SMEs) and its effect on SMEs productivity in Nigeria within the period of 1986 to 2020. The Study made use of secondary data obtained from Central Bank of Nigeria Statistical bulletin for its tests and analysis. After testing for the properties of the variables, it was found that the variables were integrated at order (1) and there existed some level of causality but no long run relationship existed among the variables of the model This prompted the study to apply vector autoregressive model to estimate the parameters of the model. Results found that bank credit to SMEs had significantly increased output of SMEs in Nigeria. Hence, bank lending had a positive and significant effect on small and medium scale enterprises in Nigeria. Based on the findings of the study it has been established that the contribution of commercial banks credit granted to the growth of SMEs in Nigeria has been significant. The result of the individual tests showed that most of the variables were insignificance while the test for the goodness of the fit of the model showed that the explanatory variables included in the model accounted for over 89.3 percent variations of the output of the small and medium scale industry. This is a good fit. Based on the findings of the research it was recommended that measures should be taken to create a pool of long-term funds to enable long term lending to SMEs by commercial banks in Nigeria. In addition, measures should be taken to influence the regime of interest rate downward, ease loan documentation process and requirements, create additional inducement to boost lending to SMEs and augment monitoring of funds disbursed under the CBN intervention schemes.

Keywords: Commercial Bank Loans, Small and Medium Scale Enterprises, Growth of Nigeria

AFRAG024

Empirical Investigation of Effect of Globalization and Trade Liberalization on the Nigerian Labour Market

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Abstract

While some scholars believe that globalization translates into substantial job creation in developing countries, others believe that it leads to job loss, and it is against this backdrop that this study investigated effect of globalization and trade liberalization on labour market in Nigeria for the period 1981-2019 with the help of the ARDL model of estimation and Toda and Yamamoto granger causality test to determine level of impact that one variable has on another. Based on the issues covered in the literature review, empirical investigations were carried out on effect of globalization and trade liberalization on labour market in Nigeria. Results showed that foreign direct investment inflows (lnFDII) had a positive relationship with labour market in the short and long run periods in Nigeria, gross fixed capital formation percentage contribution of GDP (GFCF_GDP) had a weak positive relationship with labour force in the short run and insignificantly influenced labour market in the long run while real effective exchange rate (REER) had a positive and insignificant relationship with total labour force (TLABF) and at 5% level of significance in the long run; whereas, the result of Toda and Yamamoto granger causality test indicated a uni-directional causality between total labour force and gross fixed capital formation in Nigeria. Based on these findings, the study recommended that Nigeria, as a developing nation, should develop its own domestic technology in order to reap the full benefits of globalization and to prevent macroeconomic volatility, developed countries must liberalize their short-term capital movements gradually in order for globalization to succeed.

Keywords: Globalization; Trade Liberalization; Labour Market; labour Force.

AFRAG025

Intellectual Capital Disclosure Practices in Emerging Economies

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Abstract

This paper assesses the incidence of intellectual capital disclosure (consisting of human, structural and relational disclosures) around the world. Intellectual capital disclosure has in recent years gained importance as there has been a rapidly growing realization of its importance as a whole in the financial statements of organisations. The paper reviews previous works by various scholars and practitioners on intellectual capital disclosure across various countries while also examining its relevance and applications. Findings reveal that there has been a consistently growing research interest in intellectual capital

disclosure and its impact on the firms in emerging/developing countries. The paper concludes that disclosure of intellectual capital has been seen to further improve both the value and image of an organization; therefore, organisations in developing countries willing to enhance their corporate image should be involved in intellectual capital disclosure.

Keywords: Intellectual capital, Disclosure, Human capital, Structural capital, Relational capital, Emerging economies

AFRAG026

The impact of Corporate Social Responsibility on Cost of capital of Listed Companies in Nigeria Stock Exchange: The Relationship

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Abstract

This study aims to investigate the impact Corporate Social Responsibility has on the Cost of Capital. There has been moderately scarce literature on the relationship exiting between Corporate Social Responsibility and the cost of capital in Nigeria. Many studies that have analysed the relationship between the Corporate Social Responsibility of companies quoted in the Nigeria Stock Exchange, as it relates to their overall performance, have neglected the Cost of Capital component. Corporate Social Responsibility dimensions, such as Corporate Social Performance, Environmental performance (ENP) and Corporate Governance Performance were given vital consideration in determining if Corporate Social Responsibility has in any way reduced the cost of getting capital. In carrying out this study, the study chooses Annual panel data of 96 companies quoted in the Nigeria Stock Exchange for the duration 2005-2019 judgmentally. Thomson Reuter Index was used as a measure of Corporate Social Responsibility, while Cost of Equity and Cost of Debt were used as a measure of the Cost of Capital. Findings revealed that companies that spend on Corporate Social Responsibility have a better chance of accessing capital at a reduced cost. The results support existing works by scholars, especially in the developed countries that have done a lot in this aspect. In conclusion, companies that spend on Corporate Social Responsibility have a better chance of accessing capital at a better and low cost. Based on the findings, the researcher advocates a consistent investment in issues that concerns Corporate Social Responsibility since it leads to the ease of accessing funds at a reduced cost.

Keywords: Corporate Social Responsibility, Cost Of Capital, Thomson Reuter Index, Cost Of Equity, and Cost Of Debt, Relationship.

AFRAG027

Effect Of Rising Debt Burden and Public Expenditure Pattern on Revenue Sustainability in Nigeria

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Abstract

This study investigated the effect of increasing public debt burden and expenditure pattern on revenue sustainability in Nigeria. The aim of the study is to ascertain the effect of debt burden and public expenditure pattern on revenue sustainability in Nigeria. Secondary data spanning the period 1999 through 2018 was generated from the CBN statistical bulletin. Multiple regression analysis was adopted using SPSS version 22. Other tests conducted include autocorrelation, normality. Result revealed that the rising debt burden, public expenditure pattern and corruption impacted negatively on revenue sustainability in Nigeria. The study concluded that diversification of the economy is inevitable but for more thriving diversification of Nigerian economy to manifest, the debt burden must be drastically reduced and the expenditure pattern changed. The study recommend restriction on borrowing to capital projects that will encourage diversification and strict monitoring on the uses of borrowed funds to ensure compliance, increase in the allocation to capital expenditure in the budget to conform to international best practices, automation of the accounting system and adoption of integrated government management system in all ministries and parastatals as a means to fight corruption, fully fledged International Public sector Accounting System (IPSAS) to enhance transparency and accountability in governance, reduction in the cost of governance.

Key words: Debt Burden, Public Expenditure pattern, Revenue sustainability and Nigeria economy.

AFRAG028

Effect of Exchange Rate Fluctuations on Inflation Rate in the Nigerian Economy: 1986-2019

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Abstract

The study examined the effect of exchange rate fluctuation on inflation rate in Nigeria. The study covered the period of deregulated economy from 1986 till 2019. Exchange rate fluctuation was represented by nominal exchange rate and supported with control variables which includes interest rate, money supply, imports and Gross Domestic Product (GDP). The Error Correction Model was used for data analysis and the result has shown that interest rate has insignificant and positive relationship with inflation rate at 5% level which indicates that increase in interest rate can positively but insignificantly influence inflation in Nigeria. The study also has shown that exchange rate and other macroeconomic variables including interest rate, money supply, imports and GDP does not necessitate significant changes in inflation in Nigeria. This suggests that macroeconomic variables are not the major causes of inflation rate in Nigeria. Social and political issues such as unrests, consumer confidence, and political landscape and so on can trigger inflation. The study therefore recommended that despite the use of monetary and fiscal policies on controlling inflation and unemployment, governments should pursue diplomatic missions aimed at creating good image for the country and public confidence in the citizenry and monetary authorities should ensure that interest rates measures are put on check

Keywords: Exchange rate, Inflation, Fluctuations, interest rate, Economy**.**

AFRAG029

Mediating Effect of Profitability on the Relationship between Dividend Policy and Value of Listed Conglomerate Companies in Nigeria

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Abstract

The study examines the mediating effect of profitability on the relationship between dividend policy and value of listed conglomerate companies in Nigeria. The study used secondary data which were extracted from annual reports of the sampled companies for eleven years from 2009 to 2019. The data were analyzed, using regression analysis. The result of the regression shows that dividend policy has positive significant impact on firm value of listed conglomerate companies in Nigeria. The result also shows that profitability does not significantly mediate the relationship between dividend policy and firm value. The study recommends that the management of listed conglomerate companies in Nigeria should consider Bird in the Hand Theory when taking decisions on dividend because distributing dividends constantly tend to motivate existing investors and new ones to invest in companies. Finally, finance managers of conglomerate companies in Nigeria should be diligent in the handling of dividend payout information among the sector players in a bid to ensure that there is inclusivity of the stock market stakeholders.

Keywords: DPO, ROA, FV and Conglomerate Companies

AGRAG 030

Ownership Identity and Earnings on Investment of Listed Entities in Nigeria

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Abstract

The study examines the effect of ownership identity on investors' earnings of listed entities in Nigeria. Panel data on foreign, institutional and managerial ownership identities, as well as firm size and earnings per share were extracted from published financial statements of 16 listed companies in Nigeria for the period 2010 to 2019. Based on the outcome of pre-estimation diagnostics, Panel Ordinary Least Squares regressions were fitted. The Fixed Effect model, selected based on the outcome of the Hausman test, indicates that foreign and institutional ownership identities have significant and positive effects on the earnings per share of listed companies in Nigeria, while managerial ownership has negative and insignificant effect on earnings. Results further indicate that firm size has a positive and significant controlling influence on the relationship between ownership identity and the earnings of listed entities in Nigeria. The paper concludes that foreign and institutional shareholders have the capacity to instill financial discipline and prudence in corporate resource management and recommends that listed entities in Nigeria should attract foreign and institutional investors into ownership of the companies with resultant positive tradeoffs on earnings.

Keywords: Ownership identity, foreign ownership, institutional investment, managerial
ownership, and earnings per share

AFRAG 031

Pension Accounting and Standard Of Living in Nigeria

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Abstract

This study examines the effect of pension contributory fund on the standard of living of Nigerians. The problem investigated is based on the perceived fears that the financial assets or Retirees Savings Account (RSA) contributions is not adequately managed by the existing trustees, thus raising contentious issues on the effect of pension fund on standard of living in Nigeria. The study adopted the ARDL model to test the hypotheses formulated to investigation using data spanning from 2010 to 2020. Findings reveal that both employers and employees' pension funds share have negative significant effect on the standard of living of Nigerians, while combined employers and employees' pension funds share has a positive significant effect on the standard of living of Nigerians. It is recommended that government should set up audit mechanisms to checkmate corruption in pension fund management as well as put in place effective investment plans to ensure that pension funds are appropriately invested to bring the desired economic outcomes that will improve the standard of living of both pensioners and employees in Nigeria.

Keyword: Employers' pension funds share, employee' pension funds share, combined pension fund and standard of living.

AFRAG032

Effect of Triple Bottom Line Reporting on The Performance of Quoted Oil and Gas Companies in Nigeria

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Abstract

The study was carried out on the effect of Triple Bottom Line reporting on corporate performance of listed petroleum companies in Nigeria. It was conducted for the purpose of knowing how responsible petroleum firms in Nigeria are interacting with the society in which they conduct their businesses. The study made use of secondary data obtained from annual reports of the companies under study. The data collected were analyzed using multiple regression analysis. The results of analysis revealed that economic performance disclosure and environmental performance disclosure have no significant effect on return on asset while social performance disclosure has significant effect on company's performance. Based on the findings, it was recommended that mandatory reporting framework should be put in place for petroleum firms listed in the Nigerian stock exchange to encourage sustainability reporting by these companies.

Keywords: Triple Bottom Line, Reporting, performance, environment, corporate

AFRAG033

Trade Liberalization and Export Growth: Evidence from BRICS and Nigeria

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Abstract

This study investigates the impact of trade liberalization on export growth with reference to BRICS member countries and Nigeria, using times series data that span the periods 2000 to 2019. Adopting the dynamic panel ARDL techniques, the study estimated for mean group, pooled mean group and dynamic fixed effect. From the Hausman test result, pooled mean group is the most suitable and efficient estimator for the study. The evidence from the empirical findings shows that removal of trade restrictions or other trade barriers significantly influence export growth in BRICS and Nigeria. Thus, suggesting that

trade openness significantly promotes export growth. Further investigation revealed total trade ratio to be significantly and positively related to export growth, while inflation and exchange rate negatively impacted export growth. Further insight on the country specific investigation showed that trade liberalization significantly promotes export growth in Brazil, India, South Africa and Nigeria, while it was observed to be negatively related to export growth in China and Russia. These results could be as a result of heterogeneous nature of the individual countries and the nature of data set. Though, we expected a positive relationship between trade liberalization and export growth in China. In addition, we also observed an existence of long run relationship between trade liberalization and export growth in the panel, as well as the individual countries with a deferring speed of adjustment. Hence, from the study's findings, we suggest that BRICS and Nigeria should initiate trade policies that could further promote export growth. In turn, this will promote increase in foreign reserve of the countries.

Keywords: Trade Liberalization, Trade barriers, Export Growth, BRICS

Jel Classification: F10, F19

AFRAG034

Financial System Stability, Financial System Vulnerability and Private Investment in Nigeria

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Abstract

Theoretical predictions indicate a bio-directional nexus between financial system growth and real economic growth with implications for the value of investment in the productive sector of the economy. Against this backdrop, the paper examined the effect of financial system stability and financial system vulnerability on private investment in Nigeria for the period spanning 1990-2020. Quarterly time series data were collated from the Central Bank of Nigeria (CBN) statistical bulletin and the National Bureau of Statistics (NBS) digest. Data were subjected to pre-estimation tests such as Argument Dickey-Fuller (ADF) and Johnson Co-integration, and consequently analyzed using the OLS multiple regression technique. Results indicated a significant effect of key independent variables such as financial system stability, interest rate and financial system vulnerability on private investment.

Based on these results, it was recommended that regulators of the financial system collaborate with managers of deposit money banks and allied credit institutions to reduce the volume of non-performing loans vis-a-vis loan portfolio. Additionally, increase in the capital based of financial institutions as well as assets would guarantee financial stability and investment in the private sector.

AFRAG035

Economic Recovery, Price of Funds and Domestic Investment: Evidence from Nigeria

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Abstract

The paper provided empirical evidence of the effect of price of funds in the financial market and inflation rate on domestic investment as gateway to economic recovery. Time series data were extracted from the Central Bank of Nigeria (CBN) statistical bulletin and the National Bureau of Statistics quarterly digest during the period 1990-2020. The study adopted the ordinary least square (OLS) multiple regression model. Pre-estimation statistics included Augment Dickey – Fuller (ADF) to detect the presence of unit root, Johnson Co-integration to test the existence of long–run relationship, and the error correction model (ECM) to estimate the speed at which the domestic investment returned to equilibrium in response to change in price of funds influence rate and in venue level. Results indicated a significant impact of income level on domestic investment. Also, interest rate and price of funds exerted non-significant impact on the value of domestic investment. Based on these results, it was recommended that the monetary authorities evolve policies aimed at raising the level of disposal income with a view to increasing the level of savings to add to the stock of capital to promote investment.

AFRAG036

To What Extent Does Financial Panic Associated with Insecurity affect Investment in Nigeria?

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Abstract

The paper sought empirically to answer the question, whether financial panic associated with insecurity challenges significantly affected the value of domestic

investment in Nigeria during the period 2010-2020. Specifically, the paper examined the effect insecurity financial panic, interest rate, exchange rate and inflation rate have on investment in Nigeria. Data were extracted from the World Bank and Central Bank of Nigeria (CBN) statistical bulletins. Using terrorism index as proxy for insecurity financial panic, the OLS multiple regression model captured domestic investment as a function of insecurity financial panic and other macroeconomic variables. Results indicated a significant effect of financial panic and the selected macroeconomic variables on domestic investment in Nigeria. Based on these results, the study recommended that government should brace up to meet the insecurity challenges with the view to stemming the tide of insecurity financial panic and its attendant effect on investment.

AFRAG037

Evaluation of Internet Media as Strategies for Checkmating Corruption in Nigeria

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Abstract

Corruption has been a major factor for under-development of some developing countries, Nigeria inclusive. The study was a critical evaluation of the internet media as tools for checkmating corruption in Nigeria. It sought to determine the correlation between the use of internet media by anti-graft agencies to win the war against corruption in Nigeria; and to evaluate the extent the use of social media networks by anti-graft agencies could help win the war against corruption and enhance economic growth in Nigeria. Three major cities in the federation, Lagos from the Western part, Abuja from the Northern part and Calabar from the Southern part were selected for the study. The justification for the choice is because the three states had

anchored the administrative headquarters (Capital) of Nigeria at different times before and after independence, and thus harbour people from all ethnic divides in the country as residents. Opinion survey design was used. Data sourced were statistically analyzed. Results indicate that the use of internet media by anti-graft agencies did not have significant effect on winning the war against corruption in Nigeria. Also, that social media networks did not significantly affect the winning of the war against corruption in Nigeria and consequently its level of economic development. It was then recommended that internet media tools should be effectively harnessed as resources for checkmating corruption in Nigeria, for enhanced economic development.

Keywords: Anti-Graft War, Internet Media, *Social Media Networks*, Economic Development.

AFRAG038

The Impact of Bank Lending on the Development of Agricultural Sector in Nigeria

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Abstract

This study examined the impact of bank lending on the development of agricultural sector in Nigeria, using time series data from 2010 to 2018. The objectives of the study were to ascertain the effect of commercial bank credit disbursement on the development of agricultural sector in Nigeria, to determine the extent to which government funds allocation has boosted agricultural productivity in Nigeria, to ascertain the effect of agricultural produce price on agricultural productivity in Nigeria and to ascertain the effect of agricultural credit guarantee scheme funds on the agricultural sector in Nigeria. To achieve the above objectives, the study employed the multiple regression statistical technique/ordinary least square (OLS) and error correction model (ECM) to obtain estimates of the parameters of economic relationship from statistical observations. The result showed that there is a negative and significant relationship between commercial bank credit to the agricultural sector and agricultural output index in Nigeria, the study also showed a positive and significant relationship between agricultural credit guarantee scheme loan and agricultural production output index.

Again, government funds allocation has a negative and significant effect on agricultural production index. And there is a significant and positive relationship between agricultural produce price and agricultural production index. Based on the findings, it was recommended that Banks should make more credit facilities available to farmers to enable them boost their productive capacity. Again government should ensure vigorous implementation of agricultural credit guarantee scheme fund by purpose to farmers for improved productivity. Also, there should be increase financial allocation to the agricultural sector for increase productive output, and finally, government should ensure that prices of agricultural produce are pegged in such a way that the beneficiaries of agricultural credit facilities will not find it difficult to repay the loans.

Keywords: Agricultural Production Output Index; Commercial Banks' Credit; Agricultural Produce Price; Government Financial Allocation to the Agricultural Sector.

AFRAG039

Financial Literacy and Micro Entrepreneurship in Abakaliki Metropolis

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Abstract

Finance is regarded as the strength of every business. The basic knowledge about the financial products and concepts is fundamental to entrepreneurship development in Nigeria – Ebonyi state. This study examined the effect of financial literacy on micro entrepreneurship development in Abakaliki metropolis – Ebonyi State. The study has the objectives of finding the effect of knowledge about bookkeeping on micro enterprises development in Abakaliki, to examine the effect of knowledge about sources of funding on micro enterprises development in Abakaliki metropolis and to determine the effect of knowledge about savings on micro enterprises development in Abakaliki

metropolis. The study adopted survey design where copies of questionnaire were distributed to 100 micro business owners out of which 95 copies were returned. Descriptive statistics was employed to analyze the data collected. The result of the study indicated that micro entrepreneurs in Abakaliki metropolis do not keep adequate record of their business transactions. The result equally showed that majority of the micro entrepreneurs relied on personal finance and thrift societies as their major sources of fund. It was also discovered that micro entrepreneurs have knowledge about savings but most of the savings are done outside banking system. The study concluded that financial literacy is paramount to micro entrepreneurship development and therefore recommended that micro entrepreneurs in Abakaliki should be educated on simple bookkeeping. They should also be encouraged to save with bank as this will pave way for them to borrow from bank.

Keywords: Financial Literacy, Entrepreneurship, savings, bookkeeping and sources of fund.

AFRAG040

Impact of Board Diversity on Dividend Policy of listed Deposit Money Banks in Nigeria

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Abstract

The study examined the relationship between board diversity and dividend policy of listed Deposit Money Banks in Nigeria. To achieve this objective, a descriptive and explanatory research design was employed, and the data were generated from annual financial report and accounts of 12 sampled firms from 2012 to 2020. Descriptive statistics and regression analysis were used in data analysis. The study found that gender diversity had a positive but statistically insignificant impact on dividend policy of listed Deposit Money Banks in Nigeria, while foreign diversity had negative and statistically significant impact on dividend policy. Profitability measured by return of asset and firm size had a positive and statistically significant impact on dividend policy of listed DMB's while firm age had a negative and statistically significant impact on

dividend policy. The study recommends that board diversity should go beyond gender and foreign classification, other diversity features should be encouraged. This will foster favourable effects on dividend policy to address agency problems.

Keywords: Gender, Foreign, Dividend policy, Deposit Money Banks

AFRAG041

The Impact of Bank Lending on the Development of Agricultural Sector in Nigeria

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Abstract

This study examined the impact of bank lending on the development of agricultural sector in Nigeria, using time series data from 2010 to 2018. The objectives of the study were to ascertain the effect of commercial bank credit disbursement on the development of agricultural sector in Nigeria, to determine the extent to which government funds allocation has boosted agricultural productivity in Nigeria, to ascertain the effect of agricultural produce price on agricultural productivity in Nigeria and to ascertain the effect of agricultural credit guarantee scheme funds on the agricultural sector in Nigeria. To achieve the above objectives, the study employed the multiple regression statistical technique/ordinary least square (OLS) and error correction model (ECM) to obtain estimates of the parameters of economic relationship from statistical observations. The result showed that there is a negative and significant relationship between commercial bank credit to the agricultural sector and agricultural output index in Nigeria, the study also showed a positive and significant relationship between agricultural credit guarantee scheme loan and agricultural production output index. Again, government funds allocation has a negative and significant effect on agricultural production index. And there is a significant and positive relationship between agricultural produce price and agricultural production index. Based on the findings, it was recommended that Banks should make more credit facilities available to farmers to enable them boost their productive capacity. Again government should ensure vigorous implementation of agricultural credit guarantee scheme fund by purpose to farmers for improved

productivity. Also, there should be increase financial allocation to the agricultural sector for increase productive output, and finally, government should ensure that prices of agricultural produce are pegged in such a way that the beneficiaries of agricultural credit facilities will not find it difficult to repay the loans.

Keywords: Agricultural Production Output Index; Commercial Banks' Credit; Agricultural Produce Price; Government Financial Allocation to the Agricultural Sector.

AFRAG042
Determinants of financial performance with emphases on profitability of the listed insurance companies in Nigeria

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Abstract

This study examined the determinants of financial performance with emphases on profitability of the listed insurance companies in Nigeria. 19 out of the 26 insurance firms listed on the Nigerian Stock Exchange were used as the sample of the study. Data of the study covering a period of ten years (2009 to 2018) were collected from the Annual report and account of the selected Insurance companies and were analyzed using Descriptive Statistics, Correlation and regression analysis. The study uncovered that liquidity, investment, reinsurance dependence and retention ratio are the major determinants of financial performance of listed insurance companies in Nigeria. The study recommended that listed insurance companies should convert significant part of their cash and cash equivalent into productive assets that can improve their financial performance, increase investment in profitable sectors, give adequate attention to reinsurance facilities, view reinsurance as an important risk management mechanism and retain a good portion of their net income to grow the company.

AFRAG043
The Impact of Ownership Structure on Capital Structure of Listed Building Materials Companies in Nigeria

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Abstract

This study examined the impact of ownership structure on capital structure using the data from the sampled Building Material Industry companies listed on the Nigerian Stock Exchange. Regression analysis was run to determine the level of impact of ownership structure on capital structure surrogated by managerial ownership, institutional ownership and block-holder ownership on the capital structure epitomized by Debt to equity ratio. The analysis revealed that the three variables under investigation managerial, institutional and block holder ownerships have significant positive, negative and positive impact on capital structure. The findings of the study contribute to the agency theory and tradeoff theory by documenting that external monitoring mechanisms (debt providers) can be substituted with institutional investors. This indicates that highly geared firms can leverage their external financing need through seeking for institutional investors thereby, meeting their both financing and monitoring needs. In an organizational setting that presents an opportunity for insiders (managers or block holder owners) to expropriate the wealth of the firm at the expense of outsiders, the findings of the study show that debt financing can be used to minimize the agency costs. The study recommends that the management of the listed firms in the industry should balance a proper trade-off between debt and equity to reduce the risk of over burden external financing so as to increase the value of the firms for the benefit of equity holders.

Keywords: Ownership structure, Capital structure, Equity and Debt

AFRAG044
Examining the moderating effect of audit committee on the relationships between audit quality and the market value of listed deposit money banks (DMBs) in Nigeria

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Abstract

The study examined the moderating effect of audit committee on the relationships between audit quality and the market value of listed deposit money banks (DMBs) in Nigeria. The study covered ten years from 2009 to 2018 and twelve (12) out of fourteen listed DMBs are censored to ensure complete information. Descriptive research design is used and data are collected from the annual reports and accounts of the twelve sampled listed

DMBs in Nigeria. Multiple regression analysis is used for the data analysis through Stata 12 software version. The results of moderated multiple regression model show that moderated audit fees, moderated auditors' opinions and moderated joint audits have negative and significant impact on the market value of the listed DMBs in Nigeria while moderated audit firm size and moderated auditors' switch have negative and insignificant impact on the market value of listed DMBs in Nigeria. The results of moderated audit fee, moderated auditors' opinions and moderated joint audits are inconsistent with the priori expectations that predict positive relationship of audit fee, auditors' opinions and joint audits to the value of firms while the results of moderated audit firm size is negative and insignificant which is still contrary to the priori expectation that branded (big4) audit firms increase the value of their client organizations. The result of auditors' switch shows negative but insignificant impact on the market value of the listed DMBs in Nigeria which is consistent with the priori expectation that a change of auditors results to a reduction in the value of firms. The study, therefore, recommends that audit committee activities must be brought under scrutiny by both the regulatory agencies and shareholders to avoid complacency and ensure that the right auditors are sought to give service to stakeholders of the sector irrespective of size provided they are licensed to operate by their professional bodies. Stiffer punishments aside fines should be meted on the erring audit committees, the auditors and the managements of companies to restore the confidence of stakeholders in the sector. These findings present the implications for all stakeholders to recommend and/or use the right auditors, the right audit committee members, the right regulations, the right governance and people with proven characters and track records that are in consonant with business and professional ethics of honesty and integrity to give value to listed DMBs in Nigeria.

AFRAG045

Determinants of Dividend Policy of Listed Companies on the Nigerian Exchange Group

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Abstract

The objective of the study was to examine the determinants of dividend policy of companies listed on the non-financial sector of the Nigerian Stock Exchange.

Specifically, the study investigated the effect of firm age, firm growth and investment opportunities, institutional ownership, and financial leverage on dividend per share. The population of the study comprised of 69 companies from the non-financial sectors in Nigeria between 2010 and 2019. A sample size of 36 companies was drawn from the study population with four companies each from the Consumer Goods sector, Oil and Gas sector, Industrial sector, Agricultural sector, Conglomerate sector, Healthcare sector, ICT sector, Service sector and Natural resources sector. The study adopted the ex-post facto research design. Secondary data was employed for this study and sourced from Machameratios (www.machameratios.company.site). The pooled OLS regression technique was used for statistical analysis and results of the study showed that firm age, firm growth and investment opportunities, and institutional ownership are major positive determinants of dividend policy among the listed non-financial service companies in Nigeria. The results support the life cycle theory and clientele effect theory. Findings of the study further showed that firm financial leverage negatively and insignificantly determines dividend policy. The result of the study also showed that among the sampled non-financial subsectors, consumer goods has the highest dividend pay-out, this is followed by Oil and Gas sector, Industrial sector, Agricultural sector, Conglomerate sector, Healthcare sector, ICT sector, Service sector and Natural resources sector. The study, therefore, recommended, among others, that investors (especially institutional investors) whose main aim is to get dividend on their investment should be guided by the sectors with the highest level of dividend payment as disclosed above.

Keywords: Determinants, dividend, policy, non-financial sector, Nigerian Stock Exchange.

AFRAG046

Does Financial Inclusion Matter to Bank Performance? Evidence from Nigeria

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Abstract

The Banking sector is crucial to the economic development of a country due to its role in financial intermediation. The process of financial intermediation involves channeling resources from the surplus

savings units of the economy to the deficit investing units to ensure the funding of viable economic activities. In practice, not everybody in an economy has access to the services provided by the formal financial system, such as savings, deposits, insurance, credits, investment, and other ancillary activities. The exclusion could be because of several factors including illiteracy, poverty or lack of assets, technology, geographical location, and other debilitating socio-economic circumstances. Illiteracy and the perceived cumbersome documentation requirements of financial service providers had in the past been discriminatory against potential participants and clients of the financial services industry. Also, the development and application of technology in the provision of banking, insurance and stock broking and other financial services by the operators had in many cases resulted to the exclusion of the poor and others who do not have access to such technologies. In recent times, these developments have led to concerns about the fate of those excluded from the financial system and the potential economic loss because of such exclusion. Policy makers are, therefore, increasingly interested in strategies to ensure financial inclusion in the economy. Financial inclusion is expected to enhance the operations and profitability of the banks by expanding the client base to reach the poor. The aim of this paper is, therefore, to empirically investigate the effect of financial inclusion on the performance of the banks in Nigeria. The Broad objective of the study is to investigate the effect of financial inclusion on bank performance in Nigeria. The specific objectives, however, are to: ascertain the effect of financial service penetration on bank performance; establish the effect of usage of financial services on bank performance; and determine effect of financial service availability on bank performance.

AFRAG047

Effect of Employee Cost on the Performance of Commercial Banks in Nigeria

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Abstract

The study examined the effect of employee cost on the performance of Commercial Banks in Nigeria. To achieve the objectives of the study ex-post facto research design was adopted. The population of the study is made up of 15 commercial banks listed in Nigeria stock exchange as at December, 2019. While the sample size is 10

commercial banks listed in Nigeria stock exchange. Secondary data were obtained using annual reports and accounts of the selected commercial banks. Data were analyzed using panel data based regression analysis. The findings revealed that employee cost has a positive and significant effect on earnings per share of commercial banks in Nigeria. The study concludes that employee cost has significant effect on performance of commercial banks in Nigeria. The study recommends that commercial banks should recognize that cost expended on employees are investments that will yield returns if not for the short run but in the long run existence of the banks. The corporation should further ensure that recruitment and selection practice is designed to obtain optimum match of persons and position as well as to communicate realistic expectations.

Keywords: Commercial banks, Earnings per share, Employee cost, Human capital, Performance.

AFRAG048

Does Business Environment Impede Performance of Nigerian Commercial Banks?

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Abstract

Business environment could make or mar business potentials and opportunities. When favourable, it is expected to foster productive private investment in all sectors of the economy. This study sought to get answers on how business environment otherwise called investment climate could impede the performance of the Nigerian banking industry within the period under study. Time series data were sourced from the CBN Statistical Bulletin and analyzed using multiple regression analysis, other diagnostic tests were also carried out. Findings from the study revealed that, business environment had affected the commercial banks performance within the study period. In particular, electricity consumption negatively and significantly impacted bank returns on equity, while domestic inflation rate and insecurity in the Nigerian business climate ranked third in their descending order of magnitude. All these three indicators were negative and significant in influencing bank performance in Nigeria. We therefore recommend for urgent policy action in order to positively transform Nigeria business environment and make it conducive for investors to operate unhindered. The government should create the right atmosphere for businesses including banks to thrive in the Nigerian economy by seriously tacking insecurity, moderate domestic inflation and adequately provide electricity to increase its consumption by banks and other businesses operating in Nigeria. This positive posture will no doubt trigger various investment studies in the years ahead.

Keywords: Return on equity, Bank performance, Business environment, Commercial banks, Central Bank of Nigeria, performance**.**

AFRAG049

Firm Attributes and Tax Aggressiveness in Nigeria: A Quantile Regression Analysis

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Abstract

Studies on impact of firm attributes on tax aggressiveness have examined the relationship based on the conditional mean of tax aggressiveness. However, it is imperative to look at the interaction from conditional quantiles of tax aggressiveness because it portrays the extent of influence of firm attributes on entire distribution of tax aggressiveness. Thus, this study compares the influence of firm attributes on tax aggressiveness using estimated values from Ordinary Least Squares and quantile regressions. The study samples 29 largest firms in the NSE between 2007 and 2018. Data for the study was sourced from the annual reports of sampled companies and the daily official list of the Nigerian Stock Exchange (NSE). Consistent with the mixed results reported in prior studies, the study finds limited relation between various component of firm attributes and tax aggressiveness at the conditional mean of its distribution. Using quantile regression, there is a negative relation between total debt ratio and tax aggressiveness for low levels of tax aggressiveness, but no relation for high levels of tax aggressiveness. These results indicate that total debt ratio has stronger influence on extreme low level of tax aggressiveness. The study thus recommends that directors should pay attention to specific impact of each of the

firm attributes on tax aggressiveness with a view to match them with appropriate level of tax aggressiveness that generates optimum tax savings. This will assist Nigeria to speedily recover from economic depression consequent upon the lockdown.

AFRAG050

Corporate governance attributes and tax sheltering: Empirical evidence from listed non-financial firms in Nigeria

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Abstract

The aim of this study was to explore the effect of corporate governance attributes on tax sheltering of sampled non-financial listed firms in Nigeria for the period 2010 to 2019. Corporate governance attributes that were employed in this study included; Board Independence, Board Ownership, Board Meeting and Firm Age which also represented the independent variables. Non-Debt Tax Shield (a proxy for tax shelter) as seen in prior related literature was employed as the dependent variable. Ex-post facto and descriptive research design were both employed in the methodology. Specifically, the study employed Robust Standard Error Regression Analyses estimator with major emphases on its marginal effect to test the study hypotheses which clearly suggested that Board Ownership is a strong and significant indicator necessary to drive down tax sheltering activities in Nigeria. This finding sternly supports the Agency Theory as propounded by Mitnick and Ross which suggested that Board Ownership reduces the conflict of interest between managers and shareholders by aligning the interests of both parties and lowers the perquisites of managers and associated incentives. Therefore, in line with the outcomes obtained, this study recommended that stakeholders of non-financial listed companies seeking lower tax shelter practices may need to consider introducing more equity ownership for its Directors suggesting that encouraging greater managerial shareholding will mitigate aggressive practices of tax planning thereby reducing owner-manager conflict within listed non-financial firms in Nigeria.

Keywords; Corporate Governance, Tax Sheltering, Non-Debt Tax Shield, Agency Theory, Robust Standard Error Regression.

AFRAG051

Cost Reduction Technique and Profitability of Manufacturing Firms in Developing Economy

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Abstract

The study examined cost reduction technique and profitability in developing economy with reference to manufacturing firms listed on the Nigeria Stock exchange (NSE) as of December 31st, 2020. The study employed an ex-post facto research design. We extracted data from across ten (10) manufacturing firms listed on the NSE. Material costing, labour and administrative overhead cost were used as measures for cost reduction techniques while profitability was measured by net profit margin of selected manufacturing firms. A regression analysis was conducted to determine the impact of cost reduction techniques on the profitability of manufacturing firms. Findings reviewed a positive significant effect between cost reduction technique and profitability of manufacturing firms in Nigeria, although the individual parameters indicated mixed results; labour cost and administrative over-head cost showed significant and positive effect while material cost showed a positive but insignificant effect on Net profit margin of manufacturing firms of developing economy. The study recommends that manufacturing companies should implement value analysis in order to reduce material costs and the implementation of cost reduction technique in all manufacturing companies in developing countries.

Keywords: Cost reduction techniques, profitability, developing economy, manufacturing firms.

AFRAG052

Development of Principles and Formulation of Accounting Theory

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Abstract

While accounting appears to have been practiced at least since the beginning of recorded history, accounting theory is of comparatively recent origin. This may be due to the difficult, abstract nature of accounting thought, or perhaps to a gradual change in the scope and methods of

accounting, which was thereby rendered more amenable to the formalized type of explanation which we call theory. Possibly there is some other cause; it is a matter for conjecture.

AFRAG053

Value Added Tax and Economic Performance in Nigeria

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Abstract

Value Added tax has become a veritable tool for government in addressing the constraint on its fiscal capacity to address public needs posed by dwindling oil revenue in Nigeria. The study therefore investigates Value Added Tax (VAT) and Economic Performance in Nigeria. The study objective was to examine the impact of value added tax on Gross Domestic Product (GDP), federally collected revenue and inflation rate in Nigeria. Time series data from 1994 – 2019 obtained from the statistical bulletin of Central Bank of Nigeria (CBN) was utilized in examining this relationship. Diagnostic tests were carried out to ascertain the data properties. Findings from the study reveal a significant and positive relationship between VAT, GDP and FCR but a negative relationship between VAT and inflation rate in Nigeria. It is recommended that government should tap into this by ensuring that policies put in place further enhance its capacity to grow VAT while keeping inflation within a tolerable margin.

Key words: Value added Tax, Federally Collected Revenue and Inflation

AFRAG054

The Impact of Board Characteristics on Sustainability Reporting of Listed Consumer Goods Firms in Nigeria

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Abstract

This paper examined the impact of board characteristics on sustainability reporting of listed consumer goods firms in Nigeria over a period of twelve years from 2009-2020. This paper explored Non-Executive directors, board size and foreign directors on sustainability reporting index GRI 2016. The study outsourced data from the annual financial reports of the sampled listed Consumer Goods Firms in Nigeria and analyzed using descriptive, correlation and

multiple regression. The research uses ex-post factor research design. The study found a positive and significant impact between Non-executive directors and sustainability reporting while *board size and* foreign directors has a negative and significant impact on sustainability reporting. This means an increase in number of Non-Executive will lead to an increase in sustainability reporting of listed consumer goods firms in Nigeria. The study recommends companies to include more independent board members in the board to enhance the sustainability reporting of listed consumer goods firms in Nigeria and also The stock exchange regulator (SEC) should create a policy that will regulate and monitor companies in Nigeria to ensure that they fully implement the disclosure requirements of the corporate governance code and sustainability reporting guidelines.

Keywords: Nonexecutive directors, foreign directors, board size, sustainability reporting.

AFRAG055

Moderating Influence of Government Expenditure and Corruption on the Relationship between Aggregate Tax Revenue and Economic Development in Nigeria

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Abstract

This study investigates the joint interaction effect of corruption and government expenditure in the relationship between Aggregate Tax Revenue and Economic Development in Nigeria. Time series data were collected for the period 2008 to 2018 and basic pre and post estimation diagnostics conducted. The set hypotheses were tested based on results obtained using moderated multiple regression techniques. Results indicate the existence of significant positive relationship between aggregate tax revenue and economic development, and between total government expenditure and economic development. Corruption was implicated as having significant negative moderating influence on the relationship between aggregate tax revenue and economic development, while total government expenditure had no interaction effect on the relationship between the two variables. The study concludes that meaningful economic development cannot be achieved in Nigeria without addressing the problem of corruption in tax administration and government expenditure processes, and recommends that government should strengthen anticorruption agencies to enhance accountability

and transparency in public revenue generation and government spending profiles, while emphasizing tax education along the lines of ethical conducts in governance at all governance institutions and structure in Nigeria.

Keywords: Tax Revenue, economic development, moderation analysis, corruption, government expenditure.

AFRAG056

Corporate Social Responsibilities and Financial Performance of Listed Deposit Money Banks in Nigeria

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Abstract

For long term sustainability of business organizations, the strategy of Corporate Social Responsibility (CSR) activity has become a strategic approach to meet stakeholder demands, respect for ethical principles and give appropriate answers to the needs of organizational stakeholders. The objective of the study therefore is to examine the effect of corporate social responsibility on performance of listed deposit money banks in Nigeria. The study used ex-post facto research design and employed panel data set collected from annual reports of twelve (12) listed deposit money banks over a ten (10) year period (2010 to 2019) financial year. Quantile Regression Analysis (QRA) technique was employed in assessing the effects of the corporate social responsibility costs on the financial performance of the entities at different quantile distributions. The findings reveal that social donations have a significant positive effect on earnings per share on both the 50th and 75th quantiles. But occupational health and safety cost has no significant effect on earnings per share at all levels of the performance distribution. The paper therefore recommends that firms whose interest is to improve earnings per share via corporate social responsibility activities should place emphasis on sustained higher financial performance prior to engaging on training and development capabilities of its work force.

Keywords: Corporate social responsibility, social donations, safety costs, financial performance, earnings per share.

AFRAG057

Effect of Hedge Accounting on Profitability of Listed Commercial Banks in Nigeria

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Abstract

This study examined the effect of hedge accounting on financial performance of listed commercial banks in Nigeria. Ten (10) banks were selected based on the availability of needed data for the study. Data on Return on Assets, Derivative Assets and Derivative liabilities were extracted from the financial reports of the commercial banks from 2014 to 2019 and analyzed using panel regression technique. The results revealed that Derivative Assets have significant and positive effect on Return on Asset while Derivative Liabilities were found to have negative and significant effect on Return on Assets of listed commercial banks in Nigeria. The study recommends that commercial banks in Nigeria should increase the use of hedge derivative instruments to minimize risks and improve profitability by going for future, forward, swap and option derivative contract and by employing experts' valuators of hedge contracts, and that prior assessment of various derivatives should be carried out to significantly hedge against the market risks that result from market volatility and profitability of banks in Nigeria.

Keywords: Hedge accounting, derivative assets, derivative liability, profitability

AFRAG058

Female Directors and Dividend Payout: Evidence from Listed Deposit Money Banks in Nigeria

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Abstract

Female directors are in most cases independent and better in protecting shareholder's interests. Shareholders and potential investors consider dividend payout as beneficial since it is a stream of income. Hence, any of the board decisions concerning dividend payment is valuable to shareholders. This study will examine the effect of female directors on dividend payout of listed Deposit Money Banks (DMBs) in Nigeria. The study will use secondary data from annual reports and accounts of listed DMBs for a period of 10 years (2009 - 2018). The data will be

analyzed using descriptive statistics, correlation and regression analyses. The result of this study will provide more explanation about the influence of female directors on board decisions particularly decisions concerning dividend payment. In addition, the study will guide shareholders' decision on the appointment of board membership. More so, authorities like CBN will benefit from this study while formulating policies regarding gender mix in the board of Nigerian Deposit Money Banks.

AFRAG059

Corporate Governance and Financial Reporting Quality of listed Nigerian Banks

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Abstract

The multiplication of corporate scandals has prompted the need to improve the relevance of financial reporting by setting up good governance structures. Despite various measures put in place by the regulatory agencies, there were recurring cases of poor quality of financial statements. The relationship between corporate governance and information quality has been strongly debated in the context of developed countries. It is only recently that attention turned to the study of governance and financial disclosure in developing countries, hence the study on the effect of corporate governance on financial reporting quality of listed banks in Nigeria. This paper evaluates the influence of board size, board composition and audit committee size on financial reporting quality of banks. Ten (10) listed banks were chosen through a purposive sampling technique and data extracted from their annual reports from year 2011 to 2020. The data were analyzed using descriptive statistics and panel regression analysis. Findings reveal that Board size and Audit committee size have positive but insignificant effect on the financial reporting quality of the banks whereas Board composition have positive and significant effect on the financial reporting quality of the banks. The paper recommends that greater focus on corporate governance indicators should be given in other to bring about global standard financial reporting in the Nigerian banking sector.

Keywords: Corporate Governance, Financial reporting Quality, board size, board composition, audit committee size.

AFRAG060

The Implication of Deficit Financing on Economic Recovery of Nigeria

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Abstract

The study analysed the effect of deficit financing on economic recovery of Nigeria using annual time series data covering 1986 – 2020. Autoregressive Distributed Lag Model (ARDL) was the technique of analysis employed. The results of the study revealed that deficit financing, measured with domestic debt, external debt and debt servicing, has no significant effect on economic recovery of Nigeria as measured with gross domestic product growth rate (GDPGR). Thus, the paper recommended, among others, that the federal government of Nigeria should desist from incurring more debt (both domestic and external), rather, internally generated revenue should be prudently used to execute productive projects to enhance economic recovery. Also, the existing debt stock should be managed properly for the betterment of the economy.

Keywords: Deficit Financing, Economic Recovery, Nigeria

AFRAG061

Impact of Contributory Pension Scheme on Payment of Retirement Benefits in Nigeria

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Abstract

The objective of this study was to examine the impact of Contributory Pension Scheme on payment of retirement benefits in Nigeria. Specifically, the study sought to ascertain the effect of pension fund contribution and pension fund assets held by Pension Fund Administrators (PFAs) on payment of retirement benefits to retirees. The population of the study comprised of 22 PFAs who operated Retirement Savings Account for the contributors during the study period. The sample size was 21 PFAs purposefully selected for this study. Secondary data were employed and collected from audited financial statements of the PFAs, and published annual reports of National Pension Commission. Panel regression, using the random effect model based on the recommendation of the Hausman specification test with the aid of STATA (Version 13.0), was used for data analysis. Findings from the analysis revealed that the pension fund assets under the management of PFAs have a positive and significant effect on payment of retirement benefits. The implication of this finding to the retirees is that funds (assets) have been significantly deployed for payment of retirement benefits. The study also found that pension fund contribution has a positive but insignificant effect on payment of retirement benefits in Nigeria.

Based on the findings, the study recommended that the Federal Government of Nigeria should sustain the implementation of the scheme. The Pension Regulator, PENCOM should strengthen its oversight function over the PFAs to ensure timely payment of pension to pensioners by setting a performance standard – maximum time to pay retirees their benefits upon exit from service.

AFRAG062

Microfinance, Financial Inclusion and Social Entrepreneurship

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Abstract

Small and Medium Enterprises all over the world play a strong role in national development. Microfinance services (microcredit, micro savings and micro insurance) help bridge the gap between poor households and formal financial services by smoothing cash flow, particularly in times of shock and building assets. This is attributed to the massive employment opportunities created for the citizenry of the country where SMEs exist, income generation and reasonable contribution to national outputs. Our times, the SMEs were not well served by conventional banks. Micro investors and entrepreneurs were almost excluded. Hence, there is a need for financial inclusion through micro financing. Financial inclusion is about improving accessibility to financial products for all people, whatever their situation. The first thing most financially excluded people lack is financial education. They also lack access to finance itself – that's where microfinance comes in (Soludo, 2010). Financial inclusion is often associated with emerging countries, but we also have a focus on our domestic markets. As a result of the recognition accorded Micro investors and entrepreneurs, the Nigerian government established microfinance banks in the year 2007 to serve as mechanisms for financial sources for various Small and Medium Enterprises. While some in literature noted that encouraging financial inclusion through supporting the activities of SMEs will help the country to achieve social entrepreneurship, others are against. There are divided opinions in literature on the relationships among Microfinance, Financial Inclusion and Social Entrepreneurship in Nigeria. Therefore, this study which focused on Microfinance, Financial Inclusion and Social Entrepreneurship was necessary.

Purpose: The purpose of the study was to unveil the relationships connecting Microfinance, Financial Inclusion and Social Entrepreneurship in Nigeria.

Methodology: Expository research method was employed to explain the responses from interviews of selected small and Medium Enterprises in Cross River State.

Result and Conclusion: The results show that there exist significant relationships among Microfinance, Financial Inclusion and Social Entrepreneurship in Nigeria. This study advocates the need to achieve Social Entrepreneurship and financial inclusion through supporting the growth, expansion and survival of small and Medium Scale Enterprises in Nigeria through micro financing.

AFRAG063

Product Development and Marketing of Financial Services in a Competitive Banking Environment: An Evidence from Nigeria

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Abstract

Marketing and advertising are fundamental concepts in the banking industry and profit is the key issue which helps commercial banks to survive in the market. Therefore, this study investigated the relationship between new product development, marketing of financial services and bank profitability in a Nigerian banking firm. Descriptive survey was applied in this study. The methods used in testing the hypotheses were the T-test and the Kendall's coefficient of concordance. One hundred (100) questionnaires were distributed to selected commercial bank workers and customers and eighty-five (85) was retrieved for tests and analysis. Results found that marketing of a banking firms' products and services had improved efficiency of commercial banks in Nigeria leading to the satisfaction of customers. The study therefore recommended that all the units of a commercial bank should be involved in marketing while commercial banks should continue to make their customers feel important. They should also have well-equipped and experienced staff personnel in customer services unit to be able to provide solutions to customers' complaints and challenges, daily.

AFRAG064

Company Income Tax and Economic Growth of Selected African Countries: The VECM Approach

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Abstract

This study examines the effect of company income tax revenue on economic growth of selected Anglophone and Francophone African countries over the period 2000-2018. The study made use of annual secondary data generated from World Bank Development indicator, OECD revenue data base. These data are converted into quarterly data using Quadratic Match-Sum procedure from E-views. The choice of this period is due to availability of data that cut across the countries under investigation. The data was analyzed by means of Vector Error Correction Model using E-views 10 package. The study reveals that company income tax (CIT) significantly but negatively impacted on Real GDP in the long run in the Francophone countries like Madagascar and Rwanda while company income tax negatively though insignificantly influences the Real GDP of the Anglophone countries like Nigeria and Ghana. The findings also revealed that there is a short run causal effect of company income tax on Real GDP in the selected countries. Based on the findings, the study recommends among others, that to enhance the tax base of the selected countries especially through the companies, a good environment for entrepreneurship and innovation to thrive must be provided and employment opportunities should be created. Also, Government should make it a routine to regularly furnish taxpayers with the basic objectives of its tax system and reasons for modifications to make taxpayers see clearly the reasons to pay taxes as at when due.

DOCTORAL COLLOQUIM
AFRAD001
Doctoral Colloquium

Risk Parameters and Profitability of Listed Deposit Money Banks in Nigeria: The Moderating Effect of Managerial Ownership

By
Musa Muhammad Bello

INTRODUCTION

Background to the Study

The collapse of large financial institutions during the global financial crises between 2007 and 2008 made governments even in the wealthiest nations to come up with strategies in order to rescue their financial system. A lot of financial institutions have collapsed or at verge of collapse due to badly function loan lending to firms and people with bad and unreliable credit reputation. (Olalekan et al. 2018). Therefore, global financial crisis became one of the major area in the aftermath of financial risk among financial intermediaries, also financial risk dwells on the continuous financial position of an enterprise. Any kind of predisposition to activities that could result to possible loss of funds by the business is a financial risk (Njogo, 2012). In addition, Stephen and Akele, (2014) stated that banking crises in Nigeria have shown that not only do banks often take excessive risks, but the risk differ among banks.

Similarly, Yimka et al. (2015) stated that variety of risks which financial institutions especially banks are exposed to include; market risk, liquidity risk, operational risk, credit risk interest rate risk, foreign exchange risk and political risk. Though, the Nigerian banking sector has been undergoing continuous reform process since 1999 directed at improving the capacity and health of the Nigeria banks. The first major exercise was the assessment of the risk asset quality of banks which led to the removal of eight CEOs and the injection of N600 billion into the banks in 2010 (Oluwafemi et al. 2013).

Moreover, Profitability represents quantifying the outcome of a business entire polices and operations in terms of money. In order to gauge firms profitability diverse alternatives key financial ratios can be employed for example, earnings per share, net profit ratio, gross profit ratio, return on equity, assets, and capital employed etc. (Bagh et al. 2016). Profitability is an important construct used by several scholars as a yard stick for measuring firm attributes. Hassan and Farouk (2014) use profitability as a proportion of profit after tax to total asset of a firm. Profitability is considered as earnings per share (EPS) of a firm. Mohamad et al. (2014) use return on asset (ROA) and return on equity (ROE) as proxies of firm’s profitability. Similarly, Hashem et al. (2012) use profitability as a return on assets of a company.

The main focus of corporate governance literature is the separation of ownership and control and the conflict of interests between the managers (agents) and the owners (principals) (Jensen and Meckling, 1976). However, this is narrow as it focuses on the classic agency conflict between managers and shareholders, but ignores the potential conflicts of interest among other parties (Cornet et al., 2007). Edward and Nibler (1999), stated that delegating the responsibility of monitoring management to the board of directors may lead to another agency conflict between the board of directors and shareholders. Therefore, the board of directors may shun effective monitoring because they rely on managers or because they do not have reason to put much effort in monitoring managers.

Managerial ownership is a proportion of the executive directors' ownership of shares to the total number of shares issued excluding chief executive director ownership (Bekiris, 2013).

Deposit money banks are engaged in the business of providing financial capital to the business community as well as individuals. This they do with the expectation of achieving targeted rate of returns as a result of credit granted to customer over a period of time. They are considered as the backbone of economic development because of financial services provided by them. It should be noted that any extension of credit carries with it the risk of non-payment, under the terms of the financial relationship between the bank and the individual or corporate body.

It is on the basis of the above, that this study is set out to examine the moderating effect of risk management committee on the correlation between risk management and profitability of listed deposit money banks in Nigeria.

Statement of the Research Problem

The crises in the Nigerian banking sector have shown that not only do banks frequently take unnecessary risks, this risk differ from one bank to another. Some banks involve themselves in more risky activities than their capital could bear. Other banks are more prudent and would be able to contain a banking crisis. The Central Bank of Nigeria (CBN) on July, 2004, in a way to stem the tide introduced some measures to make the whole banking system a safe, sound and stable environment that could sustain public confidence. As part of the measures, the CBN further announced a 13-point agenda to stabilize the base of the banking industry. The key elements in the agenda included the compulsory recapitalization requirement of N25 billion for a commercial bank operating in the country (this requirement, it stressed, must be complied with by December 31, 2005). The main reason of the reform policy was to consolidate the banking institutions through mergers and acquisitions.

Most of the distress in the Nigerian banking industry was as a result of bad loans and advances. The Nigeria Deposit Insurance Corporation assessed bad loans and advances with a contribution of 19.5%. Despite the fact that there are guide-lines on credit policies, some banks still fail to adhere when granting loans. This might be the reason for this problem. For example, Section 18(1b) of the Banks and Other Financial Institution Act (BOFIA) of 1991, as amended, forbids a bank from granting any advance, loan or credit facility to any person, unless it is authorized in accordance with the rules and regulations of the banks. It can be deduced from this problem that despite the fact that deposit money banks have laid down rules on how credit can be granted to customers, some of the banks still went into liquidation due to risk. This might be due to lack of effective corporate governance mechanism to checkmate the problem.

Therefore, introduction of Managerial ownership as a corporate governance mechanism will help reduce the agency conflict between the corporate managers and the equity shareholder. This is because when corporate managers own certain proportion of a company's shares the interest of the shareholders and the managers are aligned and the conflict between them decline (Jensen and Meckling, 1976). When there is alignment of interest between the managers and shareholders, there will be good working relationship between them. This will assist them in how best to go about the issues regarding risk. Therefore, with a higher proportion of shares in the hands of managers, they will work harder to improve the firm performance, which will increase the value of the firm and consequently the managers' wealth.

Previous studies conducted to investigate the issues of risk and profitability remain inconclusive. Some stream of the studies show a negative relationship between risk and profitability (Shen et al. 2009; Pana et al. 2010; Distinguin et al. 2012; Cucinelli, 2013; Al-Tamimi et al. 2015; and Muriithi & Waweru, 2017), while other empirical studies documented a positive relationship between risk parameters and profitability (Hossein et al. 2014, and Otieno & Nyagol, 2016). The reason might be that they were studied in isolation and focused mainly on linking risk management and profitability. That is, the previous studies only try to find the direct relationship between risk management and profitability.

The inconclusive findings on the relationship between risk parameters and profitability of previous studies highlighted the gap that needs to be addressed in this research. It is appropriate to introduce a moderating variable to strengthen the dependent and independent variables' relationship (Barron & Kenny, 1986; Frazier et al. 2004). This study will introduce managerial ownership as a moderating variable that serve as a monitoring mechanism to monitor the corporate managers' activities to protect the interest of shareholders and other stakeholders. Similarly, the stock ownership by directors can provide a direct economic incentive for managers to engage in active monitoring and also align ownership and control. According to the agency theory, the separation of ownership from control in a company may lead to agency conflict and agency cost that decrease the company's value. Managerial ownership is expected to reduce this agency conflict because having an executive stake in the company may align the interest of shareholders and executives.

Furthermore, Enterprise risk management theory is a frame work that emphases on adopting a systematic and consistent approach to managing all risks facing the organization. This study will utilize enterprise risk management theory in order to appreciate the risk influence on profitability of DMBs in Nigeria. Therefore, having managerial ownership as a moderating variable will be one of the contribution for this study to identify the nature of the relationship between risk parameters (credit risk, interest rate risk, operational risk and liquidity risk) with profitability. Also combining enterprise management theory and agency theory as the underpinning theory is another contribution of the study.

Objectives of the Study

The main objective of this study is to examine the moderating effect of managerial ownership on the relationship between risk parameters and profitability of listed Deposit Money Banks in Nigeria. The specific objectives are to assess the impact of:

1. Risk parameters (credit risk, interest rate risk, operational risk and liquidity risk) on profitability of listed deposit money banks in Nigeria.
2. Managerial ownership on profitability of listed deposit money banks in Nigeria.
3. To evaluate the moderating effect of managerial ownership on the

relationship between risk parameters and profitability of listed deposit money banks in Nigeria.

Hypotheses of the Study

Based on the statement of the research problem and objective of the study, the following hypotheses are formulated in null form to guide the study.

$H0_1$: Risk parameters (credit risk, interest rate risk, operating risk and liquidity risk) has no significant impact on profitability of listed deposit money banks in Nigeria.

$H0_2$: Managerial ownership has no significant impact on profitability of listed deposit money banks in Nigeria.

$H0_3$: Managerial ownership does not significantly moderate the relationship between risk parameters and profitability of listed deposit money banks in Nigeria.

Significance of the Study

The study will be significant both in the following areas; in practice, and in theory. In practice it will be significant to shareholders as it will be of immense importance to them as it will facilitate their interest in the company and they will also benefit through monitoring performance over time that is, whether risk management have any influence on profitability. It will also be significant in theory with the combination of agency theory and risk management theory which were used together in previous studies.

Scope of the Study

The study examines the moderating effect of risk managerial ownership on the relationship between risk parameters and profitability of listed deposit money banks in Nigeria. The time frame of the study is eleven years (2009-2019), the choice of 2009 as the base year is the fact that risk management activities were taken seriously by banks during the global economic meltdown which affected many banks and the year 2009 was within the range of the period. The study will cover all the listed deposit money banks listed in the Nigerian Stock Exchange as at 31St December, 2019.

LITERATURE REVIEW

This section reviews related literature on the subject matter of the study with a view to identify the possible gap(s) in the existing literature as well as to explore the relationship between risk parameters, managerial ownership and profitability of money deposit banks. The section also covers the concept of risk, concept of profitability, concept of managerial ownership, empirical review and theoretical review. This is with a view to identify the gap to be filled by this study.

Research Frame work

Figure 2.1 demonstrated, the study's research model along all variables of study

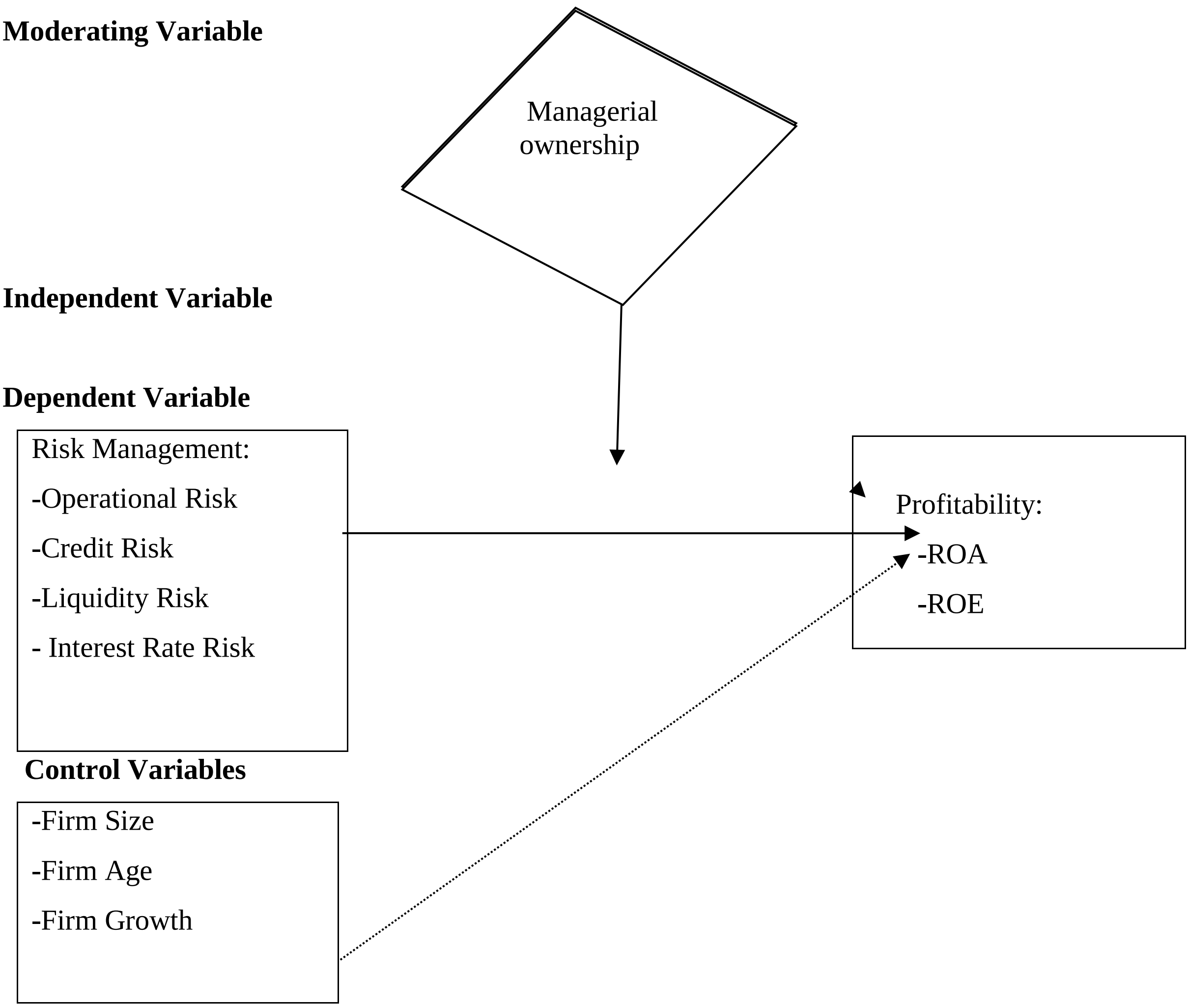

Figure 2.1 Research Framework

The research framework of this study focuses on the influence of risk on profitability of deposit money banks. This study attempts to investigate the relationship between the risk variables such as credit risk, liquidity risk, interest rate risk and operational risk as the independent variables, profitability is the dependent variable while, managerial ownership is the effective monitoring mechanism used as the moderating variable.

Theoretical Review

Considering the objective of the study which is to examine the moderating effect of managerial ownership on the relationship between risk parameters and profitability of listed deposit money banks in Nigeria, the enterprise risk management theory and agency theory are the best theory that underpin this study and it is considered most appropriate in this context.

RESEARCH METHODOLOGY

This section presents the methodology that will be used in this study. The section will cover research design, population of the study, sample size, sampling techniques, source and method of data collection, variables of the study and their measurement as well as the method of data analysis to be used.

Research Design

In conducting a particular research, it is of immense importance to choose a particular research design. This is based on the nature and the problem of the research and how well the research objective can be achieved. Denga and Ali (1983), stated that correlational design is a design that helps to investigate relationship through identifying some existing consequences, hence, help for analyses of the data through an established possible relationship among variables. Therefore, the correlational research design will be employed for this study as the appropriate design. This is because it is more adequate in determining the relationship between two or more variables. Similarly, Gujarati, (2004) and Huang et al. (2014), stated that the correlational research design is mainly on the measurement of relationship quantitatively.

Researches undertaken in the field of social sciences are based on a number of philosophical assumptions which are influenced by the researcher's view of the world. Samaila (2014) identified four social science philosophical assumptions namely; the ontology of the social world, epistemology, human nature and methodology. The positivism paradigm is also called the scientific paradigm. To prove or disprove a hypothesis is the purpose of research in the positivism paradigm. The positivism paradigm also have other characteristics which include; an emphasis on the scientific method, statistical analysis or the use of quantitative methodology and generalizable findings. This study is of the positivism paradigm.

Population of the Study

The population of this study is all the fourteen (14) deposit money banks listed on the floor of the Nigerian Stock Exchange as at 31St December, 2019.The population of the study is shown in table 3.1

Table 3.1 Listed Deposit Money Banks in Nigeria

S\N	Company	Year of Listing
1.	Access Bank PLC	1998
2.	Eco Bank	2006
3.	Fidelity Bank Plc.	2005
4.	First bank holdings	1971
5.	First City Monument Bank Plc.	2013
6.	Guarantee Trust Bank Plc.	1996
7.	Jaiz Bank Plc.	2017
8.	Stanbic IBTC Bank Plc.	2012
9.	Sterling Bank Plc.	1993
10.	Union Bank Plc.	1971
11.	United Bank of Africa Plc.	1970
12.	Unity Bank Plc.	2005
13.	Wema bank Plc.	1991
14.	Zenith Bank Plc.	2004

Source: Nigerian Stock Exchange www.nigerianstockexchange.com December 2019

Sample Size and Sampling Technique of the Study

Sample size is described as a portion of the population that is utilized in the study for the purpose to draw inference on the entire population. The sampling technique of this study will be purposive sampling technique. The study sample size will be selected based on the criteria that: the bank must have been listed on the NSE before 1St January 2009 and the bank must be publishing financial statements from the year 2009- 2019. However, three banks; First City Monument Bank Plc, Jaiz Bank Plc and Stanbic IBTC Bank Plc were left out of the sample as a result of not meeting the criteria of been listed on the NSE before 1St January 2009. The sample of the study is shown in table 3.2

Table 3.2 Sample size of the study

S\N	Company	Year of Listing
1.	Access Bank PLC	1998
2.	Eco Bank	2006
3.	Fidelity Bank Plc.	2005
4.	First bank holdings	1971
5.	Guarantee Trust Bank Plc.	1996
6.	Sterling Bank Plc.	1993
7.	Union Bank Plc.	1971
8.	United Bank of Africa Plc.	1970
9.	Unity Bank Plc.	2005
10.	Wema bank Plc.	1991
11.	Zenith Bank Plc.	2004

Source: Nigerian Stock Exchange www.nigerianstockexchange.com December 2019

3.5 Sources and Method of data collection

The study will utilize the secondary source of data. Data for the current study will be collected Nigerian Stock Exchange covering the period of eleven years from 2009 to 2019. Using annual reports have the following advantages which include: it is the main corporate communication tool, it provides companies with an effective method of managing external impression and because the auditors must read such material it gives a degree of credibility to the report. Furthermore, data for dependent variable (DV), independent variables (IV), moderating variable (MV) and control variables will be extracted from the annual financial reports of the listed deposit money banks in Nigeria.

Variables of the Study and their Measurements

The current study will use four types of variables, the dependent variable, the independent/ explanatory variables and the moderating variables. The dependent variable is represented by return on assets. The independent variable is risk parameters that include credit risk, liquidity risk, interest rate risk and operational risk. In addition, the moderating variable is represented by managerial ownership. The control variables of this study are firm size, firm age and firm growth. Table 3.3 presents the variables with their acronyms, measurement sources of the research variables.

Table 3.3 Measurement and Operational Definitions of the Variables

S/N	Variable	Type	Measurement	Source
1	ROA	Dependent	Net profit/Total asset x 100	Otieno et al. (2016); Altarawneh, (2016) and Abubakar et. al, (2019)
2.	ROE	Dependent	Net profit/ equity x 100	Zondi and Sibanda,(2015);Gweyi,(2018)
3.	Credit risk	Independent	Non- performing loans/ Total loans x 100	Funso et al, (2012); Kurawa & Garba, (2014); Kayode et al, (2015) and Ihsan & Hussain,(2016)
4.	Liquidity risk	Independent	Loan and advances/ Deposits x 100	Banks, (2005); Yousfi, (2014), Altarawneh, (2016); Chowdhury & Zaman, (2018) and Ebenezer et. al. (2019)
5.	Interest rate risk	Independent	Total Loan income/ Net loan income x100	Funso et al., (2015); Gweyi, (2018) and Ebenezer et. al. (2019)
6.	Operational risk	Independent	Operating expenses/Assets x100	Lyambiko, (2015); Altarawneh, (2016) and Gweyi,(2018)
7.	Managerial ownership	Moderator	Proportion of shares own by executive directors at the end of the financial year	Bekiris(2013); Hassan and Ibrahim(2014); Mustapha and Che Ahmad(2011)
8.	Firm size	Control	Natural log of total assets	Tafri et al. (2009); Akhtar et al. (2010); Kallamu, (2015) and Ebenezer et al. (2019)
9.	Firm age	Control	Number of years a company is in business since listed	Ahmed et al. (2010); Amran & Che-Ahmad, (2010) and Kurawa & Garba, (2014)
10.	Firm growth	Control	Change in total assets (current year minus preceding year divided by the preceding year	Kanagaretnam et al. (2014); Kyaw et al. (2015)

Source: Empirical Researches with Author's Modifications (2020)

Techniques of Data Analysis

In analyzing the effect of managerial ownership on the relationship between risk parameter and profitability of listed Deposit Money Banks in Nigeria, Descriptive statistics, Correlation as well as panel Regression will be employed. The analysis will also be complemented by post regression analysis such as multicolinearity, residual normality test and heteroscedaticity. This is to enable the researcher have more information on the type of data to be analyzed.

Model Specification

In order to determine the moderating effect managerial ownership on the relationship between risk parameter and profitability, the following econometric model will be employed in the study (which is corresponding to what is mostly found in the literature, such as the works of Funso et al. (2012), Oluwafemi et al. (2013), Kurawa and Garba (2014) and Olalekan et al. (2018)) is given as:

$Y = \beta_0 + \beta F_{it} + \varepsilon_{it}$

Where Y is the dependent variable; $\beta 0$ is constant; β is the coefficient of explanatory variable; F_{it} is the explanatory variable; and ε_{it} is the error term (assumed to have zero mean and independent across the time period. The equation below was developed based on the econometric model adapted from Barron and Kenny (1986) with some modification as follows:

$ROA = \beta_0 + \beta_1 CRR_{it} + \beta_2 LQR_{it} + \beta_3 IRR_{it} + \beta_4 OPR_{it} + \beta_5 FSZ_{it} + \beta_6 FAG_{it} + \beta_7 FGR_{it} + \varepsilon_{it}$……… (1)

$ROA = \beta_0 + \beta_1 CRR_{it} + \beta_2 LQR_{it} + \beta_3 IRR_{it} + \beta_4 OPR_{it} + \beta_5 MOW + \beta_6 FSZ_{it} + \beta_7 FAG_{it} + \beta_8 FGR_{it} + \varepsilon_{it}$……………… (2)

$ROA = \beta_0 + \beta_1 CRR_{it} + \beta_2 LQR_{it} + \beta_3 IRR_{it} + \beta_4 OPR_{it} + \beta_5 CRR{*}\ MOW_{it} + \beta_6 LQR{*}\ MOW_{it} + \beta_7 IRR{*}\ MOW_{it} + \beta_8 OPR{*}\ MOW_{it} + \beta_9 FSZ_{it} + \beta_{10} FAG_{it} + \beta_{11} FGR_{it} + \varepsilon_{it}$…………………………….. (3)

$ROE = \beta_0 + \beta_1 CRR_{it} + \beta_2 LQR_{it} + \beta_3 IRR_{it} + \beta_4 OPR_{it} + \beta_5 FSZ_{it} + \beta_6 FAG_{it} + \beta_7 FGR_{it} + \varepsilon_{it}$……… (4) $ROE = \beta_0 + \beta_1 CRR_{it} + \beta_2 LQR_{it} + \beta_3 IRR_{it} + \beta_4 OPR_{it} + \beta_5 MOW + \beta_6 FSZ_{it} + \beta_7 FAG_{it} + \beta_8 FGR_{it} + \varepsilon_{it}$…………………………………… (5)

$ROE = \beta_0 + \beta_1 CRR_{it} + \beta_2 LQR_{it} + \beta_3 IRR_{it} + \beta_4 OPR_{it} + \beta_5 CRR{*}\ MOW_{it} + \beta_6 LQR{*}\ MOW_{it} + \beta_7 IRR{*}\ MOW_{it} + \beta_8 OPR{*}\ MOW_{it} + \beta_9 FSZ_{it} + \beta_{10} FAG_{it} + \beta_{11} FGR_{it} + \varepsilon_{it}$……………………………… (6)

Where:

ROA = Return on Asset

ROE = Return on Equity

CRR = Credit Risk

LQR = Liquidity Risk

I RR = Interest Rate Risk

OPR = Operational Risk

MOW = Managerial Ownership

FSZ = Firm Size

FAG = Firm Age

FGR = Firm Growth

ε= Error term

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AFRAD002

Audit Attributes and Financial Reporting Quality of Listed Manufacturing Firms in Nigeria: The Moderating Effect of Audit Committee Financial Expertise

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Background to the Study

Financial reporting is a two-party transaction in which the issuers of the financial reports provide the users with information therein, use for their financial decisions. The potential users of financial reports vary widely and include creditors, suppliers, financial analysts, government authorities among others. The issue of financial reporting quality is of prime concern not only to the final users but for the whole society as it affects economic decisions. The increasing arguments as it relates to financial reporting quality have been adduced to the negative perception and reception of accounting information by users, this was verified by the most evident way in a series of global financial reporting scandals, corporate failures, collapses of organisations (Enron, WorldCom, Lehman Brothers, Fortis, Oceanic Bank, Cadbury Nigeria Plc, Sokoto cement, Benue cement, Oando oil Plc, Arik airline, Sky Bank among others) and the economic conditions created by the recent economic recession (Asiriuwa, Aronmwan, Uwuigbe & Uwuigbe 2018).

Corporate governance mechanisms have been introduced to aid investors, in terms of aligning the interests of managers with those of shareholders that endorse the reliability and integrity of financial reports (Bala, Amran & Shaar, 2019). Some of these corporate governance mechanisms are external auditors which is an external corporate governance mechanism and audit committee which is an internal corporate governance mechanism. Agency theory proposes that the primary duty of the audit committee is to ensure that managers act in the best interests of shareholders, agency theory postulates that, due to the separation between management and owners, investors need protection as managers have agendas that differ from those of investors and that they might not, therefore, always perform in the shareholders' best interests (Fama & Jensen, 1983; Jensen & Meckling, 1976). To combat this, there is a need to hire independent auditors to offer their independent opinions on the truth and fairness of firms' financial reports and this agrees with theory of inspired confidence. However, regulators and investors have frequently questioned the role played by both external auditors and audit committee because several recent financial scandals and failure of most of these corporations audited financial reports have been confirmed to be illusive or not in tune with the economic reality of the failed organisations (Bratten, Causholli, & Omer, 2019; Jerry & Saidu, 2017).

One of the critical roles of independent auditors is that, they assure confidence to financial statements users about the reported information. Audit services have been critical to financial reporting quality since industrial revolution (that is, separation of ownership from management). However, the ability of auditors or audit firm to provide high audit quality capable of producing high financial reporting quality is attributed to some certain features of the audit firm; these features are auditor independence, audit compensation, audit firm type or size, auditor's tenure, audit communication, joint audit services, audit report lag, auditor' specialization among others (Nwanyanwu, 2017; Jerry & Saidu, 2017; Asiriuwa, *et al.* 2018; Bala, *et al.* 2019). This study will limit itself to the following generic audit attributes as documented and validated in the extant literatures as having explanatory power to the variation in financial reporting quality and they are; audit firm size, audit fee, auditors' tenure, joint audit, audit report lags and audit communication (Defond & Zhang, 2014; Bala, *et al*. 2019; Hasan & Rahman, 2019; Huang, 2019; Almarayeh, Aibar-Guzman, & Abdullatif, 2020).

Section 404(1-7) of Companies and Allied Matter Act, 2020 stipulates establishment of Audit committee in a public company which is saddle with functions of monitoring and overseeing the financial statements. Also, the committee assists the firm in maintaining the goal and objectives of meeting the shareholders' wealth and increasing the investor confidence in the financial reporting quality. Audit committee is to oversee the integrity of financial statements, the efficiency and effectiveness of internal control system and monitoring of both internal and external auditors (Defond & Zhang, 2014). The existence of audit committee members could help to balance different views of management and external auditor and to provide improved financial reporting (Eyenubo, Mohammed, & Ali, 2017).

The efficacy of audit committee in monitoring the financial reporting practices relies on audit committee members with accounting and financial expertise (Dussii & Boulila, 2018). Consistent with the agency theory, the existence of audit committee members with accounting and financial knowledge improves committee efficacy in executing monitoring responsibilities (Chen & Komal, 2018). Audit committee members who are experts in accounting and financial disciplines are more vigilant in identifying irregular accounting and auditing practices compared to members who are lacking in these areas (Alkilani, *et al.*, 2019). Premised on the above, there is a need to employ a more advance technique to examine the direct and interactive influence of audit committee financial expertise on audit attributes in relation to financial reporting quality, this is because it has been adduced that the complementary functions of audit committee concerning audit quality proxies by audit attributes are complex, it goes beyond a direct relationship and it warrants further research to fully explore the interacting impact of audit attributes and audit committee financial expertise on financial reporting quality.

Manufacturing firms listed on the Nigerian Stock Exchange were worst hit by the protracted economic recession that threatened most business in Nigeria in 2016, at the end of the year the sector recorded 26.37% negative returns (Nnorom, 2017). Quality of financial reports would have signalled economic shocked caused by the recession and investors planned adequately, Manufacturing firms in Nigeria were also hit negatively by the global pandemic (corona virus) recently witness in Nigeria in 2020 which occasioned closure and disruption of businesses as a result the need to conduct a research on this sector of economy on financial reporting quality.

Statement of the Research Problem

Financial reports are supposed to provide relevant information to stakeholders of an organization. It is thus important that financial reports provide truthful and reliable financial information to enable shareholders and other interested parties to make decision wisely (Bala, *et al.,* 2019). Lack of relevancy and reliability in financial reporting will lead shareholders and other stakeholders to make wrong judgment about the organization. Incidentally, the heavy reliance placed on accounting numbers as it measures the direction of business entity as well as decision base by different users of accounting information has provided an incentive for managers to manipulate earnings to their own advantage (Jerry & Saidu, 2017). This manipulation that is not supposed to go unchecked by auditors and audit committee has often led to the eventual collapse of firms of various sizes. However, regulators and investors have frequently questioned the role played by both external auditors and audit committee because several recent financial scandals and failure of most of these corporations audited financial reports have been confirmed to be illusive or not in tune with the economic reality (Bratten, *et al.,* 2019; Jerry & Saidu, 2017).

The empirical evidence on the impact of financial reporting quality as a matter of fact been at extreme ends and largely inconclusive in the literature, while some studies observed significant relationship between variables employed to explain financial reporting quality others observed no significant relationship. The polarity in empirical findings interestingly is a common denominator for both studies undertaken in developed economies and those undertaken for emerging markets (Hasan, Kassim, & Hamid, 2020). A number of studies have been conducted both in advance economy and emerging economy on the relationship between audit attributes and financial reporting quality. Notable among the studies are: Semiu and Kehinde (2011); Semiu and Johnson (2012); Shehu (2012); Renkas, Goncharenko and Olena (2016) Eyenubo, *et al.* (2017); Jerry and Saidu (2017); Nwanyanwu (2017); Al-Dmour, Abbod and Al-Qadi (2018); Alkilani, *et al.* (2019); Abdulrahman, *et al.* (2020); Abubakar, Usman, Anuforo and Alhaji (2021) among others.

Despite the unanimity in the literature that financial reporting quality is an attribute to be encouraged, the findings with respect to the explanatory variables of financial reporting quality have been at polarity and this suggests to us that the issues surrounding the explanatory variables of financial reporting quality are far from been resolved, there is a need to employ a more advance technique to examine the direct and interactive influence of audit committee financial expertise on audit attributes in relation to financial reporting quality, this is because it has been adduced that the complementary functions of audit committee concerning audit quality proxies by audit attributes are complex, it goes beyond a direct relationship and it warrants further research to fully explore the interacting impact of audit attributes and audit committee financial expertise on financial reporting quality, which no researcher has done to the best of our knowledge in Nigeria, particularly in quoted manufacturing sector our main domain.

Audit communication and audit report lag are audit attributes which are dearth in extant literature in explaining financial reporting quality in Nigeria. Studies in advanced economy have found a significant positive relationship with financial reporting quality (Almarayeh, *et al.,* 2020; Daferighe & George, 2020). Limited studies have used these variables in explaining variation in financial reporting quality in emerging economy like Nigeria, to the best of researcher's knowledge no study has employed these variables in Nigeria and this necessitated their inclusion in this study.

Therefore, this study will distinguishes itself from prior studies in many aspects, among which are: first, the study introduces audit committee financial expertise to moderate the relationship between audit attributes and financial reporting quality which to the best of researcher's knowledge no work has been done in this area, as such the study will contributes to three streams of literatures, audit attributes literature, financial reporting quality literature and audit committee financial expertise literature, by providing up to date empirical evidence on impact of audit attributes and financial reporting quality moderated by audit committee financial expertise in an emerging economy like Nigeria. Secondly, the study will introduce two audit attributes' variables in addition to the ones studied in the literature; audit communication and audit report lag in explaining variation in financial reporting quality, limited studies have used these variables and those studies that use the variables are in advanced economy.

Objective of the Study

The main objective of this research work is to examine the interactive relationship between audit committee financial expertise and audit attributes on financial reporting quality of listed manufacturing firms in Nigeria. The study specifically seeks to examine the:

i. impact of audit attributes (audit firm size, audit fee, auditor tenure, join audit, audit communication and audit report lags) on financial reporting quality of listed manufacturing firms in Nigeria;

ii. Moderating effect of audit committee financial expertise on the relationship between audit attributes and financial reporting quality of listed manufacturing firms in Nigeria.

Gap in Empirical Work

Based on the review of related previous studies, the following gaps are established. one, most of the previous studies reviewed on audit attributes and financial reporting quality were carried out in the developed countries and developing countries outside Nigeria. The studies include Ahmad, *et al.* (2016), Aritonang (2018), Amin, *et al.* (2018), Ozcan (2019), Sumiadji, *et al.* (2019) conducted their research in Indonesia; Heydari (2015), Ashtiani, *et al.* (2016), Rad, *et al.* (2016) in Tehran; Houqe, *et al.* (2015) in India; DeAngelo (1981), DeFond and Francis (2005), Defond and Zhang (2014), Reynolds amd Francis (2004), Zerni, *et al.* (2012), Bratten, *et al.* (2019), Horton, *et al.* (2021) in United State of America; Almomani (2015), Nawaiseh (2016), Alkilani, *et al.* (2019), Almarayeh (2020), Qawqzeh, *et al.* (2020) in Jordan; Pham, *et al.* (2017), Khauh and Khuong (2018) in Vietnam; Yasser and Soliman (2018), Chariri and Januari (2017) in Egypt; Tontiset and Kaiwinit (2018), Komolsakulchai (2015), Piyawiboon (2015) in Thailand; Nawafly and Alarussi (2019), Hasan, *et al.* (2020) in Malaysia; Zandi, *et al.* (2019), Waris, *et al.* (2020) in Pakistan; Gul, *et al.* (2003) in Australia; Xiao *et al.* (2020) in China; Francis, *et al.* (2009), Marmousez (2009), Velte and Azibi (2015) in France and Lesage, *et al.* (2011) in Demark.

Two, among the few studies conducted in Nigeria, none of the studies employed audit communication and audit report lag in explaining the variation in financial reporting quality in Nigeria (Semiu & Johnson, 2012, Umar, 2012, Dangana, *et al.*, 2016; Farouk, *et al.* 2019; Abdulrahman, *et al.* 2020). This study if completed will be among the first study to provide empirical evidence on the variation in financial reporting quality using those proxies as audit attributes proxies.

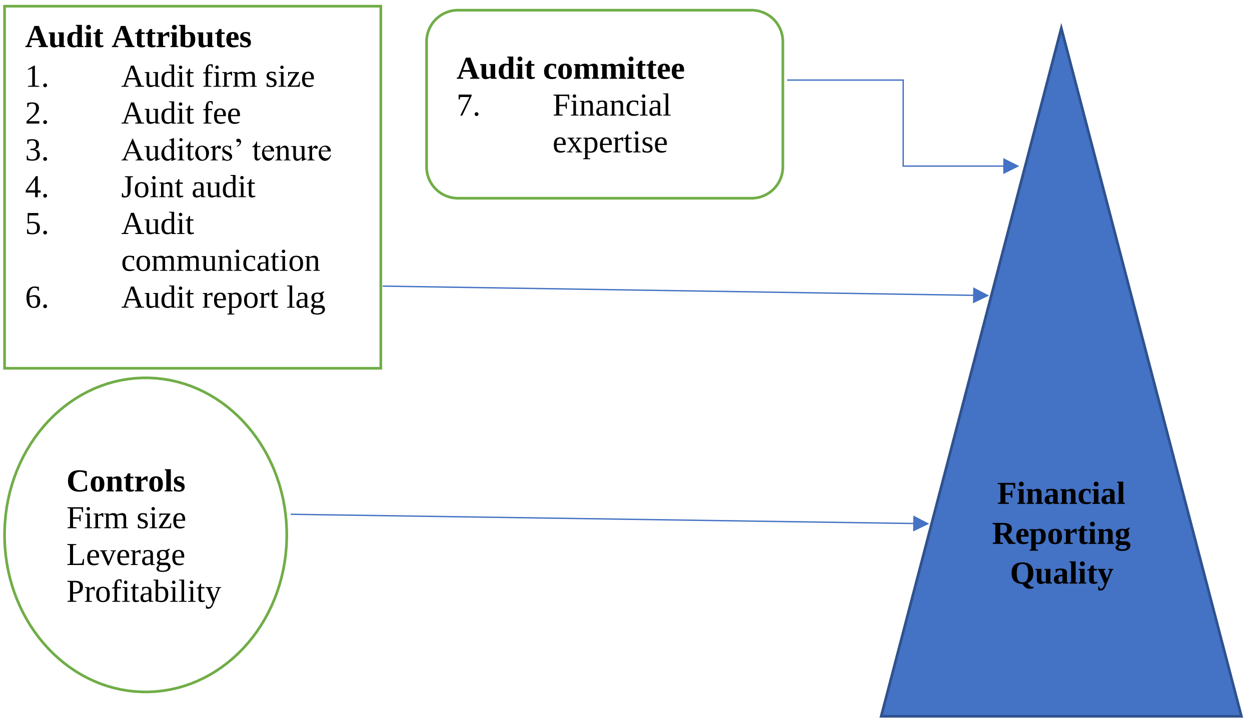
Three, of all the studies reviewed, on audit committee attribute (financial expertise), none used it as a moderator on the relationship between audit attributes and financial reporting quality, they only employed it either as independent variable or control variable in explaining variation in financial reporting quality in their studies, this study will be among the pioneer study to provide empirical evidence and the relationship between audit attributes and financial reporting quality moderated by audit committee financial expertise in Nigeria particularly list manufacturing firms.

Methodology

This study will adopt correlation research design to examine the impact of audit attributes on financial reporting quality of all listed manufacturing firms in Nigeria. The choice of correlation research design is informed by its effectiveness in studying the relationships as well as the impact of one variable on another, thus, consistent with the objective of this study.

The population of the study will comprise all listed manufacturing firms on the floor of the Nigerian Stock Exchange as at 31st December, 2020 for a period of ten years (2011 to 2020).

Proposed Conceptual Framework



Variables Measurement

Variable	Type	Measurement
EQDD	Dependent	Measured as residuals from the modified Dechow and Dechev (2002) change in working capital accrual model
AFZE	Independent	Defined as the largest global audit firm (Deloitte, pwc, Ernst & Young and KPMG). Measured by dichotomy ('1' provided the company is being audited by any of the big4 audit firm and '0' otherwise). Abdulrahman *et al.* (2020).
AFEE	Independent	Measured as total audit fees at the end of accounting period, as reported in the statement of comprehensive income. Qawqzeh, *et al.* (2020).
ATNR	Independent	Measure by retaining client for three years continuous by audit firm 1and otherwise 0. Bratten, *et al.* (2019).
JADT	Independent	Measure by dichotomy, 1 provided the firm is being audited by more than one audit firm and 0 otherwise. Ali, *et al.* (2019).
ACOM	Independent	It is also a fictitious variable where it is given 1 when the auditor's opinion is standard unqualified opinion and 0 when there is a departure from standard unqualified audit report (Almomani et al., 2015)
ARL	Independent	measures as numbers of days after the end of the accounting period of the firms (Daferighe & George, 2020)
ACEX	Moderator	Number of audit committee members with accounting and financial knowledge on audit committee members. Abubakar *et al.* (2021).
FSZE	Control	Firm size will be measured as the natural logarithm of total asset owned by the firm (Sani, *et al.*, 2018)
FLEV	Control	Measure as the relationship between total debts of a company to total assets (Hooy & Lee, 2010).
FPRF	Control	It is measured by ROA (Sani, *et al.*, 2018; Zandi, *et al.*, 2019).

Source: Researcher Compilation 2021.

Baron and Kenny (1986) Three Hierarchical Multiple Regression Model will be adopted to test for moderation. The models are presented as follows:

Multiple Regression Model (Before inclusion of moderating variable)

$EQDD = \propto_{it} + \beta_1 AFZE_{it} + \beta_2 AFEE_{it} + \beta_3 ATNR_{it} + \beta_4 JADT_{it} + \beta_5 ACOM_{it} + \beta_6 ARL_{it} + \beta_7 FSZE_{it} + \beta_8 FLEV_{it} + \beta_9 FPRF_{it} + \mu_{it}$.. (i)

Where:

EQDD = Earnings quality by Dechow and Dechev

AFZE = Audit firm size

AFEE = Audit fee

ATNR = Audit tenure

JADT = Joint audit

ACOM = Audit communication

ARL=Audit report lag

FSZE=Firm size

FLEV=Firm leverage

FPRF=Firm profitability

μ = error term

β_1 - β_5 = Beta coefficient

$_{it}$ = period $_i$ and time $_t$

$\propto_{it}$ = the constant

Multiple Regression Model (with inclusion of moderating variable)

$EQDD = \propto_{it} + \beta_1 AFZE_{it} + \beta_2 AFEE_{it} + \beta_3 ATNR_{it} + \beta_4 JADT_{it} + \beta_5 ACOM_{it} + \beta_6 ARL_{it} + \beta_7 ACFX_{it} + \beta_8 FSZE_{it} + \beta_9 FLEV_{it} + \beta_{10} FPRF_{it} + \mu_{it}$... (ii)

Where:

ACFX=Audit committee financial expertise

Hierarchical Multiple Regression Model (After inclusion of moderating variable)

$EQDD = \propto_{it} + \beta_1 AFZE_{it} + \beta_2 AFEE_{it} + \beta_3 ATNR_{it} + \beta_4 JADT_{it} + \beta_5 ACOM_{it} + \beta_6 ARL_{it} + \beta_7 AFZE_{it}*ACEX_{it} + \beta_8 AFEE_{it}*ACEX_{it} + \beta_9 ATNR_{it}*ACEX_{it} + \beta_{10} JADT_{it}*ACEX_{it} + \beta_{11} ACOM_{it}*ACEX_{it} + \beta_{12} ARL_{it}*ACEX_{it} + \beta_{13} FSZE_{it} + \beta_{14} FLEV_{it} + \beta_{15} FPRF_{it} + \mu_{it}$…………………………… (iii)